2007/0017

DIRECTORS:

Dr. T R Fowkes* (Chairman)
Mr. J P H Hulme* (Managing)
Mr. F R Bibby* (Technical)
Dr. B M Gecaga, CBS
Sir Charles Markham, Bart
Mr. M C Perkins*, FCA
Mr. K W Tarplee*

*British

SECRETARY AND OFFICE AT WHICH REGISTER OF SECURITIES IS KEPT:

Chunga Associates,
P. O. Box 41968,
Nairobi 00100
Telephone 711195 Facsimile 711184

REGISTERED OFFICE:

Main Office,
Punda Milia Road Makuyu,
P. O. Box 24,
Thika 01000
Telephone 64620 Facsimile 64240
E-mail: mail@kakuzi.co.ke

REGISTRARS:

Barclays Advisory and Registrar Services Limited,
Bank House,
Moi Avenue,
P. O. Box 30120,
Nairobi 00200
Telephone 210577 Facsimile 241301

AUDITORS:

PricewaterhouseCoopers,
P. O. Box 43963,
Nairobi 00100

BANKERS:

Barclays Bank of Kenya Limited,
P O Box 46661,
Nairobi 00100

Commercial Bank of Africa Limited,
P. O. Box 45136,
Nairobi 00100

SUBSIDIARY COMPANIES:

Siret Tea Company Limited	(100% owned)
Kaguru Limited	(100% owned)
Estates Services Limited	(100% owned)

noon for the following purposes:-

1. To table the proxies and note the presence of a quorum.

2. To read the notice convening the meeting.

3. To receive, consider and if deemed fit, adopt the financial statements for the year ended 31December 2001 together with the reports thereon of the Chairman, Directors and of the Auditors.

4. To elect Directors.

   (a) In accordance with the Articles of Association Dr. T R Fowkes retires by rotation and, being eligible, seeks re-election.
   (b) In accordance with the Articles of Association Mr. J P H Hulme who was appointed as an additional director on 17 May 2001 retires from office and, being eligible, offers himself for re-election.
   (c) Special notice having been given pursuant to Section 142 and 186(5) of the Companies Act, to propose the following resolution as an ordinary resolution:
   "That Dr.B M Gecaga, a director retiring by rotation, who attained the age of 70 years on16 September 1994, be re-elected a director of the Company".

5. To confirm the Directors' remuneration.

6. To authorize the Directors to fix the remuneration of the Auditors.

SPECIAL BUSINESS:

7. To consider and, if thought fit, to pass the following special resolutions:

   That the Company's Articles of Association be amended as follows:

   (a) Article 12
   By the alteration of the second sentence where it occurs in the Article by deleting the words "and bear the autographic signatures at least of one Director and the Secretary or such other person as may be authorized by the Directors".

   (b) Article 112
   By adding a second sentence to the Article as follows:
   "All forms of Certificate for Shares shall be issued under the seal without the necessity of the signature of any Director, the Secretary or any other person".

By order of the Board

Dr. T R Fowkes
Chairman

Thika
28 February 2002

Following the enactment of the Central Depositories Act, 2000, the provisions of Section 83 of the Companies Act shall not apply to a dematerialized security. Until such time the Central Depositories Act comes into effect and notice is served in accordance with the provisions of Section 24(3) of the Central Depositories Act to dematerialize the security, the Company shall issue all forms of certificate for shares under seal without the necessity of the signature of any Director, the Secretary or any other person.

<u>Article 12 - Issue of certificates</u>

Delete underlined words

Every person whose name is entered as a member in the register of members shall be entitled without payment to receive within two months after allotment or lodgment of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares of any one class or upon payment of such sum, not exceeding Is., for every certificate after the first as the Directors shall from time to time determine, several certificates, each for one or more of his shares. Every certificate shall be issued under the seal, <u>and bear the autographic signatures at least of one Director and the Secretary or such other person as may be authorized by the Directors</u>, and shall specify the shares or securities to which it relates, and the amount paid up thereon. Provided that the Company shall not be bound to register more than three persons as the joint holders of any shares (except in the case of executors or trustees of a deceased member) and in the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefore, and delivery of a certificate for a share to one of several joint holders, shall be sufficient delivery to all.

<u>Article 112 - Formalities for affixing seal</u>

Add underlined words

The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board and shall be so affixed in the presence of at least one Director and the Secretary or some other person approved by the Board, both of whom shall sign every instrument to which the seal is so affixed in their presence. <u>All forms of certificate for shares shall be issued under the seal without the necessity of the signature of any Director, the Secretary or any other person</u>.

that prevailed for much of the year. The disastrous events in New York on 11 September depressed prices even further for the last quarter of the period under review. Despite satisfactory levels of production being achieved for all Kakuzi's main enterprises, these low prices resulted in an operating profit for the year of only Shs 1.8 million. Net finance costs amounted to Shs 98 million and thus, after allowing for a tax credit of Shs 42 million and minority interests, the loss after tax attributable to the members of Kakuzi Limited was Shs 45 million.

COFFEE

PRODUCTION IN 2001 - 2114 TONNES FROM 1161 MATURE HA
(PRODUCTION IN 2000 - 2752 TONNES FROM 1162 MATURE HA)

Coffee produced during 2001 was of particularly good quality and was a good crop considering it followed a record crop in 2000. Rigorous cost cutting measures were successfully implemented during the year to reduce our total cost of production as compared to prior years. However, this impacted upon the total crop harvested during the period. Prices at the Nairobi coffee auction remained below our cost of production for much of the year and prices were particularly poor during the last quarter of the period, post 11 September.

TEA

PRODUCTION IN 2001 - 2.7 MILLION KG OF MADE TEA FROM 950 MATURE HA
(PRODUCTION IN 2000 - 2.0 MILLION KG OF MADE TEA FROM 927 MATURE HA)

Our Nandi Hills estates recovered well during the year from the previous year's damage from frost followed by drought. Whilst expected levels of production were achieved and quality was consistently high, prices were disappointing for much of the year. Unfortunately the events of 11 September, coupled with weakened demand from Pakistan and plentiful supply during the last quarter, significantly reduced margins.

