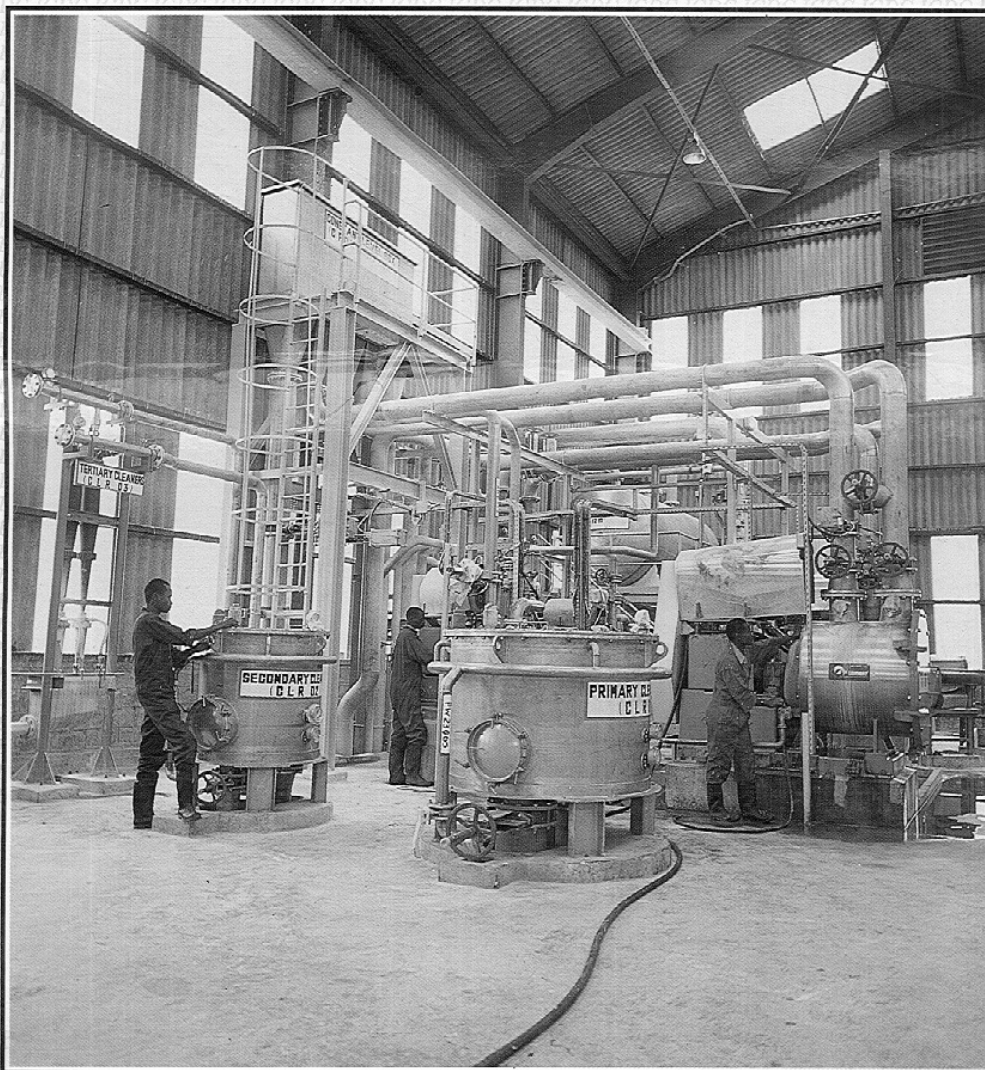


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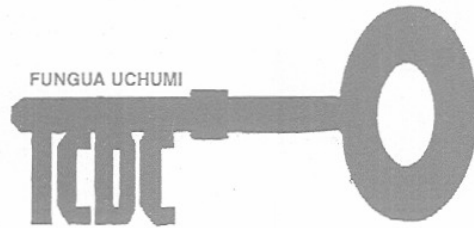
INDUSTRIAL & COMMERCIAL DEVELOPMENT CORPORATION



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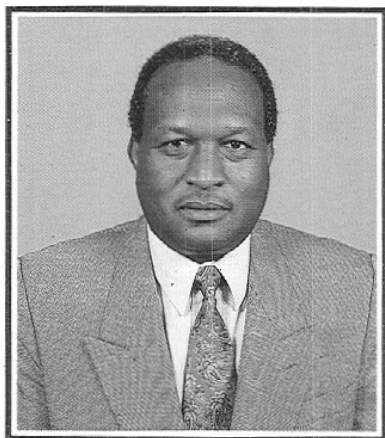
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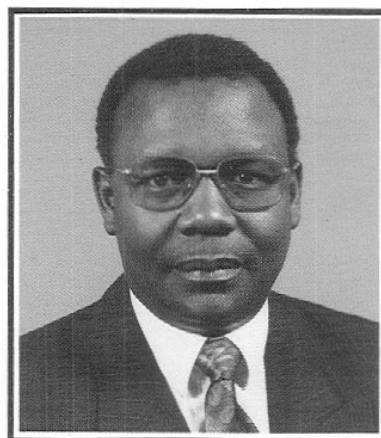
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1. ICDC Investment Company Limited -- periodicals
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THE ICDC BOARD OF DIRECTORS



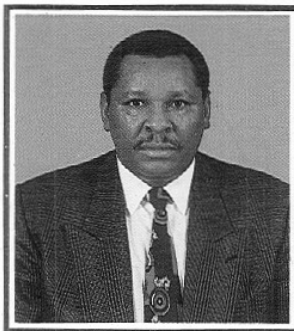
R. K. Chesire
Chairman



M. Kaittany
Executive Director



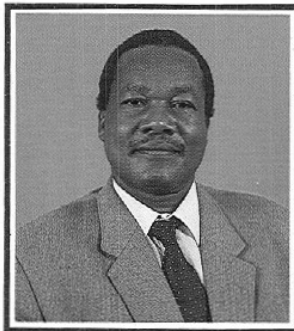
M. W. Ngari
*Alternate to the Permanent Secretary,
Ministry of Commerce & Industry*



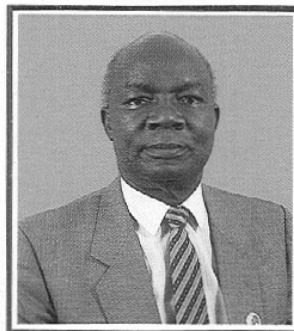
N. W. Kimani
*Alternate to the Permanent
Secretary, - Treasury*



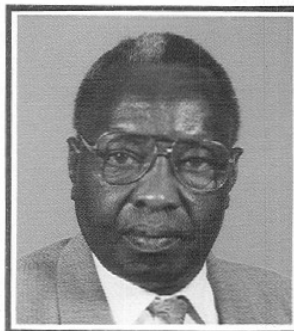
T.W. Wafula



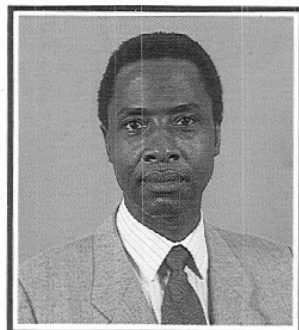
J. Oira



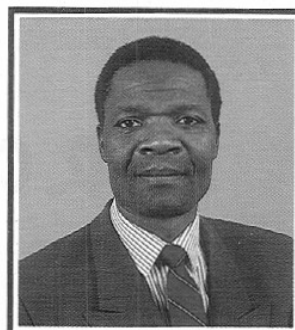
J.P.I. Bonyo



I. Bett



G. Hanjari



S. Juma
Secretary

2007/0410



Industrial &
Commercial
Development
Corporation.

Head Office

Uchumi House,
P.O. Box 45519,
NAIROBI
Telephone: 229213
Telex: 22429 ICDC KE
Fax: 333880

Corporation Secretary & Head of the Corporate Services Division

S. Juma

Financial Controller & Head of the Accounts and Finance Division

H.G. Miriga

Directors

R. K. Chesire (Chairman)

M. Kaittany (Executive Director)

Permanent Secretary,
Ministry of Commerce & Industry

Permanent Secretary, Treasury

T.W. Wafula

J. Oira

J.P.I. Bonyo

I. Bett

G. Hanjari

Manager, Operations Division

G. K. Kimweli

Field Offices

Mombasa, Nakuru, Kisumu, Kakamega,
Nyeri, Embu, Garissa, Kisii,
Machakos and Eldoret.

Secretary to the Board

S. Juma

Auditors

The Auditor-General (Corporations)

Bankers

Kenya Commercial Bank Limited
Moi Avenue, Nairobi

Commercial Bank of Africa Limited
Wabera Street, Nairobi.

CHIEF OFFICERS

Executive Director

M. Kaittany

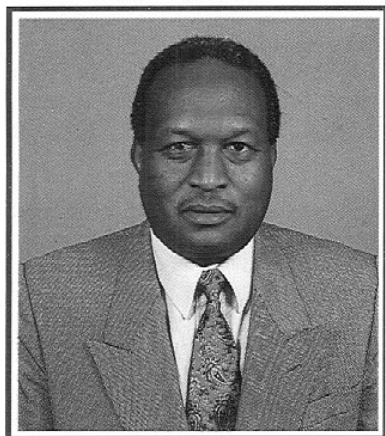


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A.-Chairman's Statement



R.K. Chesire, Chairman

ECONOMIC REVIEW

GLOBAL SCENE

Except for the former Soviet Union Block and large parts of Sub-Saharan Africa, there were clear signs of economic recovery in most regions of the world by the beginning of the financial year under review. Decline in output of most countries had bottomed-out and a number of them were experiencing positive economic growth. Growth rates differed from one country to another as well as across regions. While economies of continental European Union Member States started to experience stabilization in output during this period, vibrant growth was recorded in Britain, Canada and Australia. In the United States, capacity-utilization was building up rapidly. There was also rapid expansion in the economies of South East Asian nations and some of the Latin American countries.

By the second half of 1993/94, save for the areas mentioned earlier, most regions of the world had come out of recession. Overall, the world output went up by 0.6% in 1993 over and above the growth rate realized in 1992. It moved from 1.7% in 1992 to 2.3% in 1993. In 1994, world output was estimated to have expanded by 3%. These steady upswings led some of the world's major economic observers such as the International Monetary Fund to argue that the world output growth was approaching the growth rates achieved two decades ago and that, therefore, world economic recession was a thing of the past.

With the conclusion of the Uruguay Round and the transformation of the General Agreement on Tariffs and Trade (GATT) into World Trade Organization (WTO) during the first half of the period under review, future growth prospects for the world economy had been enhanced. The estimate for world trade growth in 1993 had been revised up by 1.5 percentage points to 4% partly because of new information about trade developments in the European Union. World trade was expected to expand to 7% in 1994, settling at 6% in 1995 compared to 5% average growth recorded in the past decade or so.

During the period under review, there were two major strategic policy pre-occupations among the industrialized countries. The first was to keep inflation within accepted levels in order to maintain price stability. The second, especially for governments from OECD Europe, was to devise appropriate policies which would reduce the levels of unemployment in member states to below 10% of the total labour force.

Generally, inflation in industrial countries dropped from 3.2% in 1992 to 2.9% in 1993 and 2.4% in 1994. The rate of unemployment in these countries rose from 7.9% in 1992 to 8% in 1993, reaching a level of 8.2% by the end of 1994. In contrast, inflation in developing countries rose from 38.7% in 1992 to 46.2% in 1993.

On the basis of regions, the OECD member countries suffered a decline in growth in 1993 which saw the group register a 1.3% growth in real GDP compared to 1.5% achieved in 1992. Impressive growth gains in Britain, Canada, Australia and particularly in the U.S (whose economy was pushed to a point of over-heating early in 1994 prompting the Federal Reserve Bank to raise interest rates seven times to restrain imminent inflationary pressures) were not strong enough to counterbalance massive economic contractions in Germany, France, Italy and Japan during the first half of 1993. Real GDP growth for developing countries as a group in 1992 has been revised down by the IMF in its latest report from 6.1% to 5.9%. In 1993, these countries achieved a real GDP growth rate of 6.1% and were projected to register a growth rate of 5.6% in 1994.



A.-Chairman's Statement-(Contd.)

Domestic Scene

The Kenyan economy decelerated further in 1993. It shed a 0.4 percentage point off the gross output recorded in 1992. Real GDP grew by 0.1% in 1993 compared to 0.5% in 1992. Drought, high inflation, decline in real investment, slow return of business confidence following recent political changes in the country, lower level of external funding and budgetary constraints in the public sector led to the poor economic performance of the national economy.

Nearly all the sectors performed poorly. The Agricultural sector recorded a negative growth of 4.1% in 1993 against negative 3.7% in 1992. The building and construction industry registered negative 6.7% growth in 1993 against negative 5.5% recorded in 1992. The manufacturing sector recovered marginally by achieving a growth rate of 1.8% in 1993 compared to 1.2% made in 1992. Water and electricity also recovered slightly moving from a 0.9% growth attained in 1992 to 1.1% in 1993. During the period under-review, the government undertook fundamental economic changes, some of which had an immediate positive impact on the performance of various sectors of the economy while the effects of other changes were expected to be felt in later years. The reforms which were put in place in 1993 included liberalization of the foreign exchange control regime, removal of import licensing and introduction of export earnings retention schemes. Improved performance was recorded in the financial sector which registered a real growth of 7.5% in 1993 against a growth rate of 6.9% in 1992. This impressive performance was attributed to significant investments in treasury bills by the commercial banks in 1993. Tourism also recovered strongly in 1993. The hotel bed-night occupancy in 1993 was 6.2 million which was 12% higher than the 1992 level. Improvement in the inflow of visitors to Kenya was mainly due to a combination of factors, namely, successful promotion immediately after the December 1992 multi-party elections, the liberalization of exchange controls and the devaluation of the Kenya shilling.

Wage employment grew by 0.9% in 1993 compared to 1.4% in 1992 due to the sluggish economic performance. A total of 244,400 new jobs were created, most of them in the informal sector.

The average annual rate of inflation, measured by the consumer price index, went up from 27.3% in 1992 to 45.6% in 1993. Month-on-month inflation rose from 34% in 1992 to 54.7% in 1993. The rapid increase in inflation was on account of depreciation of the Kenya shilling, shortage of food supply, price decontrols and excess liquidity in the economy in 1992 and during the first quarter of 1993.

The foregoing global and domestic economic trends tend to depict a gloomy environment for an organization like I.C.D.C. However, due to prudent management of its operations, the Corporation weathered the adverse aspects of the economic circumstances and indeed improved on its overall operational and financial performance over the period under review.

It is to be noted that it was during this particular period that the Corporation suspended its investment and lending programmes, intensified debt and other income collections and embarked on a total organizational restructuring and staff retrenchment. Thus, rather than being a victim of either the global or domestic economic vagaries, the Corporation instead strengthened its position within the local financial sector. The results of the period under review defy the depressed domestic economic activities and performance which arose out of the depreciation of the Kenya shilling, the upsurge of scarcity of food supplies nationally, and high rates of interest and inflation, respectively. This is a credit to the people and authorities responsible for managing the Corporation's affairs.

Restructuring Programme

During the period under review, the restructuring programme was completed and a new portfolio based organisational structure established in readiness for the Corporation's new role in a liberalised economy.

The new role will be characterised by increased emphasis on profit maximisation, strict commercial operations, financial self sustainability and privatisation of enterprises in which the Corporation is a stakeholder. The principal activities will include the provision of loan funds to traders and industrialists, venture capital finance to existing or start-up enterprises and management advisory services to the private sector.

A.-Chairman's Statement-(Contd.)

In addition, the corporation restructured its Balance Sheet with a view to strengthening its capital base. However, the necessary approval had not been received by the close of the year.

The Corporation's Performance

During the year, the Corporation's net total assets employed increased by Ksh 938m (43%) from Ksh 2,177.2m to Ksh 3,115m. The net profit increased by Ksh 152m (164%) from Ksh 92.4m in 1992/93 to Ksh 244.4m in the year under review.

Receipt of dividends improved from Ksh 165m in the previous year to Ksh 286m, mainly due to higher collection of dividends in arrears as at 30th June, 1993. This was possible due to liberalization of foreign exchange controls which used to cause delays in remittance of dividends to foreign shareholders. The Corporation also managed to raise Ksh 128m from small loans debt collections as compared to Ksh 123m collected in the previous year. The increase was due to intensified debt collection efforts. As a result of these developments, the resources available to the Corporation improved considerably, making it possible for the Corporation to step up the level of its operational activities as outlined below.

(a) Small Loans Programme

Disbursements amounting to Ksh 20.4 m on 133 Commercial, Industrial and Property Loans which had earlier been approved were made. During the year, debt collection on Commercial, Industrial and Property Loans amounted to Ksh 122.8m. At the same time, the Corporation had finalised arrangement to launch its new lending schemes following the successful completion of the restructuring programme.

(b) Privatization and Divestiture

Pursuant to the on-going Government Privatization Programme under the Coordination of the Parastatal Reform Programme Committee, the process of privatization continued with vigour. As at 30th June 1994 the Corporation had divested from fifteen (15) of its companies. During the year under review, the Corporation finalised the sale of African Diatomite Industries Limited through Competitive bidding while the assets of Kenya Drilling Limited were sold through receivership. The Corporation also disposed of its shareholding to other existing shareholders in a number of companies in accordance with Pre-emption Rights. These Companies included Kenya Cashewnuts Limited, Salt Manufacturers Kenya Limited, Associated Battery Manufacturers (E.A) Limited, Chloride Exide Kenya Limited, Firestone East Africa (1969) Limited and Kenya Fishnet Industries Limited. The Sale of a number of other companies was at an advanced stage. These included Seracoatings Limited, Pan Vegetable Processors Limited and Kenya Taitex Mills Limited.

(c) New Projects and Rehabilitation of Companies

As at 30th June 1994 the Corporation had received a total of 14 new project proposals for consideration under its Venture Capital/Equity Investment business. Out of these, appraisal of one project proposal on cut flowers, being implemented at Njatha-ini, Nairobi, and requiring ICDC Equity Investment of Ksh 16.3m had been completed. Appraisal of two other proposals involving an expansion of a tannery near Embu Town and a specialised paints project in Nairobi's Industrial area were nearing completion. These projects require ICDC Equity Funding of Ksh 25m and Ksh 30.0m respectively.

(d) Management and Technical Support

During the year under review the Corporation rendered management and technical support to several companies which included Kisii Bottlers Limited, East African Fine Spinners Limited, Mount Kenya Bottlers Limited, Pan Vegetable Processors Limited, Nyayo Bus Service Corporation, Kenatco Taxis Limited, Brollo Kenya Limited and Kenya Engineering Industries Limited. Valuation services were provided to Kenya Engineering Industries Limited, Rift Valley Textiles Limited and Rift Valley Bottlers Limited while Computer Services were offered to Uchumi Supermarkets Limited, ICDC Investment Company Limited, Kisii Bottlers Limited, Mount Kenya Bot-



A-Chairman's Statement-(Contd.)

tlers Limited, Salt Manufacturers Kenya Limited, Kenatco Taxis Limited, Kenya Film Corporation Limited, Kenya National Trading Corporation Limited, British American Insurance (K) Limited and Kenya National Properties Limited.

(e) Board Tour

In early September 1993, the Board of Directors went on a business tour of the Coast Province where they visited, among other places, the Salt Manufacturers Kenya Limited's Refinery at Changamwe. They also inspected the site and machinery of the proposed Soya Oil and Food Industries Limited.

(f) Nairobi International Show

The Corporation participated in the Nairobi International Show in September/October 1993, providing space and other facilities to 12 of its Subsidiary and Associate Companies to display their products. As usual, emphasis was on educating the show going public on the role of ICDC with particular reference to the Show Theme - "Intensify Rural and Industrial Development".

(g) Donations

In February, 1994, the Corporation joined other Kenyans in a noble gesture by contributing Ksh 2.0m towards the Presidential Famine Relief Fund. During the year under review, an additional disbursement of Ksh 197,000 was made towards the construction of the Centre for Human Resources and Development at Moi University, Eldoret, bringing the Corporation's total contribution to approximately Ksh 12.0m. Other donations included a sum of Ksh 50,000 to the Baringo District Agricultural Show and Ksh 25,000 to the Kenya Olympic Fund in support of the Kenya Team to the Commonwealth Games in Victoria, Canada.

Acknowledgements

The year under review saw the successful completion of the restructuring exercise including the retrenchment of staff under the Voluntary Early Retirement Scheme.