HORTICULTURE

317 HA DEVELOPED TO HORTICULTURAL CROPS PLUS 1211 HA OF JOINT VENTURE PINEAPPLE AT 31 DECEMBER 2001
(318 HA DEVELOPED TO HORTICULTURAL CROPS PLUS 1211 HA OF JOINT VENTURE PINEAPPLE AT 31 DECEMBER 2000)

Our avocado project made good progress during the year in terms of both prices and yields which resulted in this enterprise making a notable contribution for the first time.

Despite pineapple yields being 13 per cent above projections, depressed prices on world markets for tinned pineapples severely impacted upon the contribution from our joint venture project with Cirio Del Monte Kenya Ltd.

31 December 2001, which disclose the state of affairs of the company and the group.

PRINCIPAL ACTIVITIES

The principal activities of the company and its subsidiaries comprise:-

- the cultivation and manufacture of tea and coffee
- livestock farming
- jointly controlled operations dealing with the growing of pineapples
- growing of other horticultural crops
- forestry development

RESULTS AND DIVIDENDS

The results for the year are shown on page 11 of these financial statements.

In view of the loss made during the year, the directors do not propose the payment of a dividend.

DIRECTORS

The directors who held office during the year and at the date of this report are set out on page 1. Mr. J P H Hulme was appointed a director of the company on 17 May 2001. He was appointed Managing Director on 1 January 2002. Mr. C A Gardner resigned as a director of the company on 15 May 2001 to retire in the United Kingdom.

The directors interests in the share capital of the company are listed below:-

	Number of stock units held at 31-12-2001		Number of stock units held at 31-12-2000	
	Beneficial	Non-Beneficial	Beneficial	Non-Beneficial
Dr. T R Fowkes	-	300	-	300
Mr. J P H Hulme	400	-	-	-
Mr. F R Bibby	225	-	225	-
Dr. B M Gecaga	10704	-	10704	-
Sir Charles Markham	3552	-	3552	-
Mr. M C Perkins	-	300	-	300
Mr. K W Tarplee	-	75	-	75

Under the terms of the Articles of Association, Dr. T R Fowkes retires by rotation and, being eligible, seeks re-election. Mr. J P H Hulme, retires in accordance with Article 19 of the company's Articles of

Chunga Associates were appointed Secretary to the company on 15 May 2001.

REGISTERED OFFICE

The new address of the Registered Office is set out on page 1. The change of address was effected on 15 May 2001.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates and interest rates. The group's overall risk management policy focuses on managing such risks prudently to minimize potential adverse effects on its financial performance. The group has policies in place to ensure that sales are made to customers with an appropriate credit history.

AUDIT COMMITTEE

During the year the audit committee met twice. The committee approved the annual internal audit plan which has been monitored by monthly internal audit reports. The committee is satisfied with the group's system of internal financial control.

THE CAPITAL MARKETS ACT

The Capital Markets Authority published Legal Notice number 13 in the Special Issue dated 18 January 2002 of the Kenya Gazette supplement number 4, Capital Markets Regulations and Disclosure Requirements for Public Offers and Listing of Securities. These regulations and disclosure requirements came into effect on 7 January 2002. The Capital Markets Authority published notice number 369 in the Kenya Gazette issue dated 25 January 2002, Guidelines on Corporate Governance Practices By Public Listed Companies in Kenya. These guidelines came into effect on 14 January 2002. The directors have noted the capital markets regulations and disclosure requirements and guidelines on corporate governance practices and are currently addressing these with a view to taking the appropriate steps.

AUDITORS

The company's auditors, PricewaterhouseCoopers continue in office in accordance with Section 159(2) of the Companies Act.

By order of the Board

Mr. J P H Hulme

give true and fair view of the state of affairs of the company and of the group as at the end of the financial year and of profit or loss of the group. It also requires the directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Accounting Standards and the requirements of the Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of the group and of the loss of the group. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the twelve months from the date of this statement.

Dr. T R Fowkes
Director

Mr. J P H Hulme
Director

28 February 2002

and explanations that to the best of our knowledge and belief were necessary for the purposes of our audit. The company's balance sheet set out on page 13 is in agreement with the books of account.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of financial statements as set out on page 9. Our responsibility is to express an independent opinion on the financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements.

Opinion

In our opinion proper books of account have been kept and the financial statements give a true and fair view of the state of financial affairs of the group and of the company as at 31 December 2001 and of the group's results and cash flows for the year then ended and comply with International Accounting Standards and the Kenyan Companies Act.

PricewaterhouseCoopers
Certified Public Accountants of Kenya

Nairobi
28 February 2002

		Shs'000	Shs'000
Sales	1	1,250,943	1,212,796
Cost of sales		(1,154,232)	(1,118,333)
Gross profit	1	96,711	94,463
Other operating income/(expenses)		5,987	(6,027)
Distribution costs		(37,608)	(20,067)
Administrative expenses		(66,364)	(86,401)
Profit on disposal of property, plant and equipment		3,026	44,399
Operating profit	2	1,752	26,367
Finance costs (net)	4	(97,678)	(112,133)
Loss before tax		(95,926)	(85,766)
Tax	5	41,767	42,135
Loss after tax		(54,159)	(43,631)
Minority interests		8,944	15,358
Loss attributable to the members of Kakuzi Limited	6	(45,215)	(28,273)
		Shs	Shs
Basic loss per stock unit	7	(2.31)	(1.44)
Diluted loss per stock unit	7	(2.31)	(1.44)
		Shs'000	Shs'000
Dividends:			
Interim dividend paid in the year	8	0	7,840