In this regard, I wish to commend the Management, the IDI consultants as well as the retiring staff for the orderly manner in which the entire exercise was handled. Certainly, the retirees have my own best wishes as well as those of the Board in all their future endeavours.

Mr. Charles S. Mbindyo retired from his post as Executive Director in October, 1993 and was replaced by Mr. Mohammed Kaityany. At the same time Mr. Isaac Bett joined the Corporation as a Director. I wish to express my grateful appreciation to Mr. Mbindyo for his dedicated services to the Corporation. It is my great pleasure, on the other hand, to welcome Messrs Kaityany and Bett to the Board of the Corporation. I am confident that the services of these two able Kenyans will be a great asset to the Corporation.

During the restructuring exercise, the Corporation received tremendous assistance and co-operation from its own parent Ministry of Commerce and Industry, the Treasury, the Office of the President and many other Ministries and Government Departments in general. Their respective roles are gratefully acknowledged.

My special thanks go to H.E. the President of the Republic of Kenya, Hon. Daniel T. arap Moi, whose continued leadership of our Republic in peace and stability provided the Corporation with a conducive environment to achieve the good results recorded during the year. I am certain that this same environment will prevail and constitute an invaluable asset as we launch our new loan and other programmes in the coming financial year.

R.K. Chesire
CHAIRMAN



B.-Director's Report

I.-Financial Report

The Board of Directors has the pleasure of submitting the Annual Report together with the audited accounts for the Financial year ended 30th June, 1994 in accordance with Section 15 (4) of the Industrial and Commercial Development Corporation Act (Cap.445).

The Corporation's gross income increased by Ksh 232.3m (44.4%) from Ksh 523.4m for the previous year to Ksh 755.7m for the year under review. Expenses, on the other hand, increased by Ksh 80.3m from Ksh 431.0m to Ksh 511.3m. As a result, the Corporation was able to realise a net profit of Ksh 244.4m in the year under review compared with Ksh 92.4 in the previous year.

The Corporation invested some Ksh 274.0 m in Treasury Bills, being part of the proceeds from the sales of companies and earned Ksh 22.8m in interest. The cash position reflected a bank overdraft of Ksh 31.4m compared to a bank surplus of Ksh 18.6m in the previous year.

In spite of the continued profitability of the Corporation, its future challenges after the ongoing restructuring continue to be enormous. There is therefore a need to continue improving the Corporation's financial base. In view of this, the Directors do not recommend the declaration of a dividend.

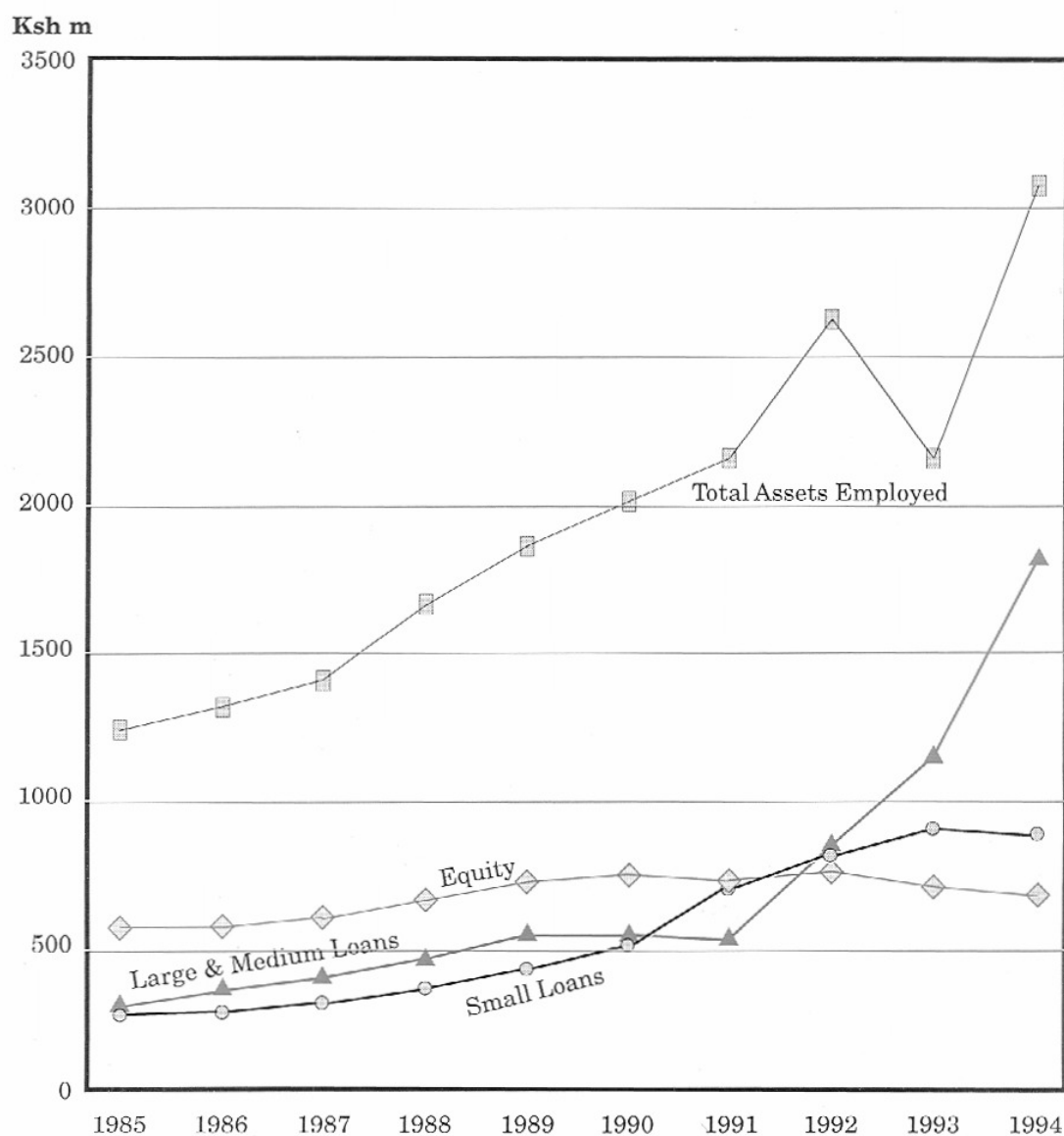
II. Investment and Profits Review-1993/94

INVESTMENTS	AMOUNT AS AT 30.6.94 Ksh	AMOUNT AS AT 30.6.93 Ksh	INCREASE (DECREASE) Ksh	%
1. EQUITY				
(a) Subsidiary Companies	340,962,870	351,864,240	(10,901,370)	(3)
(b) Associate Companies	344,226,910	370,418,050	(26,191,140)	(7)
	<u>685,189,780</u>	<u>722,282,290</u>	<u>(37,092,510)</u>	<u>(5)</u>
2. LOANS				
(a) Large & Medium loans(including short- terms advances and interest due)	1,866,570,770	1,436,688,670	429,882,100	30
(b) Small loans (including interest due)				
(i) Industrial (including irrigation loans)	233,329,940	223,191,700	10,138,240	5
(ii) Commercial (plus staff car loans)	503,257,590	507,757,140	(4,499,550)	(1)
(iii) Property (plus staff house loans)	135,490,870	143,542,130	(8,051,260)	(6)
(iv) Machinery	38,416,910	31,587,930	6,828,980	22
	<u>2,777,066,080</u>	<u>2,342,767,570</u>	<u>434,298,510</u>	<u>19</u>
3. FIXED ASSETS	535,899,060	194,944,630	340,954,430	175
Total (1+2+3)	<u>3,998,154,920</u>	<u>3,259,994,490</u>	<u>738,160,430</u>	<u>23</u>

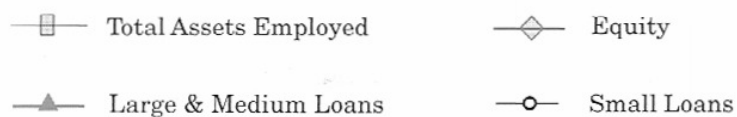


INVESTMENTS GROWTH

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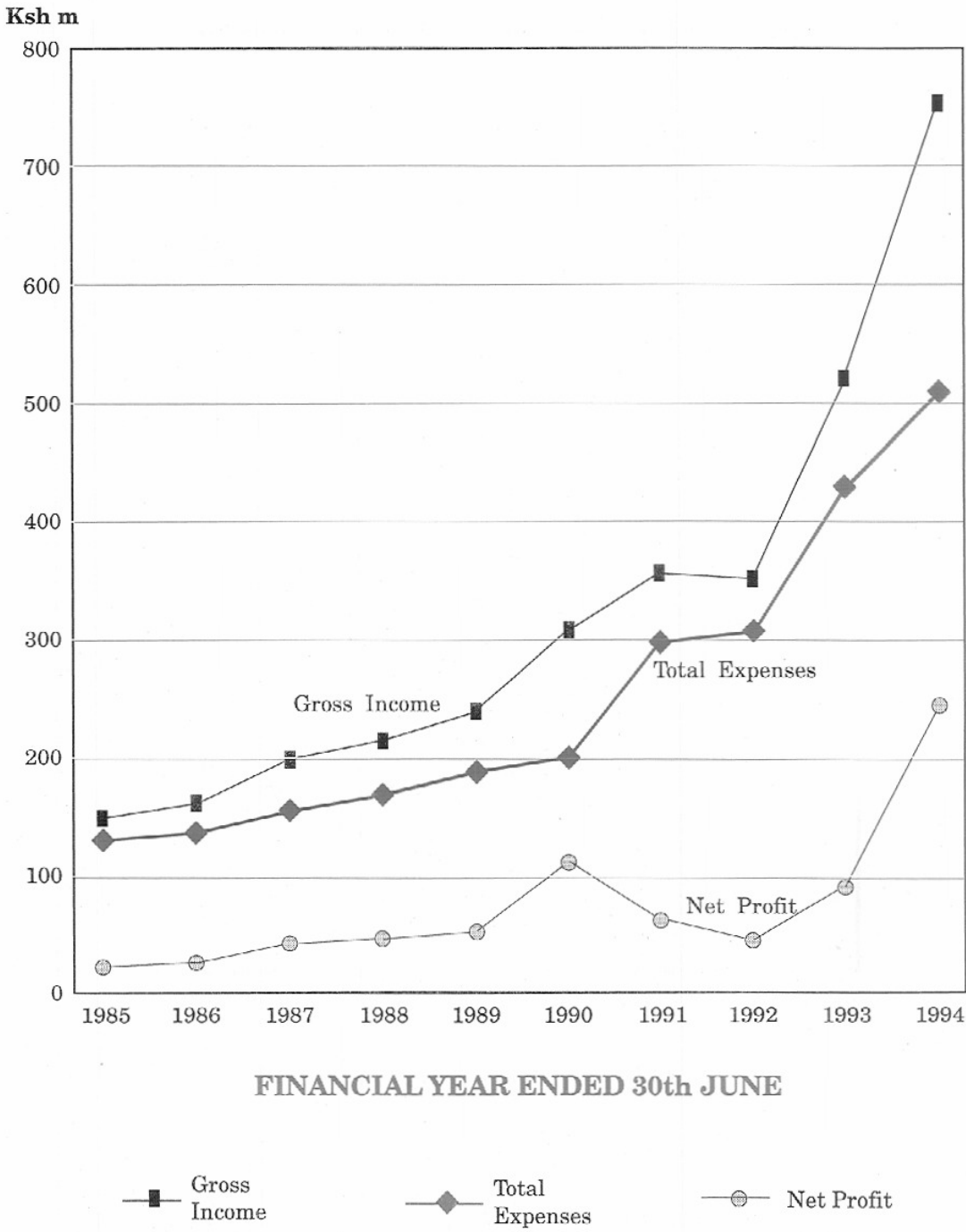


FINANCIAL YEAR ENDED 30th JUNE





PROFITS REVIEW



Summary of ICDC Shareholding in Subsidiary and Associate Companies as at 30th June, 1994

	<i>Total Issued Capital (Ksh)</i>	<i>ICDC Shareholding (Ksh)</i>	<i>ICDC Shareholding (%)</i>
1. Agro-Chemical and Food Company Limited	60,000,000	16,900,000	28.17
2. Brollo Kenya Limited	16,666,660	6,666,660	40.00
3. Carnaudmetalbox Kenya Limited	40,280,010	5,800,000	14.40
4. CPC Industrial Products Limited	34,938,000	6,216,520	17.79
5. Dawa Pharmaceuticals Limited	39,295,000	13,666,680	34.78
6. Development Finance Company of Kenya Limited	139,000,000	42,460,000	30.55
7. East Africa Industries Limited	375,891,000	128,354,720	34.15
8. East African Fine Spinners Limited	30,460,500	22,674,100	74.44
9. Eslon Plastics of Kenya Limited	10,000,000	1,660,320	16.60
10. Eveready Batteries Kenya Limited	8,653,000	2,152,000	24.87
11. General Motors Kenya Limited	30,633,000	14,535,000	47.45
12. ICDC Investment Company Limited	78,504,740	18,253,430	23.25
13. Industrial Development Bank Limited	257,600,000	31,200,000	12.11
14. Infusion Kenya Limited	12,800,000	2,100,000	16.41
15. Kenatco Taxis Limited	5,000,000	5,000,000	100.00
16. Kenatco Transport Company Limited (In Receivership)	6,900,000	6,900,000	100.00
17. Kenya Bowling Centres Limited-8% Preference Shares	770,140	200,000	25.79
18. Kenya Engineering Industries Limited	11,000,000	5,500,000	50.00
19. Kenya Film Corporation Limited	4,000,000	4,000,000	100.00
20. Kenya Flourspar Company Limited	76,712,000	10,000,000	13.04
21. Kenya Industrial Plastics Limited	999,000	333,000	33.33
22. Kenya National Properties Limited	31,300,000	11,000,000	35.14
23. Kenya National Trading Corporation Limited	32,000,000	32,000,000	100.00
24. Kenya Taitex Mills Limited	64,600,000	59,606,420	92.27
25. Kenya Wine Agencies Limited	240,000,000	174,370,330	72.65
26. Kisii Bottlers Limited	30,670,820	8,000,000	26.08
27. Kisumu Cotton Mills (1983) Limited (In Receivership)	53,000,000	19,500,000	36.79
28. Milling Corporation of Kenya Limited	17,000,000	8,500,000	50.00
29. Minet ICDC Insurance Brokers Limited	4,413,800	2,270,320	46.72
30. Motor and Pedal Cycles Limited	1,007,000	402,800	40.00
31. Mount Kenya Bottlers Limited	20,000,000	6,650,000	33.25
32. Mugitex Manufacturers Company Limited (In Receivership)	1,200,000	500,000	41.67
33. NAS Airport Services Limited	16,000,000	4,261,120	26.63
34. Panafrican Paper Mills (E.A.) Limited	889,650,000	49,408,880	5.55
35. Pan Vegetable Processors Limited (In Receivership)	15,000,000	15,000,000	100.00
36. Polysynthetics Eastern Africa Limited	12,858,000	5,787,000	45.01
37. Rehabilitation Advisory Services Limited	12,000,000	2,400,000	20.00
38. Rift Valley Bottlers Limited	10,005,200	4,698,760	46.96
39. Rift Valley Textiles Limited	200,000,000	163,750,400	81.88
40. Sanyo Armco (Kenya) Limited	6,600,000	2,251,080	34.11
41. Seracoatings Limited (In Receivership)	9,899,880	3,400,000	34.34
42. Small Enterprises Finance Company Limited	35,523,680	1,672,000	4.71
43. Sokoro Fibreboards Limited	13,112,300	3,385,800	25.82
44. South Nyanza Sugar Company Limited	353,969,680	13,500,000	3.81
45. Synthetic Fibres Kenya Limited (In Receivership)	64,589,810	64,589,810	100.00
46. The Raymond Wollen Mills (Kenya) Limited	84,000,000	9,000,000	10.71
47. Uchumi Supermarkets Limited	200,000,000	15,000,000	7.50
48. Wananchi Sawmills (1974) Limited	4,291,860	1,944,480	45.31
TOTAL	3,670,285,300	1,047,650,630	

Directors' Valuation of ICDC's Shareholding

3,971,029,380



Small Loan Schemes

SUMMARY

During the financial year, 133 applications worth Ksh 20,407,450 were disbursed.
The following is a summary of movements on these loans during the year.

	Amount Ksh
Loans outstanding as at 1/7/93	906,078,880
Add: Loans issued during the year	20,407,450
Miscellaneous disbursements	1,883,490
Interest charged during the year	123,469,410
	<u>1,051,839,230</u>
Less: Repayments during the year	141,343,900
Loans outstanding as at 30/6/94.	<u>910,495,320</u>

INDUSTRIAL LOANS

	Amount Ksh
Loans outstanding as at 1/7/93	223,191,700
Add: Loans issued during the year	395,860
Adjustments	0
Interest charged during the year	30,967,690
	<u>254,555,250</u>
Less: Repayments during the year	21,225,310
Loans outstanding as at 30/6/94.	<u>233,329,940</u>

COMMERCIAL LOANS

	Amount Ksh
Loans outstanding as at 1/7/93	514,895,860
Add: Loans issued during the year	16,857,510
Adjustments	451,380
Interest charged during the year	76,111,710
	<u>608,316,460</u>
Less: Repayments during the year	105,058,870
Loans outstanding as at 30/6/94.	<u>503,257,590</u>



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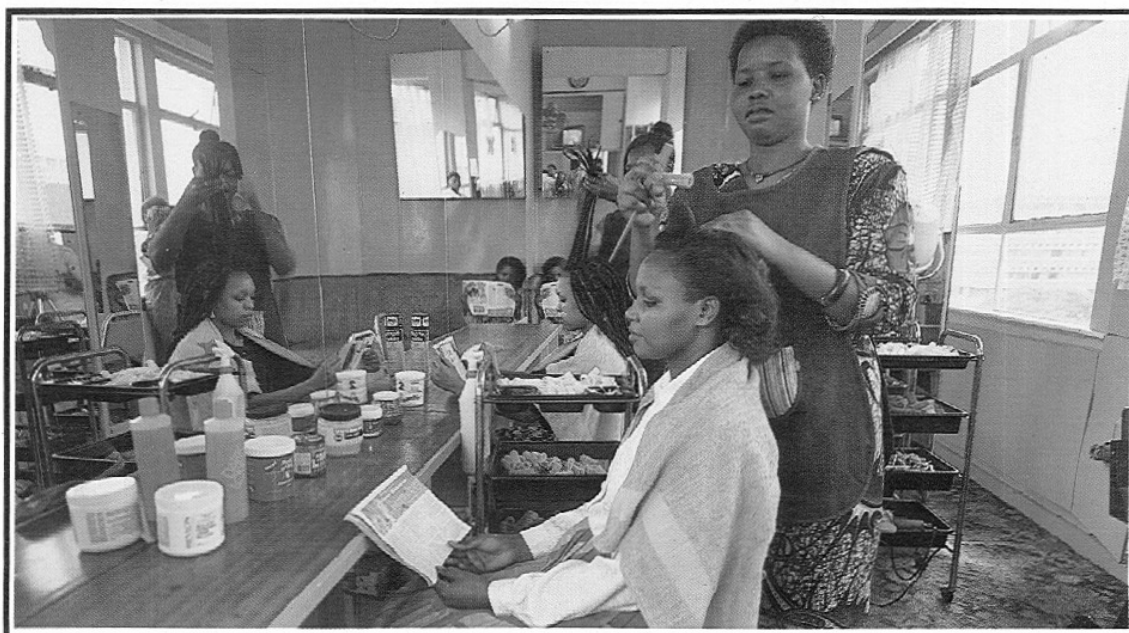
Small Loan Schemes (cont'd)

PROPERTY LOANS

	Amount Ksh
Loans outstanding as at 1/7/93	136,403,390
Add: Loans issued during the year	3,154,080
Adjustments	95,100
Interest charged during the year	10,898,040
	<u>150,550,610</u>
Less: Repayments during the year	15,059,740
Loans outstanding as at 30/6/94.	<u>135,490,870</u>

MACHINERY LOANS

	Amount Ksh
Loans outstanding as at 1/7/93	31,587,930
Add: Loans issued during the year	0
Adjustments	1,337,010
Interest charged during the year	5,491,910
	<u>38,416,910</u>
Less: Repayments during the year	0
Loans outstanding as at 30/6/94.	<u>38,416,910</u>