	Notes	2001 Shs'000	2000 Shs'000
CAPITAL EMPLOYED			
Share capital	9	98,000	98,000
Revaluation and other reserves	10	1,226,973	1,239,301
Retained earnings		672,949	717,024
Stockholders' funds		1,997,922	2,054,325
Minority interests		53,918	81,319
Non-current liabilities			
Borrowings	21	308,542	333,109
Deferred tax	11	110,601	152,700
Provision for liabilities and charges	20	27,358	24,860
		446,501	510,669
		2,498,341	2,646,313
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	12	2,558,664	2,619,780
Investments	14	10,870	3,005
Growing crops	16	71,755	80,312
Non-current receivables	17	13,951	18,338
		2,655,240	2,721,435
Current assets			
Inventories	18	238,246	309,390
Growing crops	16	69,828	84,300
Receivables and prepayments	17	118,191	84,083
Tax recoverable	5	76,865	56,863
Cash and cash equivalents		17,246	57,312
		520,376	591,948
Current liabilities			
Payables and accrued expenses	19	199,088	148,844
Borrowings	21	474,447	514,793
Provisions for liabilities and charges	20	3,740	3,433
		677,275	667,070
Net current liabilities		(156,899)	(75,122)
		2,498,341	2,646,313

The financial statements on pages 11 to 33 were approved for issue by the board of

		Shs'000	Shs'000
CAPITAL EMPLOYED			
Share capital	9	98,000	98,000
Revaluation and other reserves	10	1,182,159	1,175,276
Retained earnings		712,113	690,775
Stockholders' funds		1,992,272	1,964,051
Non-current liabilities			
Borrowings	21	308,542	333,109
Deferred tax	11	123,956	157,851
Provision for liabilities and charges	20	25,856	23,343
		458,354	514,303
		2,450,626	2,478,354
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	12	2,419,213	2,437,000
Investments	14	20,926	13,103
Growing crops	16	71,755	80,312
Non-current receivables	17	13,442	17,731
		2,525,336	2,548,146
Current assets			
Investments	14	56,118	0
Inventories	18	211,230	254,646
Growing crops	16	64,854	82,176
Receivables and prepayments	17	118,049	88,705
Tax recoverable	5	66,177	49,583
Cash and cash equivalents		17,119	55,433
		533,547	530,543
Current liabilities			
Payables and accrued expenses	19	210,155	157,435
Borrowings	21	394,529	439,635
Provision for liabilities and charges	20	3,573	3,265
		608,257	600,335
Net current liabilities		(74,710)	(69,792)
		2,450,626	2,478,354

45 | 63

The financial statements on pages 11 to 33 were approved for issue by the board of directors on 28 February 2002 and signed on its behalf by:

	Notes	Share capital Shs'000	and other reserves Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Total Shs'000
Year ended 31 December 2000						
At start of year		**98,000**	1,283,718	**708,427**	19,600	2,109,745
Deferred tax on revaluation	11	**0**	293	**0**	**0**	293
Transfer of excess depreciation		**0**	(815)	**815**	**0**	**0**
Transfer of revaluation surplus on disposal of property, plant and equipment		**0**	(43,895)	**43,895**	**0**	**0**
Loss for 2000 after minority interests		**0**	**0**	(28,273)	**0**	(28,273)
Dividend - final for 1999 (paid)		0	0	**0**	(19,600)	(19,600)
- interim for 2000 (paid)	**8**	**0**	0	(7,840)	**0**	(7,840)
At end of year		**98,000**	1,239,301	717,024	**0**	2,054,325
Year ended 31 December 2001						
At start of year						
- as previously stated		98,000	1,239,301	717,024	0	2,054,325
- effect of adopting IAS 39	14	0	7,730	0	0	7,730
- as restated		98,000	1,247,031	717,024	0	2,062,055
Deferred tax on revaluation	11	0	293	0	0	293
Transfer of excess depreciation		0	(1,140)	1,140	0	0
Impairment loss on property, plant and equipment	12	0	(19,211)	0	0	(19,211)
Loss for 2001 after minority interests		0	0	(45,215)	0	(45,215)
At end of year		98,000	1,226,973	672,949	0	1,997,922

	Notes	capital Shs'000	reserves Shs'000	earnings Shs'000	dividends Shs'000	Total Shs'000
Year ended 31 December 2000						
At start of year		98,000	1,219,693	666,193	19,600	2,003,486
Deferred tax effect on property revaluations	12	0	293	0	0	293
Depreciation transfer		0	(815)	815	0	0
Transfer of revaluation surplus on disposal of property, plant and equipment		0	(43,895)	43,895	0	0
Loss for 2000		0	0	(12,288)	0	(12,288)
Dividend - final for 1999 (paid)		0	0	0	(19,600)	(19,600)
- interim for 2000 (paid)	8	0	0	(7,840)	0	(7,840)
At end of year		98,000	1,175,276	690,775	0	1,964,051
Year ended 31 December 2001						
At start of year						
- as previously stated		98,000	1,175,276	690,775	0	1,964,051
- effect of adopting IAS 39	14	0	7,730	56,105	0	63,835
- as restated		98,000	1,183,006	746,880	0	2,027,886
Deferred tax on revaluation	11	0	293	0	0	293
Transfer of excess depreciation		0	(1,140)	1,140	0	0
Loss for 2001		0	0	(35,907)	0	(35,907)
At end of year		98,000	1,182,159	712,113	0	1,992,272

	Notes	2001 Shs'000	2000 Shs'000
Operating activities			
Cash generated from operations	22	437,555	427,615
Interest received		3,337	1,480
Interest paid		(99,342)	(101,031)
Tax paid		(726)	(7,200)
Net cash from operating activities		340,824	320,864
Investing activities			
Purchase of property, plant and equipment	12	(66,213)	(132,042)
Redemption of investments		0	189
Expenditure on growing crops	16	(260,468)	(366,003)
Proceeds on disposal of property, plant and equipment		9,748	89,965
Dividend received		774	774
Interest received on originated loans		182	0
Net cash used in investing activities		(315,977)	(407,117)
Financing activities			
Payments on long-term borrowings		(25,155)	(16,648)
Dividends paid		0	(27,440)
Net cash used in financing activities		(25,155)	(44,088)
Decrease in cash and cash equivalents		(308)	(130,341)
Movement in cash and cash equivalents			
At start of year		(432,505)	(310,551)
Decrease		(308)	(130,341)
Effects of exchange rate changes on long-term borrowings		764	8,387
At end of year	23	(432,049)	(432,505)

a) **Basis of preparation**

The financial statements are prepared in accordance with and comply with International Accounting Standards (IAS). The financial statements are presented in Kenya shillings thousands (Shs'000) except where otherwise indicated. The financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment and the carrying of available-for-sale investments at fair value. In the context of IAS 14 (revised), segmental reporting, the consolidated financial statements are presented on the basis that the risks and rates of return are related to one segment, agriculture and horticulture.

b) **Consolidation**

Subsidiary undertakings, which are those companies in which the company has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations, have been fully consolidated. The group financial statements comprise the financial statements of the company and its subsidiaries for the year ended 31 December 2001.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated.

c) **Revenue recognition**

Sales are generally recognised upon delivery of products, and where applicable are stated net of Value Added Tax. Coffee and tea sold at auctions are recognised upon fall of the hammer for confirmed bids.