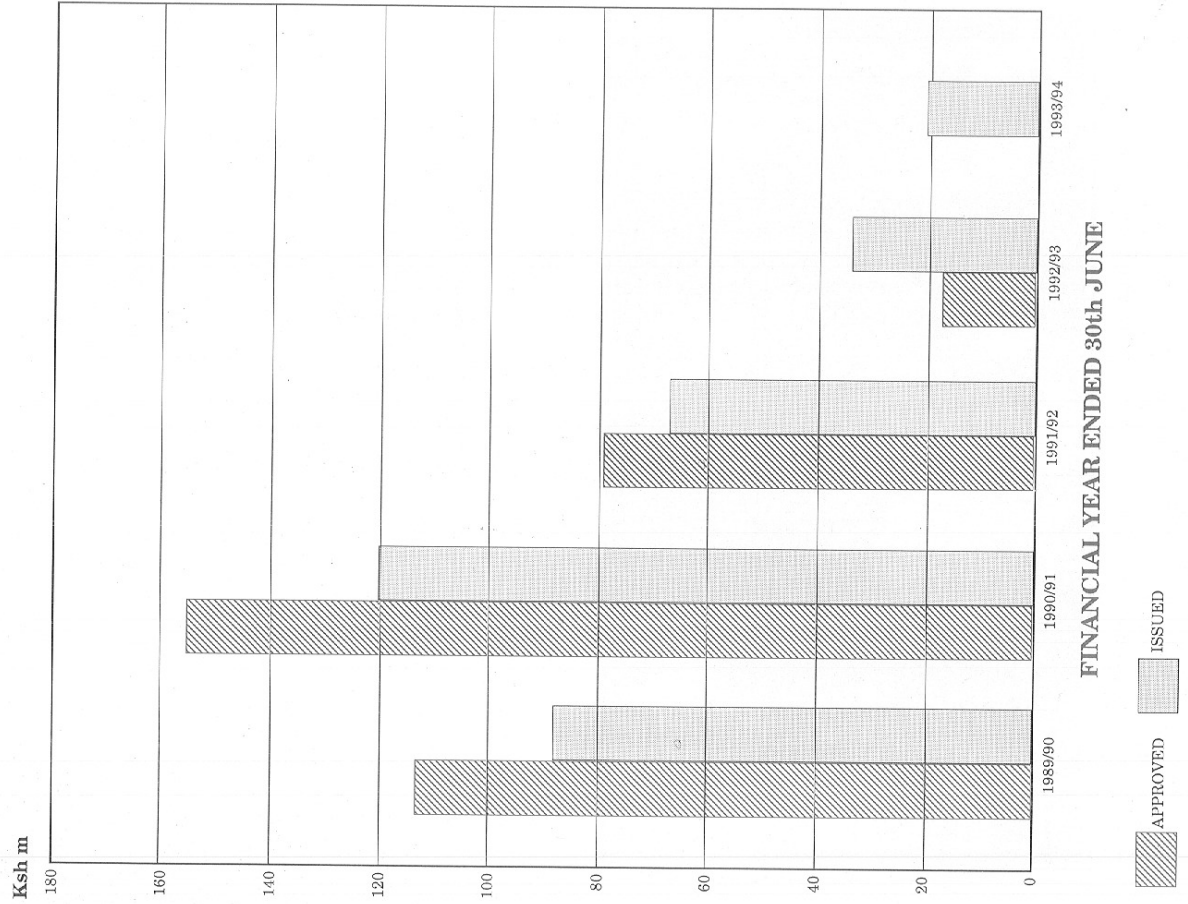


Through its Commercial and Industrial Loan Programme, the Corporation assists private entrepreneurs to engage in a wide variety of business ventures. Picture above depicts Alpha Boutique, ladies hair salon in Nairobi which has benefited from ICDC commercial loan programme.



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Small Loans Approved and Issued

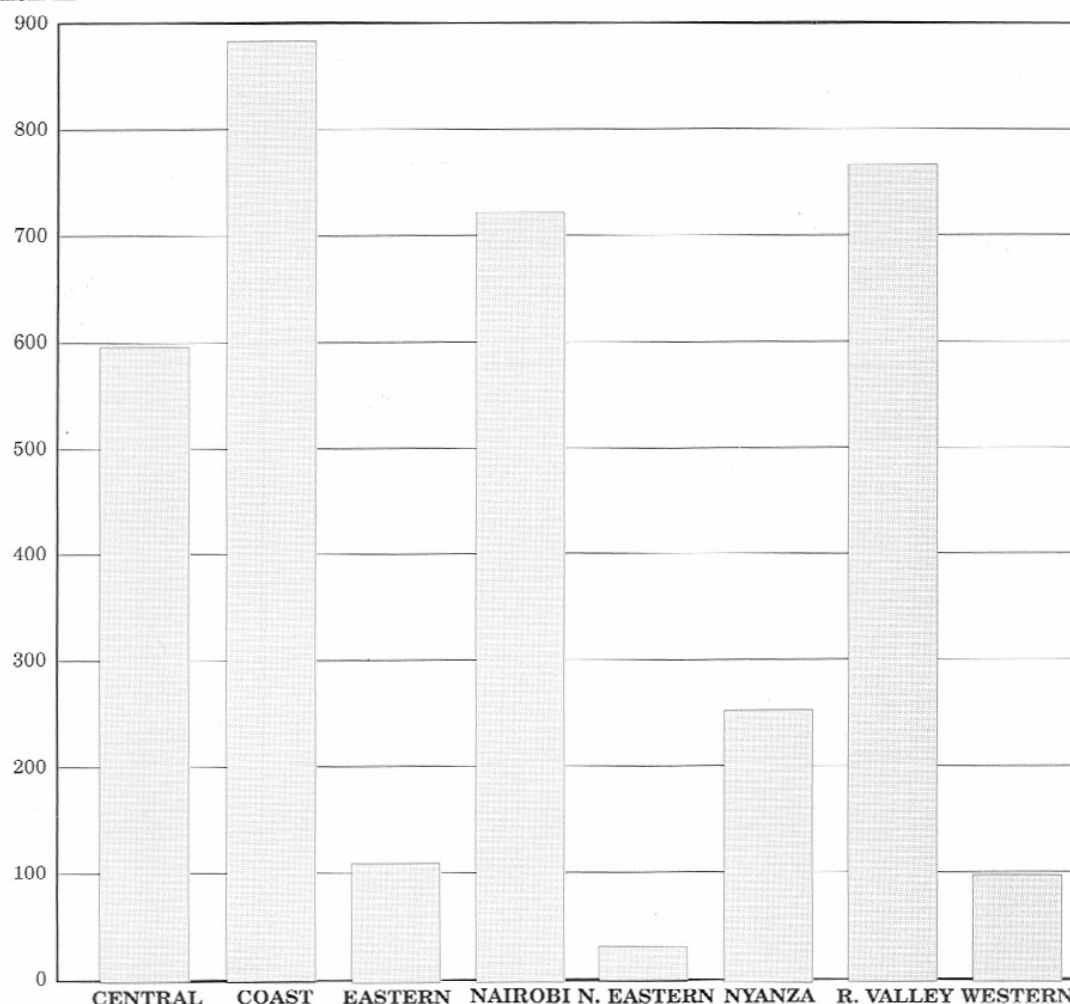




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Regional Distribution of ICDC Loans and Equity Investments as at 30th June, 1994.

Ksh m



FINANCIAL YEAR ENDED 30th JUNE

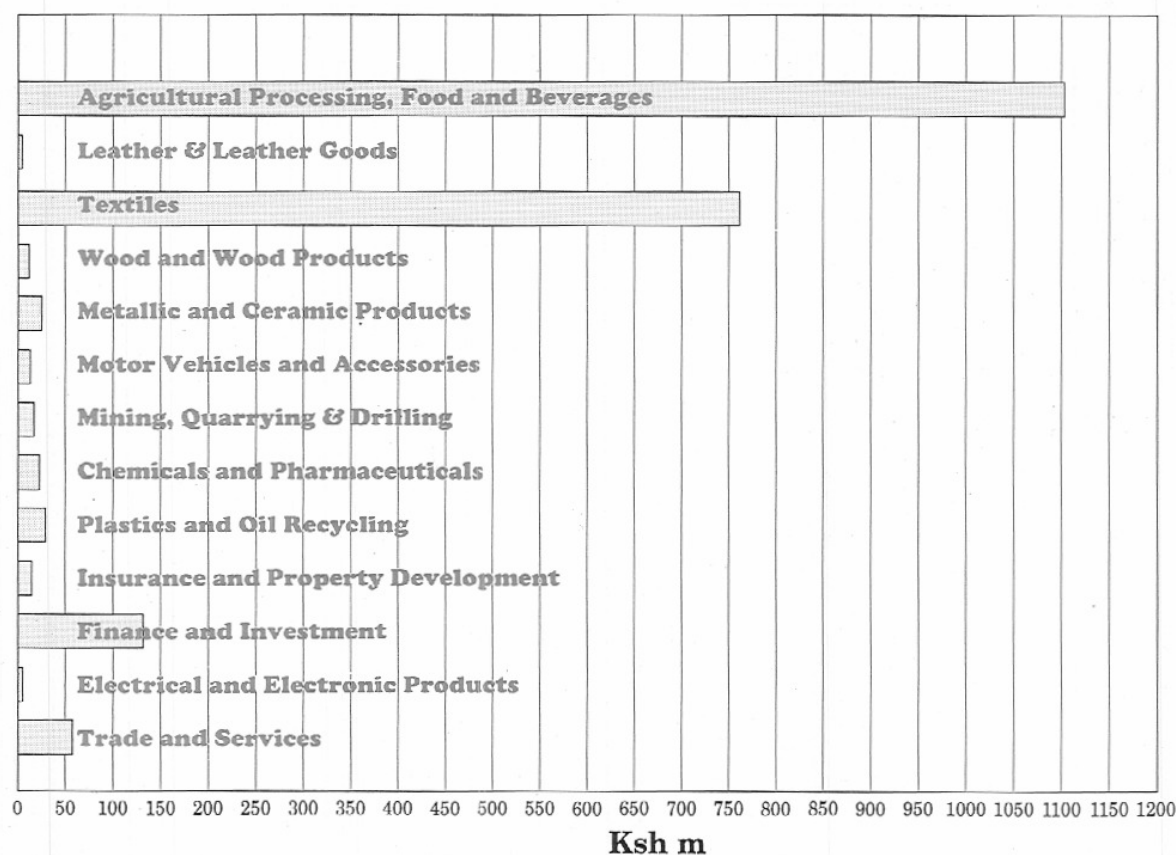
PROVINCE	COMMERCIAL LOANS Ksh	PROPERTY LOANS Ksh	SMALL INDUSTRIAL LOANS Ksh	MACHINERY LOANS Ksh	LARGE AND MEDIUM LOANS Ksh	EQUITY INVESTMENTS Ksh	TOTAL Ksh
CENTRAL	39,688,370	30,262,680	33,525,700	0	355,778,640	137,707,220	596,962,610
COAST	17,483,290	7,019,910	2,705,140	0	850,180,990	6,666,660	884,056,060
EASTERN	81,362,270	9,334,270	18,750,140	0	0	0	109,446,680
NAIROBI	100,790,080	62,042,010	44,850,980	38,416,910	167,722,480	290,312,580	704,135,040
N/EASTERN	34,070,270	0	0	0	0	0	34,070,270
NYANZA	118,482,400	5,340,270	55,149,690	0	23,403,210	37,500,000	239,875,570
R/VALLEY	56,282,610	12,015,220	50,994,300	0	469,485,450	205,665,510	794,443,090
WESTERN	55,099,670	9,476,520	27,352,5600	0	0	7,337,810	99,266,560
TOTAL	503,258,960	135,490,880	233,328,580	38,416,910	1,866,570,770	685,189,780	3,462,255,880