The final annual sales for the pineapple joint venture with Cirio Del Monte Kenya Limited is determined on a formula basis which depends on the average Cirio Del Monte pineapple selling price achieved on a world wide basis. This figure is not known by the time the financial statements are published. The company's share of the revenue in respect of the pineapple joint venture has been determined prudently on the basis of best information available.

d) **Translation of foreign currencies**

Transactions in foreign currencies during the year are converted into Kenya shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Kenya shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the profit and loss account in the year in which they arise.

e) **Property, plant and equipment**

All property, plant and equipment is initially recorded at cost. Certain property, plant and equipment are subsequently shown at revalued amounts, based on periodic valuations by the directors. All other property, plant and equipment is stated at historical cost less depreciation

Each year the difference between depreciation based on revalued carrying amount of the asset (the depreciation charged to profit and loss account) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation is calculated on the straight line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life as follows:-

Leasehold land	Over the period of the lease
Buildings, dams, water supply and fencing	5 - 50 years
Plant, machinery and tools	13.3 years
Motor vehicles, tractors, trailers and implements	4 - 10 years
Furniture, fittings and equipment	8 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

The cost or revalued amount of freehold land and development is not depreciated. Capital work in progress is not depreciated.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit or loss. On disposal of a revalued asset, amount in the revaluation reserve relating to that asset is transferred to retained earnings.

f) **Investments**

The company adopted IAS 39 at 1 January 2001 and classified its investments into available-for-sale investments and originated loans. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designations on a regular basis as follows:

(i) Investments intended to be held for an indefinite period of time, but which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale. These are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital.

(ii) Non-equity investments purchased in the primary market (i.e. directly from the issuer) are classified as originated loans.

All purchases and sales of investments are recognised on the trade date, which is the date the company commits to purchase or sell the asset. Cost of purchase includes transaction costs. Available-for-sale investment are subsequently carried at fair value, whilst originated loans are carried at amortized cost using the effective yield method. Realised and unrealised gains and losses arising from changes in the fair value of available-for-sale investments are included in the income statement in the year in which they arise.

Costs deferred are charged to revenue over the production life cycle of individual crops

These comprise:-

- the company's share of development expenditure on the jointly controlled operations dealing with the growing of pineapples
- expenditure on horticultural crops other than permanent plantings
- production costs incurred during the year relating to future coffee harvests

h) Inventories

Inventories are stated at the lower of average cost and net realisable value. Cost comprises raw materials, direct labour, other direct costs and related production overheads, but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

i) Trade receivables

Trade receivables are carried at amortized invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off in the year in which they are identified.

j) Employee entitlements

Employee entitlements to gratuity are recognised when they accrue to unioniseable employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the balance sheet date.

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

k) Deferred tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax rates enacted or substantively enacted at the balance sheet date are used to determine deferred tax.

Deferred tax assets are recognised for tax losses carried forward only to the extent that it is probable that the future taxable profits will be available against which the temporary differences can be utilised.

l) Retirement benefit obligations

The company operates a defined contribution pension scheme for management employees. The assets of the scheme are held in a separately administered fund that is funded by contributions from both the company and employees.

Dividends on stock units are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

n) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In particular, the comparatives have been adjusted or extended to take into account the requirements of IAS 39 which the group has implemented in the year.

In the context of IAS 14 (revised), segmental reporting, the consolidated financial statements are presented on the basis that the risks and rates of return are related to one segment, agriculture and horticulture. Within this segment the contributions to sales and gross profit/(loss) by product are:

	Group sales		Gross profit/(loss)	
	2001	2000	2001	2000
	Shs'000	Shs'000	Shs'000	Shs'000
Coffee	356,549	333,159	(41,009)	(121,842)
Tea	426,330	367,859	100,879	106,071
Horticulture	439,447	484,809	29,340	97,417
Others	28,617	26,969	7,501	12,817
	1,250,943	1,212,796	96,711	94,463

By geographical markets group sales are substantially made in Kenya.

2 GROUP OPERATING PROFIT

The following items have been charged in arriving at group operating profit:-

	2001	2000
	Shs'000	Shs'000
Depreciation on property, plant and equipment (Note 12)	81,935	85,666
Employment costs (Note 3)	321,277	331,329
Auditors' remuneration	3,318	2,974

and after crediting:-

	2001	2000
Profit on disposal of property, plant and equipment	3,026	44,399
Investment income	774	774

3 EMPLOYMENT COSTS

	2001	2000
	Shs'000	Shs'000

The following items are included within employment costs:

Retirement benefits costs - defined contribution scheme	3,395	4,161

	2001	2000
	Number	Number

The average number of persons employed by the group at

	2001 Shs'000	2000 Shs'000
Dividend income	774	774
Interest income		
- originated loans	182	0
- other	3,337	1,480
	4,293	2,254
Net foreign exchange gains/(losses)	179	(8,213)
Interest expense - long term borrowings	(45,304)	(56,556)
- short term borrowings	(56,846)	(49,618)
	(102,150)	(106,174)
Net finance costs	(97,678)	(112,133)

5 TAX

	2001 Shs'000	2000 Shs'000
Current tax	(39)	(39)
Underprovision in previous years	0	(7,175)
Deferred tax (Note 11)	41,806	49,349
Tax credit	41,767	42,135

The tax on the group's loss before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2001 Shs'000	2000 Shs'000
Loss before tax	(95,926)	(85,766)
Tax credit calculated at a tax rate of 30% (2000: 30%)	28,778	25,730
Tax effect of:		
Income not subject to tax	2,747	13,822
Expenses not deductible for tax purposes	(3,623)	(8,563)
Other temporary differences	13,904	18,360
	41,806	49,349
Current tax	(39)	(39)
Underprovision in previous years	0	(7,175)
Tax credit	41,767	42,135

Tax recoverable at the year end comprise of:

	2001		2000	
	Group Shs'000	Company Shs'000	Group Shs'000	Company Shs'000

The consolidated loss attributable to the members of Kakuzi Limited includes a loss of Shs 35.9 million (31 December 2000 - loss of Shs 12.2 million) which has been dealt with in the financial statements of Kakuzi Limited.