NOTE: All loans include accrued interest.

Commercial and Property Loans include staff car loans and staff house loans respectively.



Sectoral Distribution of Equity Investments and Large and Medium Loans as at 30th June, 1994.

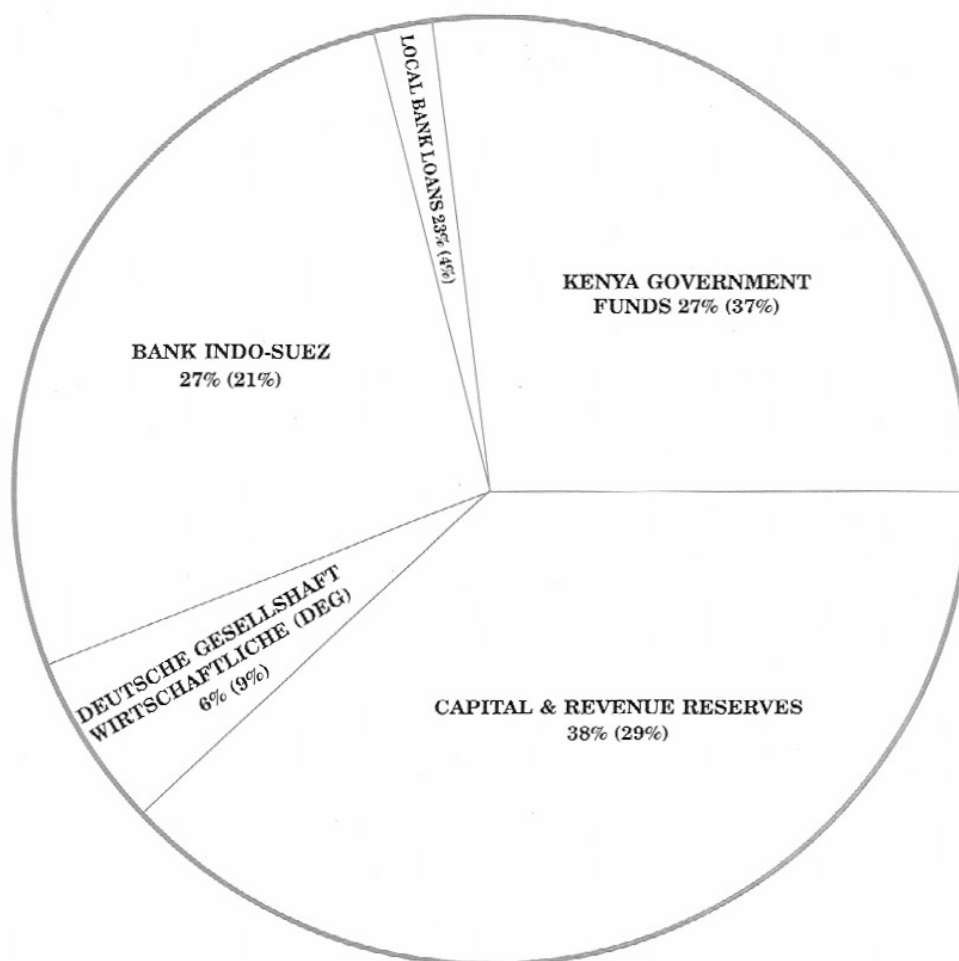


SECTOR	EQUITY INVESTMENTS Ksh	LARGE AND MEDIUM LOANS Ksh	TOTAL Ksh
Agricultural Processing, Food and Beverages	147,658,230	956,064,290	1,104,622,520
Leather and Leather Goods	0	1,083,370	1,083,370
Textiles	324,700,170	437,756,970	762,457,140
Wood and Wood Products	12,452,020	0	12,452,020
Metallic and Ceramic Products	16,801,660	9,111,280	25,912,940
Motor Vehicles and Accessories	14,535,000	0	14,535,000
Mining, Quarrying and Drilling	20	17,694,300	17,694,320
Chemicals and Pharmaceuticals	15,767,000	7,882,640	23,649,640
Plastics and Oil Recycling	4,649,000	25,382,980	30,031,980
Insurance and Property Development.....	15,755,200	0	15,755,200
Finance and Investment.....	108,306,650	24,379,960	132,686,610
Electrical and Electronic Products	5,705,730	0	5,705,730
Trade and Services	18,859,100	39,640,010	58,499,110
TOTAL	685,189,780	1,519,895,800	2,205,085,580

NOTE: All loans include accrued interest.

Chart A: Total Funds Employed as at 30th June, 1994

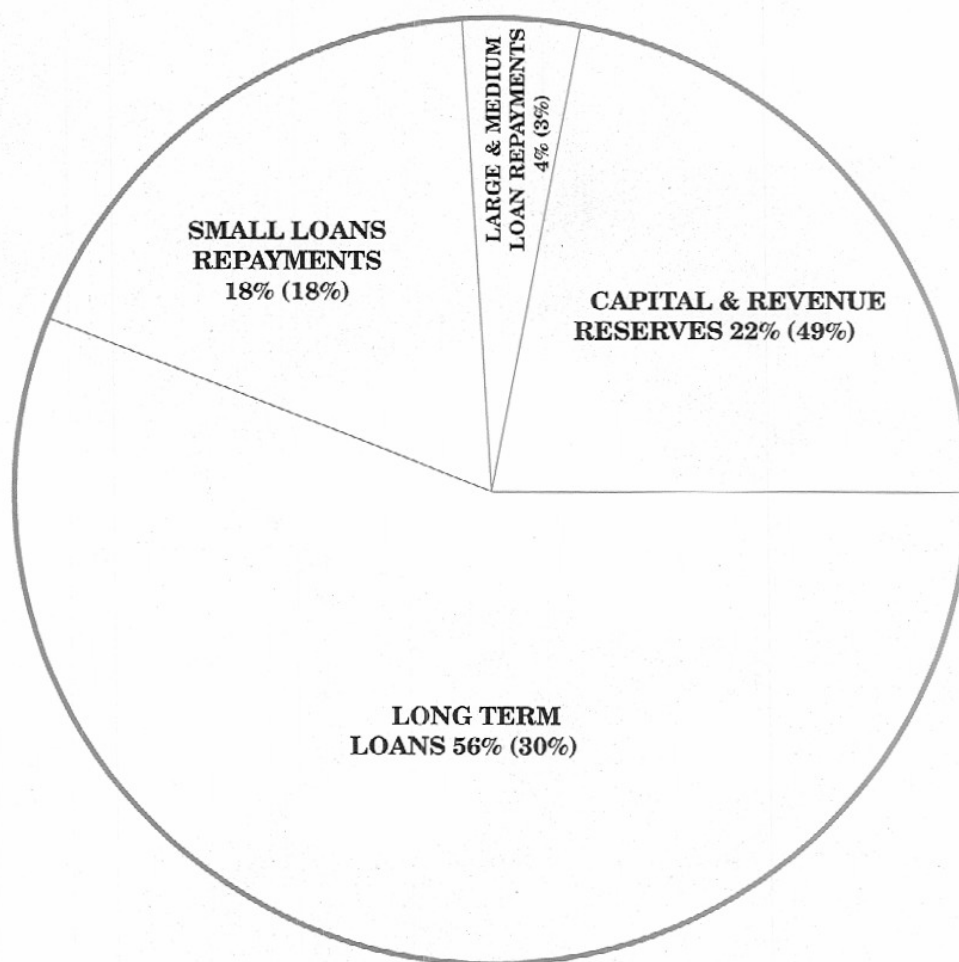
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NOTE: Figures in brackets represent 1992/93 percentages for comparison

	1993/94		1992/93	
	Amount (Ksh m)	%	Amount (Ksh m)	%
Kenya Government Funds	846	27	838	37
Local Bank Loans	70	2	84	4
Bank Indo-Suez	850	27	469	21
DEG Loans	178	6	218	9
Capital & Revenue Reserves	1,170	38	663	29
TOTAL	3,114	100	2,272	100

Chart B: Sources Of Funds During 1993/94



NOTE: Figures in brackets represent 1992/93 percentages for comparison

	1993/94		1992/93	
	Amount (Ksh m)	%	Amount (Ksh m)	%
Capital & Revenue Reserves	158	22	342	49
Large & Medium Loan Repayments	27	4	21	3
Small Loan Repayments	128	18	123	18
Long Term Loans	393	56	204	30
TOTAL	706	100	690	100



III. ORGANIZATION

THE BOARD

Mr. Mohammed Kaittany was appointed Executive Director replacing Mr. Charles Mbindyo who retired in October, 1993. In the same period, Mr. Isaac Bett was appointed a Director to replace the late Japheth Chemnjor, who passed away in June, 1993.

THE MANAGEMENT

The new organisation structure became functional with Messrs Samson Juma, Gerishon K. Kimweli and Humphrey G. Miriga heading the Corporate Services, Operations, and Accounts and Finance Divisions, respectively. Mr. Manasseh M. Kigame became Manager, Human Resources Department, while Messrs William Shimanyulla and Dismas J. Oyieko were appointed to head the newly created Corporate Planning Department and Organisation and Methods Section, respectively.

Mr. Geoffrey A. G. Kimaru, the former Chief Industrial Manager and Mr. Billy J. Obiri, the former Investment Supervision Manager, were among the members of staff who opted to retire under the Voluntary Early Retirement Scheme. We wish all the retirees well in their future undertakings.

MANPOWER DEVELOPMENT

In its effort to develop its human resources, the Corporation continued to train its staff in various disciplines both locally and overseas. Some 63 members of staff attended local courses and seminars in project and credit appraisal, venture capital investment, computer applications, organisation and methods, among others.

In addition, Messrs Japheth Osunga and Charles Thamaini underwent a six-week course in Credit Risk Management at the Citibank School of Banking in New York. Messrs Lawrence Mumba and Edward Gitau attended a three-month Small Industry Financing Course in India. Mr Edward Gitau further proceeded for an 18-month course in credit analysis in Germany sponsored by UNIDO.

STAFF ACTIVITIES

I.C.D.C. Choir

The choir continued to perform well during the National and Provincial Music Festival Competition, winning two trophies and several certificates for the various classes entered.

I.C.D.C. football-team

The I.C.D.C. football team known as "The Keys" participated in the provincial mini-league tournaments and won most of the matches. This exceptional performance was expected to earn the team a promotion to the National Super Two League.





Report of the Auditor General

REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE INDUSTRIAL AND COMMERCIAL DEVELOPMENT CORPORATION FOR THE YEAR ENDED 30 JUNE, 1994.

I have examined the accounts of the Industrial and Commercial Development Corporation for the year ended 30 June 1994 in accordance with Section 29 (2) of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations required for the purpose of the audit. Proper books of account have been kept by the Corporation and the accounts are in agreement therewith and comply with the requirements of the Industrial and Commercial Development Corporation Act, (445).

Subject to the matters referred to herebelow, in my opinion, the accounts, when read together with the notes thereon give a true and fair view of the state of affairs of the Corporation as at 30 June 1994 and of its source and application of funds for the year ended on that date.

1. Government Grants and Loans

As in the previous years, the Corporation has not, to-date made repayment in respect of the Government grants and loans on the ground that the terms and conditions of the funds have not been spelt out. The grants and loans to the Corporation amounted to Ksh 846,659,080 as at 30th June, 1994. As stated in the Report for 1992/93, arrangements were underway to allow capitalization of large proportion of these funds and to have the Balance Sheet restructured. No such capitalization and restructuring has, however, so far been done because formal approval of the restructured Balance Sheet has not been given by the Government. Until approval is obtained from the Government, it is not possible to confirm the reported profit for the year as a revision might be found necessary for accrual of interests payable on any of the funds that are finally categorized as loans.

2. Managed Funds

As in the previous years, the Corporation has not made provision for losses against investments and loans made from funds received from Government that are managed by it on behalf of the Government and which amounted to Ksh 145,629,700 as at 30 June 1994. The Corporation still considers itself an agent of the Government as regards these funds and has assumed that any loss which might accrue on the investments would ultimately be borne by the Government. As reported last year, until Government approval on restructuring is obtained, I am unable to confirm whether or not the amounts stated to be managed funds and shown in the Balance Sheet, are fairly stated and whether or not the profit for the year and prior years will require adjustments to cater for any losses arising therefrom.

3. Investment in Soya Oil and Food Industries Limited

Included in the Balance Sheet loans figure of Ksh 998,744,890 under Assets Employed is an amount of Ksh 850,180,990 being expenditure on the Mombasa Soya Oil & Food Industry Project which has yet to take off. It is understood that the Corporation was undertaking this project on behalf of the Government. Although the bulk of equipment and machinery needed for project have been acquired through bank loan and are already in Mombasa, a subsequent appraisal of the project indicates that the project is not economically viable. It is understood that the Government has been advised of this with recommendation that the equipment and machinery already acquired for the project be sold and proceeds used to pay off the liabilities incurred on the project. Available information indicates that the Government has accepted this recommendation. The terms of the financial arrangement between the Government and the Corporation as regards this project are not spelt out or clear and under the circumstances, I am not able to form opinion as to how much of the amount of Ksh 850,180,990 spent by the Corporation on the project is recoverable and if recoverable by what time.

C.-Accounts (Cont'd)

4. Sale of ICDC Shares in Firestone East Africa Limited.

In June 1991, the majority shareholders offered to purchase ICDC Shares in Firestone East Africa Limited at a price of Ksh100,000,000 with the offer remaining open for a period of 30 days from the date thereof and thereafter lapse unless acceptance by ICDC was given before the expiry of this period. Although ICDC did not accept this initial offer, the Corporation on 25th July 1991 issued notice to Firestone East Africa Limited of its intention to sell its shares to the same majority shareholder but indicated that the sale would be made in accordance with its Articles of Association which stipulate that the Corporation and the Board should be involved in the determination of the sale price of the shares. However, before the selling of the shares was agreed, the Executive Secretariat and Technical Unit (ESTU) of Parastatal Reform Programme Committee (PRPC) on 8 April 1994 directed ICDC to sell the shares to the private company at the original price offer of Ksh 100,000,000. The Corporation complied with this directive and sold the shares for Ksh 100,000,000. According to the Corporation's accounts, the directors valuation of ICDC share in Firestone were worth Ksh 308,168,800 as at 30 June 1993 and Ksh 559,998,000 as at December 1993 and it would, therefore, appear that the sale occasioned an apparent loss of Ksh 459,998,000 to the Corporation.

5. Sale of ICDC shares in Associated Battery Manufacturers and Chloride Exide Kenya Limited

Without any prior consultation with ICDC the Executive Secretariat and Technical Unit of the Parastatal Reform Programme Committee wrote to one of the shareholders in Associated Battery Manufacturers and Chloride Exide Kenya Limited confirming valuation of ICDC shares in the two companies at Ksh 100.00 and Ksh 125.00 per share respectively. Although ICDC had done their own valuation at Ksh 144.00 and Ksh 235.00 per share for ABM and Chloride Exide Kenya Limited respectively and offered to sell at Ksh 105.00 and Ksh 150.00 for ABM and Chloride Exide shares respectively, the ESTU went ahead and sold the shares at Ksh 100.00 and Ksh 125.00 per share. As a result the Corporation sustained a loss of Ksh 7,568,980.

6. Sale of the Milling Corporation of Kenya Limited

The Milling Corporation of Kenya, a company in which the ICDC and the National Cereals and Produce Board (NCPB) have a fifty share holding was sold as a going concern by the Executive Secretariat and Technical Unit (ESTU) in November 1993 for Ksh 150,000,000. Although the sale price of Ksh 150,000,000 was said to be the highest offer obtained through open tender, available records indicate that eighteen months earlier the company had been valued (as going concern) for Ksh 550 million and therefore the ICDC stands to lose substantial amount of money should the sale be finalised in the present terms. However, only a down payment of Ksh 15,000,000 has been paid to the NCPB and the Balance of Ksh 135,000,000 has so far not been paid. The buyer has, therefore, defaulted on the terms of the sale which could, therefore, be declared technically null and void. Procedures relating to sale of business were flouted in this case e.g. provisions of the articles of the company were not observed, reserve price was not set, etc. Further, although the sale has not yet been concluded, the agents of the buyer are involved in the running of the Company as co-managers, a situation which may not be in the best interest of the shareholders.

W.K. KEMEI

AUDITOR-GENERAL (CORPORATIONS)

8 May 1995



Balance Sheet - 30th June, 1994

ASSETS EMPLOYED	NOTE	1993/94 Ksh	1992/93 Ksh
Shares in Subsidiary Companies	7	172,966,950	179,318,380
Shares in other Companies	8	314,208,610	333,199,970
Loans	9	998,744,890	668,809,000
Fixed Assets	10	535,899,060	194,944,630
Kenya Industrial Estates Loan	11	0	1,337,000
Advances	12	148,700,770	147,479,550
		<u>2,170,520,280</u>	<u>1,525,088,530</u>
CURRENT ASSETS			
Short Term Loans Receivable	13	23,799,070	19,150,340
Subsidiary Companies- Current account Debtors	14	116,253,740	131,432,700
Current Portion of Loans Receivable	9	384,040,390	250,365,820
Short Term Investments		490,283,980	499,652,910
Bank Balances and Cash		274,022,470	0
		1,357,410	25,923,190
		<u>1,289,757,060</u>	<u>926,524,960</u>
CURRENT LIABILITIES			
Short Term Loans Payable	18	48,799,070	50,912,340
Current Portion of Loans Payable	17	58,854,100	75,728,430
Creditors		169,755,850	105,511,300
Bank Overdraft		32,716,170	7,277,680
Dividend Payable		35,000,000	35,000,000
		<u>345,125,190</u>	<u>274,429,750</u>
NET CURRENT ASSETS		<u>944,631,870</u>	<u>652,095,210</u>
FINANCED BY:-		<u>3,115,152,150</u>	<u>2,177,183,740</u>
Grants and Loans from the Kenya Government	15	846,659,080	838,211,270
Capital Reserve	16	491,507,430	152,204,570
Retained Profit		736,940,690	492,517,230
Other Loans	17	1,040,044,950	694,250,670
		<u>3,115,152,150</u>	<u>2,177,183,740</u>

..... Chairman

..... Executive Director

The Accounts were approved by the Board of Directors on 10th December, 1993.
Report of the Auditor - General (Corporations) page 18-19



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Profit and Loss Account for the Year ended 30th June, 1994

INCOME	NOTE	1993/94 Ksh	1992/93 Ksh
	2	755,729,500	523,421,780
LESS:			
Interest Charges	3	117,448,910	86,621,910
Administrative Costs and Other Expenses	4	196,864,860	137,854,810
Loss/(Gain) on Foreign Exchange	4	23,624,600	(111,886,610)
		337,938,370	112,590,110
Profit before Provision for Loss		417,791,130	410,831,670
LESS:			
Provision for Loss	5	173,367,670	318,417,260
Profit before and after Taxation	6(a)	244,423,460	92,414,410
LESS: Dividend		0	0
Retained Profit for the year		244,423,460	92,414,410

STATEMENT OF RETAINED PROFITS

1st July as Previously Stated		492,517,230	444,770,230
Prior year Adjustment	6(b)	0	(44,667,410)
1st July as Restated		492,517,230	400,102,820
Retained Profit for the year		244,423,460	92,414,410
		736,940,690	492,517,230

Report of the Auditor - General (Corporations) page 18 to 19
Source and Application of Funds page 22 to 23
The Notes and Schedules on page 24 to 35 form part of these Accounts



Statement of Sources and Application of Funds for the year ended 30th June, 1994.