7 BASIC LOSS PER STOCK UNIT

Basic loss per stock unit are calculated on the losses attributable to the members of Kakuzi Limited and on the 19,599,999 stock units in issue on 31 December 2001.

The company had no potentially dilutive stock units outstanding at 31 December 2001 or 2000.

8 DIVIDENDS

Proposed dividends are accounted for as a separate component of equity until they have been ratified at the annual general meeting. In view of the loss made during the year, the directors do not propose the payment of a final dividend. In the year 2000 an interim dividend of Shs 0.40 per stock unit, amounting to a total of Shs 7,840,000 was paid. The total dividend for year 2000 amounted to Shs 7,840,000.

9 SHARE CAPITAL

	2001 Shs'000	2000 Shs'000
Authorised: 20,000,000 shares at Shs 5 each	100,000	100,000
Issued and converted into stock: 19,599,999 units of Shs 5 each fully paid	98,000	98,000

In accordance with the Articles of Association all fully paid-up shares of the company are converted into stock units at the time of issue.

10 REVALUATION AND OTHER RESERVES

	2001		2000	
	Group Shs'000	Company Shs'000	Group Shs'000	Company Shs'000
Property, plant and equipment (Note 12)	1,219,243	1,174,429	1,239,301	1,175,276
Investments (Note 14)	7,730	7,730	0	0
Total	1,226,973	1,182,159	1,239,301	1,175,276

The movement of revaluation and other reserves is fully disclosed in the consolidated statements of

Deferred tax is calculated in full on all temporary differences under the liability method using a principal tax rate of 30% (2000: 30%). The movement on the deferred tax account is as follows:-

	2001		2000	
	Group Shs'000	Company Shs'000	Group Shs'000	Company Shs'000
At 1 January	152,700	157,851	202,342	193,705
Tax effect on property revaluations	(293)	(293)	(293)	(293)
Profit and loss account credit (Note 5)	(41,806)	(33,602)	(49,349)	(35,561)
At 31 December	110,601	123,956	152,700	157,851

Deferred tax assets are recognised for tax losses carried forward only to the extent that it is probable that future taxable income will be sufficient to utilise those losses. At 31 December 2001 the tax losses carried forward amounted to Shs 473,964,723 (Company - Shs 390,536,071). The tax asset amounted to a deferred tax credit of Shs 142,189,417 (Company - Shs 117,160,821).

GROUP	At 1 January 2001 Shs'000	Charged/ (credited) to P/L Shs'000	Charged/ (credited) to equity Shs'000	At 31 December 2001 Shs'000
Deferred tax liabilities:-				
Accelerated tax allowances	216,014	(540)	0	215,474
Property revaluations	13,489	0	(293)	13,196
Expenditure on growing crops	49,384	(6,909)	0	42,475
	278,887	(7,449)	(293)	271,145
Deferred tax assets:-				
Provisions	(11,782)	(915)	0	(12,697)
Tax losses	(111,806)	(30,383)	0	(142,189)
Other deductible temporary differences	(2,599)	(3,059)	0	(5,658)
	(126,187)	(34,357)	0	(160,544)
Net deferred tax liability	152,700	(41,806)	(293)	110,601

COMPANY	At 1 January 2001 Sh'000	Charged/ (credited) to P/L Sh'000	Charged/ (credited) to equity Sh'000	At 31 December 2001 Sh'000
Deferred tax liabilities:-				
Accelerated tax allowances	204,503	143	0	204,646
Property revaluations	13,489	0	(293)	13,196
Expenditure on growing crops	48,746	(7,763)	0	40,983
	266,738	(7,620)	(293)	258,825
Deferred tax assets:-				
Provisions	(11,118)	(935)	0	(12,053)
Tax losses	(95,169)	(21,992)	0	(117,161)

	Freehold & leasehold land, buildings, improvements, dams and development Shs'000	Plant, machinery and tools Shs'000	Motor vehicles, tractors, trailers and implements Shs'000	Furniture, fittings and equipment Shs'000	Capital work in progress Shs'000	Total Sh'000
COST OR VALUATION						
At 1 January 2001	2,707,063	138,580	182,788	78,011	8,299	3,114,741
Transfers	3,921	4,378	0	0	(8,299)	0
Additions	50,498	6,560	5,041	1,772	2,342	66,213
Disposals	(6,316)	0	(8,879)	(112)	0	(15,307)
Impairment loss (Note 15)	(37,668)	0	0	0	0	(37,668)
At 31 December 2001	2,717,498	149,518	178,950	79,671	2,342	3,127,979
DEPRECIATION						
At 1 January 2001	247,229	56,777	141,940	49,015	0	494,961
Charge for the year	48,537	10,957	14,130	8,311	0	81,935
Relating to disposals	(426)	0	(7,106)	(49)	0	(7,581)
At 31 December 2001	295,340	67,734	148,964	57,277	0	569,315
NET BOOK AMOUNT						
At 31 December 2001	2,422,158	81,784	29,986	22,394	2,342	2,558,664
At 31 December 2000	2,459,834	81,803	40,848	28,996	8,299	2,619,780

At 31 December 2001 property, plant and equipment with a cost or valuation amounting to Shs 187,013,202 (31 December 2000 - Shs 142,709,618) were fully depreciated. The normal annual depreciation charge would have been Shs 31,836,412 (31 December 2000 - Shs 24,305,841).

Property, plant and equipment is located in Thika, Maragua and Nandi districts.

Freehold and leasehold land, dams and development were last revalued by the directors on 1 January 1997; buildings and improvements were last revalued on 1 March 1993. Leasehold land and development in the subsidiary Garton Limited, were last revalued by the directors on 31 December 2001. The revaluations were based on an estimate of the open market value for agricultural properties with well developed operations. The book amounts of the properties were adjusted to revaluations and the resultant surplus net of deferred income taxes was credited to revaluation reserve in shareholders' equity. If the freehold and leasehold land, buildings, improvements, dams and development were stated on the historical cost basis, the amounts would be as follows:

	2001 Shs'000	2000 Shs'000
Cost	1,442,312	1,350,755

	Freehold & leasehold land, buildings, improvements, dams and development Shs'000	Plant, machinery and tools Shs'000	Motor vehicles, tractors, trailers and implements Shs'000	Furniture, fittings and equipment Shs'000	Capital work in progress Shs'000	Total Shs'000
COST OR VALUATION						
At 1 January 2001	2,509,433	124,885	164,202	75,166	8,299	2,881,985
Transfers	3,921	4,378	0	0	(8,299)	0
Additions	49,308	6,560	5,041	1,772	2,342	65,023
Disposals	(6,316)	0	(7,731)	(112)	0	(14,159)
At 31 December 2001	2,556,346	135,823	161,512	76,826	2,342	2,932,849
DEPRECIATION						
At 1 January 2001	223,235	49,373	125,453	46,924	0	444,985
Charge for the year	43,709	9,717	13,385	8,273	0	75,084
Relating to disposals	(426)	0	(5,958)	(49)	0	(6,433)
At 31 December 2001	266,518	59,090	132,880	55,148	0	513,636
NET BOOK AMOUNT						
At 31 December 2001	2,289,828	76,733	28,632	21,678	2,342	2,419,213
At 31 December 2000	2,286,198	75,512	38,749	28,242	8,299	2,437,000

At 31 December 2001 property, plant and equipment with a cost or valuation amounting to Shs 155,387,926 (31 December 2000 - Shs 121,940,376)were fully depreciated. The normal annual depreciation charge would have been Shs 25,891,023 (31 December 2000 - Shs 20,655,484).

Property, plant and equipment is located in Thika, Maragua and Nandi districts.

Freehold and leasehold land, dams and development were last revalued by the directors on 1 January 1997; buildings and improvements were last revalued on 1 March 1993. The revaluations were based on an estimate of the open market value for agricultural properties with well developed operations. The book amounts of the properties were adjusted to revaluations and the resultant surplus net of deferred income taxes was credited to revaluation reserve in shareholders' equity. If the freehold and leasehold land, buildings, improvements, dams and development were stated on the historical cost basis, the amounts would be as follows:

	2001 Shs'000	2000 Shs'000
Cost	1,364,841	1,274,035

The company has existing agreements with Cirio Del Monte Kenya Limited under which a minimum of 1094 hectres of the company's land was to be developed for growing pineapple. At 31 December 2001 1211 hectares **(2000 - 1211 hectares)** of company land had been developed to grow pineapple. Pineapples are processed and sold by Cirio Del Monte Kenya Limited who act as the operator/manager of the project.

The company's share of the revenue and expenses from the pineapple joint venture included in these financial statements are:

	2001	**2000**
	Shs'000	**Shs'000**
Revenue	365,250	**423,338**
Expenses	(340,183)	**(322,662)**
Net income	25,067	**100,676**

The amounts due from and due to Cirio Del Monte Kenya Limited at the year end in respect of transactions arising in the ordinary course of business are:

	2001	**2000**
	Shs'000	**Shs'000**
Due from Cirio Del Monte Kenya Limited	50,952	**39,414**
Due to Cirio Del Monte Kenya Limited	74,930	**14,248**

At 31 December 2001 the company had no capital commitments **(2000 -Shs 2,786,675)** in respect of the pineapple joint venture.

14 INVESTMENTS

Investments comprise the following:

	2001		**2000**	
	Group	Company	**Group**	**Company**
	Shs'000	Shs'000	**Shs'000**	**Shs'000**
Available-for-sale investments				
- Unquoted equity shares	7,745	74,648	**15**	**10,813**
Originated loans				
- Bank deposits	3,125	2,396	**2,990**	**2,290**
	10,870	77,044	**3,005**	**13,103**

Total investments

Available-for-sale investments are fair valued annually at the close of business on 31 December. Fair value is estimated by reference to the current market of similar instruments or by reference to the discounted cash flows of the underlying net assets. The movement in available-for-sale investments is as follows:

	2001		2000	
	Group Shs'000	Company Shs'000	Group Shs'000	Company Shs'000
At start of year				
- as previously stated	15	10,813	15	10,813
- effect of adopting IAS 39	7,730	63,835	0	0
- as restated	7,745	74,648	15	10,813
Additions	0	0	0	0
Disposals	0	0	0	0
At end of year	7,745	74,648	15	10,813
Non-current	7,745	18,530	15	10,813
Current	0	56,118	0	0
Total available-for-sale investments	7,745	74,648	15	10,813

In accordance with IAS 39, the income statement and the movements in shareholders' equity for the year ended 31 December 2000 are not restated.

The subsidiary companies, all of which are incorporated in Kenya, and the company's shareholding in those companies are set out on page 1. Garton Limited is involved in the cultivation and processing of coffee and Estates Services Limited offers agency services relating to the sale of coffee. Siret Tea Company Limited and Kaguru Limited are dormant.

15 POST BALANCE SHEET EVENT

On 4 February 2002 Kakuzi Limited, which owns 51% of the shareholding in Garton Limited, and Sasini Tea & Coffee Limited which owns 49% of the shareholding in Garton Limited, signed an agreement to sell their entire shareholdings in the company to Socfinaf Company Limited, P O Box 10 Ruiru. Approval from regulatory authorities was received and the sale was completed on 27 February 2002. The disposal proceeds, which will be used to reduce borrowings are Shs 110,034,824 (Company Shs 56,117,760). Shs 98,931,342 (Company Shs 50,454,984) was paid on 27 February 2002 and the balance of Shs 11,103,482 (Company Shs 5,662,776) is payable on 30 June 2003. The impairment loss

	Pineapple project Shs'000	horticultural crops Shs'000	Coffee Shs'000	2001 Total Shs'000	2000 Total Shs'000
GROUP					
At 1 January 2001	123,678	7,771	33,163	164,612	165,309
Expenditure during the year	56,226	20,393	183,849	260,468	366,003
Charged to income statement	(79,715)	(13,948)	(189,834)	(283,497)	(366,700)
At 31 December 2001	100,189	14,216	27,178	141,583	164,612
Chargeable to income statement within one year	31,775	10,875	27,178	69,828	84,300
Chargeable to income statement after more than one year	68,414	3,341	0	71,755	80,312
COMPANY					
At 1 January 2001	123,678	7,771	31,039	162,488	160,387
Expenditure during the year	56,226	20,393	146,304	222,923	305,898
Charged to income statement	(79,715)	(13,948)	(155,139)	(248,802)	(303,797)
At 31 December 2001	100,189	14,216	22,204	136,609	162,488
Chargeable to income statement within one year	31,775	10,875	22,204	64,854	82,176
Chargeable to income statement after more than one year	68,414	3,341	0	71,755	80,312

17 RECEIVABLES AND PREPAYMENTS

	2001		2000	
	Group Shs'000	Company Shs'000	Group Shs'000	Company Shs'000
Trade receivables	101,874	95,905	63,976	63,976
Prepayments	1,694	1,557	1,030	893
Due from related companies (Note 26)	175	6,169	8,572	14,228
Loans to directors (Note 26)	170	170	290	290
Other receivables	28,229	27,690	28,553	27,049

	Group Shs'000	Company Shs'000	Group Shs'000	Company Shs'000
Non current receivables comprise of:				
Loans to directors (Note 26)	50	50	170	170
Other receivables	13,901	13,392	18,168	17,561
	13,951	13,442	18,338	17,731

All non current receivables are due within 5 years from the balance sheet date.

18 INVENTORIES

	2001		2000	
	Group Shs'000	Company Shs'000	Group Shs'000	Company Shs'000
Coffee - at net realisable value	81,095	55,031	133,914	85,991
Tea - at cost	47,559	47,559	54,939	54,939
Livestock - at cost	76,993	76,993	67,278	67,278
Raw materials - at cost	32,599	31,647	53,259	46,438
Total	238,246	211,230	309,390	254,646

19 PAYABLES AND ACCRUED EXPENSES

	2001		2000	
	Group Shs'000	Company Shs'000	Group Shs'000	Company Shs'000
Trade payables	108,268	107,139	44,172	38,989
Due to related company (Note 26)	9,737	26,113	11,231	27,614
Accrued expenses	49,375	46,787	55,266	53,013
Other payables	31,708	30,116	38,175	37,819
	199,088	210,155	148,844	157,435

20 PROVISION FOR LIABILITIES AND CHARGES (GRATUITY)

The movements in the year were as follows:

	2001		2000	
	Group Shs'000	Company Shs'000	Group Shs'000	Company Shs'000
At 1 January				
- Long term portion	24,860	23,343	14,922	14,922
- Current portion	3,433	3,265	2,095	2,095
	28,293	26,608	17,017	17,017
Utilized during year	(3,975)	(3,759)	(3,182)	(3,002)
Charged to income statement	6,780	6,580	14,458	12,593

	Group Shs'000	Company Shs'000	Group Shs'000	Company Shs'000
Total borrowings	782,989	703,071	847,902	772,744
Less: current portion	(474,447)	(394,529)	(514,793)	(439,635)
Non current portion	308,542	308,542	333,109	333,109

The borrowings are made up as follows:-

	Group Shs'000	Company Shs'000	Group Shs'000	Company Shs'000
Non-current:-				
Long term borrowings	308,542	308,542	333,109	333,109
Current:-				
Long term borrowings	25,152	25,152	24,976	24,976
Short term borrowings (Note 23)	449,295	369,377	489,817	414,659
	474,447	394,529	514,793	439,635
Total borrowings	782,989	703,071	847,902	772,744

	2001		2000	
	Group	Company	Group	Company
Maturity of non current borrowings	Shs'000	Shs'000	Shs'000	Shs'000
Between 1 and 2 years	25,152	25,152	24,976	24,976
Between 2 and 5 years	33,390	33,390	58,133	58,133
Over 5 years	250,000	250,000	250,000	250,000
	308,542	308,542	333,109	333,109

The bank borrowings are secured by an undertaking, at any time if and when required by the banks, to execute legal or other mortgages and charges including fixed or floating charges, or assignments in favour of the banks. In the opinion of the directors the carrying amount of the borrowings approximate fair value. Weighted effective interest rates at the year end were:

		2001	2000
		%	%
(i)	Short term borrowings:-		
	In Kenya shillings	13.8	11.8
	In US dollars	5.6	8.2
(ii)	Long term borrowings:-		
	In Kenya shillings	15.1	18.7
	In US dollars	7.5	7.9

At 31 December 2001 Shs'000	At 31 December 2000 Shs'000

Reconciliation of loss before tax to cash generated from operating activities

	2001 Shs'000	2000 Shs'000
Loss before tax	(95,926)	(85,766)
Depreciation (Note 12)	81,935	85,666
Forestry development expenditure amortized	1,004	510
Profit on disposal of property, plant and equipment	(3,026)	(44,399)
Interest expense (Note 4)	102,150	106,174
Dividend income (Note 4)	(774)	(774)
Interest income on originated loans (Note 4)	(182)	0
Other interest income (Note 4)	(3,337)	(1,480)
Changes in working capital		
- Investments	(136)	(2,990)
- Growing crop charges (Note 16)	283,497	366,700
- Receivables and prepayments	(29,721)	39,914
- Inventories	71,144	(16,046)
- Payables and accrued expenses	47,437	(25,008)
- Provisions for liabilities and charges	2,805	12,039
- Tax recoverable (Value added tax)	(19,315)	(6,925)
Cash generated from operations	437,555	427,615

23 CASH AND CASH EQUIVALENTS

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash in hand net of bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

Cash and cash equivalents at the end of the year comprise:	2001 Shs'000	2000 Shs'000
Cash at bank and in hand	17,246	57,312
Short term borrowings (Note 21)	(449,295)	(489,817)
	(432,049)	(432,505)

24 CAPITAL COMMITMENTS

	31 December 2001		31 December 2000	
	Group	Company	Group	Company
	Shs'000	Shs'000	Shs'000	Shs'000

At 31 December 2001 the group had contingent liabilities in respect of bank guarantees amounting to Shs 1,555,000 (company - Shs 1,555,000) arising in the ordinary course of business.

26 RELATED PARTY TRANSACTIONS

A related party for the purpose of these financial statements is any company in which directly or indirectly Linton Park plc incorporated in England has a director or a shareholding. Linton Park plc provides technical and advisory services. Fellow subsidiaries within the Linton Park plc group act as brokers and managing agents for certain products of the company. These services are charged on an arms length basis.

(i) The following transactions were carried out with related parties:-

	Group 2001 Shs'000	Group 2000 Shs'000
(a) Purchase of goods and services:		
Linton Park plc	11,156	37,921
Robertson Bois Dickson Anderson Limited	14,537	3,416
Eastern Produce Kenya Limited	29,062	46,075
	54,755	87,412
(b) Sale of goods:		
Eastern Produce Kenya Limited	640	24,265

(ii) The amounts due from and due to related companies represent outstanding obligations in respect of transactions arising in the ordinary course of business.

	Group 2001 Shs'000	Group 2000 Shs'000
Due from related companies:-		
Rohertson Bois Dickson Anderson Limited	175	8,571
Eastern Produce Kenya Limited	0	1
	175	8,572
Due to related company:-		
Eastern Produce Kenya Limited	9,737	11,231

(iii) Loans to directors of the company:-

	2001	2000
Balance at the beginning of the period	290	428
Loans advanced during the period	0	0
Loan repayments received	(120)	(138)
Balance at the end of the period	170	290

The loans to directors were given on terms and conditions similar to those of the vehicle loan scheme for management employees.

(iv) Directors' remuneration

	2001	2000
- fees (non-executives)	452	510
- other emoluments (executives)	17,025	13,916
- payment to past directors	83	104

	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Turnover	1,250,943	1,212,796	1,090,782	1,258,425	1,278,010
(Loss)/profit before tax	(95,926)	(85,766)	(16,615)	146,286	262,766
Tax	41,767	42,135	54,507	(38,536)	(43,895)
(Loss)/profit after tax	(54,159)	(43,631)	37,892	107,750	218,871
Minority interests	8,944	15,358	(1,187)	(7,527)	(16,538)
(Loss)/profit attributable to the members of Kakuzi Limited	(45,215)	(28,273)	36,705	100,223	202,333
Dividends	0	(7,840)	(39,200)	(53,900)	(53,900)
Retained (loss)/profit for the year	(45,215)	(36,113)	(2,495)	46,323	148,433
Capital and reserves:					
Called up share capital	98,000	98,000	98,000	98,000	98,000
Reserves	1,899,922	1,956,325	1,992,145	1,993,174	2,175,938
	1,997,922	2,054,325	2,090,145	2,091,174	2,273,938
Basic (loss)/earnings per stock unit (Shs)	(2.31)	(1.44)	1.87	5.11	10.32
Dividend per stock unit (Shs)	0.00	0.40	2.00	2.75	2.75
Dividend cover	0.00	0.00	0.94	1.86	3.75
Net asset value per stock unit (Shs)	101.93	104.81	106.64	106.69	116.02

All amounts are stated in Kenya shillings thousands (Shs'000) except where otherwise indicated.

The 10 major stockholders and their holdings as at 31 December 2001 were:

	Stockholder name	Number of stock units	%
1.	Bordure Limited	5,107,920	26.06
2.	Lintak Investments Limited	4,828,714	24.63
3.	Kenya Re-insurance Corporation	980,423	5.00
4.	Insurance Company of East Africa Limited - Life Fund a/c	531,300	2.71
5.	Barclays (Kenya) Nominees Limited - a/c 1256	350,000	1.78
6.	John Kibunga Kimani	349,188	1.78
7.	Old Mutual Life Assurance Company Limited	305,078	1.55
8.	The Jubilee Insurance Company Limited	294,210	1.50
9.	Barclays (Kenya) Nominees Limited non-resident a/c 9054	263,280	1.34
10.	G H Kluge & Sons Limited	239,118	1.22

Linton Park plc incorporated in England, by virtue of its shareholding in Bordure Limited incorporated in England and Lintak Investments Limited incorporated in Kenya, is deemed to be interested in these stock units.

DISTRIBUTION SCHEDULE

Stock units range	Number of stockholders	Number of stock units	%
Less than 500	352	85,645	0.437
501 to 5,000	470	903,905	4.612
5,001 to 10,000	67	513,515	2.620
10,001 to 100,000	101	2,871,665	14.651
100,001 to 1,000,000	19	5,288,635	26.983
over 1,000,000	2	9,936,634	50.697
	1,011	19,599,999	100.00

I/We ....

of .... being a member/members of Kakuzi

Limited, do hereby appoint ....

or failing him/her, the duly appointed Chairman of the meeting to be my/our proxy, to vote for me/us at the Annual General Meeting of the Company to be held at the Allamanda Room, Serena Hotel, Nairobi, Kenya on 15 May 2002 at 12.00 noon and at any adjournment thereof.

As witness my/our hand(s) this .... day of 2002

Signature ....

Unless otherwise indicated, the proxy will vote as he/she thinks fit.

Notes:

(1) In the case of joint holders, only one need sign as the vote of the senior holder who tenders a vote will alone be counted. Seniority will be determined by the order in which the names appear in the Register of Members. The names of all the joint holders should be stated.

(2) If the appointor is a corporation, the proxy must be executed under its common seal or under the hand of an Officer or Attorney duly authorised in writing.

(3) To be valid, this proxy must be deposited at the Registered Office of the Company not less than 24 hours before the time appointed for holding the meeting.

FOLD 2

STAMP

Kakuzi Limited,
P.O. Box 24,
Thika 01000,
Kenya.

FOLD 1

FDLD 3

INSERT FLAP INSIDE