	1993/94 Ksh	1992/93 Ksh
SOURCES OF FUNDS		
From operations:		
Profit before Taxation	244,423,460	92,414,410
Adjustment for items not involving the movements of funds:		
Depreciation	10,341,200	7,621,870
Increase in Government Interest Payable	8,447,820	8,447,820
Amounts provided for loss on Equity		
Investment and loans	108,372,010	234,438,860
Profit on sale of fixed assets and Equity investments	(213,196,920)	(605,000)
TOTAL GENERATED FROM OPERATIONS	158,387,570	342,317,960
OTHER SOURCES		
Proceeds from loans:		
Other long term loans	393,509,040	203,528,590
Reduction in Equity	0	275,000
Repayment of KIE loan	1,337,000	143,310
Repayment of loans:		
-Subsidiary Companies	850,000	0
-Associate Companies	6,320,710	11,112,880
-Small loans Repayments	128,061,370	122,941,630
Repayment of Advances:		
-Associate Companies	12,332,890	6,269,970
-Subsidiary Companies	6,321,750	3,000,000
Disposal of Fixed Assets	1,212,600	0
Increase in Creditors	64,244,550	32,577,380
Decrease in Loans-Subsidiary Companies	13,277,100	0
Increase in Subsidiary Companies Current Account	15,178,960	0
Disposal of Investments - Associate Companies	236,817,380	875,000
	1,037,850,920	723,041,720



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Statement of Sources and Application of Funds for the year ended 30th June, 1994.

APPLICATION OF FUNDS	1993/94 Ksh	1992/93 Ksh
Increase in Equity Investment - Associate Companies	0	0
Increase in Loans		
- Associate Companies	381,384,420	183,528,590
- Subsidiary Companies	5,400,000	73,485,790
Increase in Advances		
- Associate Companies	24,536,380	7,952,850
- Subsidiary Companies	52,991,170	52,192,440
Increase in Subsidiary Companies Current Account	0	42,149,990
Long term loans Repayments	64,589,080	30,108,750
Purchase of fixed Assets	12,017,290	9,034,530
Small loans advanced and Interest Charged during the year	132,477,810	203,336,810
Increase in Debtors	133,674,570	57,905,790
	<u>807,070,720</u>	<u>659,695,540</u>
NET (APPLICATION)/SOURCE OF FUNDS	<u>230,780,200</u>	<u>63,346,180</u>
INCREASE/ (DECREASE) IN LIQUID FUNDS		
Increase/(Decrease) in Short term loans receivable	4,648,730	(1,713,600)
Increase/(Decrease) in Bank balances and cash	249,456,690	25,713,190
(Increase)/ Decrease in short term loans payable	2,113,270	(25,048,400)
Decrease/(Increase) in bank overdraft	(25,438,490)	64,394,990
	<u>230,780,200</u>	<u>63,346,180</u>

Report of the Auditor - General (Corporations) page 18 to 19
The Notes and Schedules on page 24 to 35 form part of these Accounts



1. PRINCIPAL ACCOUNTING POLICIES

The accounts are prepared in accordance with the historical cost convention including the revaluation of certain of the Corporation's fixed assets. The following is a summary of the more important accounting policies used:

(a) Consolidation:

In view of the nature of the Corporation's operations which include substantial holdings in Subsidiary and Associate Companies with dissimilar activities and different accounting periods, consolidated accounts are not prepared.

(b) Depreciation:

Amortisation and depreciation is calculated to write off the cost or valuation of fixed assets on a straight line basis over the expected useful lives of the assets concerned except for furniture and fittings where depreciation is based on the written down value. The annual rates for this purpose are:

Motor Vehicles	20%
Furniture and Equipments	10%
Computer Equipment	20%

Leasehold Properties are amortised by equal annual instalments over the lease term.

(c) Bad and Doubtful Debts:

(i) Large and Medium Loans:

Known bad debts are written off and specific provision made against those loans, including accrued interest, which are doubtful of recovery.

(ii) Small Loans:

Known bad debts are written off and specific provision made against those loans, including accrued interest, which are doubtful of recovery. In addition, a general provision is made on the balances remaining at the following rates:

Industrial	25%
Commercial	20%
Machinery	50%
Property	5%

(d) Investments:

Equity investments in Subsidiary and other Companies are shown at cost, and specific provision is made against those investments where the Directors are of the opinion that there has been a permanent diminution in value. In addition, a general provision is made on the remaining balances at 5% for Subsidiaries and 1% for other Companies. This does not take account of any appreciation in market value of individual investments. The policy for provision against bad and doubtful loans and current accounts in subsidiaries and other Companies is as for large and medium loans as stated in paragraph (c) (i) above.

(e) Managed Funds

No provision is made against investments and loans financed by Government funds received directly for such purposes, where the Corporation is merely a managing agent of such funds.

(f) Income:

Income earned is brought into the accounting period on the following basis:

- (i) Interest on loans, rents and management fees include income received and accrued during the accounting period.
- (ii) Dividends are taken into account when declared during the accounting period.

(g) Foreign Currencies

These accounts are presented to the nearest Ksh 10. Loan balances expressed in foreign currencies are translated to Kenya shillings at approximate rate of exchange ruling at the balance sheet date. Exchange rate difference arising are charged or credited to the Profit and Loss Account.



Notes to the Accounts - 30th June, 1994-(Contd.)

	1993/94 Ksh	1992/93 Ksh
2. INCOME		
Dividends:		
Subsidiary companies	27,899,250	111,281,930
Other companies	204,944,440	135,329,480
Interest on loans and advances:		
Large and medium size loans and advances	130,786,440	99,387,480
Small loans	122,640,750	146,575,470
Application fees	66,850	257,990
Management and other services	10,119,240	6,569,080
Rents	20,965,900	19,052,600
Profit on disposal of fixed assets and investments	213,198,910	600,000
Computer Income	918,410	1,016,660
Interest on short call deposits	22,789,740	1,774,820
Sundry income	1,399,570	1,576,270
	755,729,500	523,421,780
3. INTEREST CHARGES		
Kenya Government loans	8,447,820	8,447,820
Other loans	109,001,090	78,174,090
	117,448,910	86,621,910
4. ADMINISTRATION COSTS AND OTHER EXPENSES		
Staff costs	100,903,870	89,673,300
Directors' fees and other expenses	3,150,550	2,476,950
Rent and rates	2,349,010	2,248,430
Audit fees	340,000	450,000
Depreciation	10,341,200	7,621,870
Repairs and maintenance	3,468,060	1,590,970
Insurances	2,519,390	1,755,120
Printing and stationary	2,681,150	1,909,470
Water and electricity	5,487,950	2,053,410
Publicity and advertising	3,382,700	2,514,670
Telephone and telex	4,515,280	3,303,490
Travelling and subsistence	4,090,510	2,750,440
Motor vehicle operating expenses	4,414,690	2,733,160
Computer rental and other E.D.P. expenses	2,278,610	2,913,650
ICDC Voluntary Early Retirement Scheme	32,361,900	0
Other expenses	14,579,990	13,859,880
	196,864,860	137,854,810
Loss \ (Gain) on foreign exchange	23,624,600	(111,886,610)
	220,489,460	25,968,200



Notes to the Accounts - 30th June, 1994-(Contd.)

	1993/94 Ksh	1992/93 Ksh
5. PROVISION FOR LOSSES		
Specific Provisions:		
Small loans	46,896,670	88,338,460
Equity investment	534,220	16,759,160
Large and medium size loans and advances:		
Principal	15,423,990	86,287,950
Interest	82,722,720	125,810,600
Sundry Debtors	32,072,670	1,231,190
General Provisions:		
Small loans	(4,282,600)	302,180
Equity investment	0	(312,280)
	<u>173,367,670</u>	<u>318,417,260</u>

6. (a) TAXATION

There is no charge on taxation as profit for the year is adjusted in the tax computation to a loss due to the non-taxable nature of the bulk of the Corporation's income.

(b) PRIOR YEAR ADJUSTMENT

The adjustment of Ksh 44,667,410 in 1992/93 relates to dividends from East Africa Industries which had earlier been capitalised but now reversed having been cancelled by the company.

	1993/94 Ksh	1992/93 Ksh
7. SHARES IN SUBSIDIARY COMPANIES		
Shares at cost (unquoted)	340,962,870	351,864,240
LESS: Provisions	167,995,920	172,545,860
	<u>172,966,950</u>	<u>179,318,380</u>
Directors' valuation of unquoted shares	<u>508,794,400</u>	<u>874,830,630</u>



Notes to the Accounts - 30th June, 1994-(Contd.)

	1993/94 Ksh	1992/93 Ksh
8. SHARES IN OTHER COMPANIES		
Shares at Costs:		
Quoted	33,574,650	33,574,650
Unquoted	310,652,260	336,843,400
	344,226,910	370,418,050
LESS: Provisions	30,018,300	37,218,080
	314,208,610	333,199,970
Market value of quoted shares	179,275,760	107,359,620
Directors' valuation of unquoted shares *	3,462,234,980	2,674,648,400
	3,641,510,740	2,782,008,020
* Note: Director's valuation of shares has been arrived at by taking the mean between net asset value and the capitalized value of earnings.		
9. LOANS		
	1993/94 Ksh	1992/93 Ksh
Large and Medium Loans:		
Subsidiary companies	291,321,250	304,048,340
Associate companies	908,978,550	539,414,850
	1,200,299,800	843,463,190
LESS: Provision for bad and doubtful debts	115,271,860	117,199,860
	1,085,027,940	726,263,330
LESS: Current portion of loans under current assets	332,917,580	305,615,080
	752,110,360	420,648,250
LESS: Loans from subsidiary and other companies	7,000,000	7,000,000
	745,110,360	413,648,250
Small Loans:		
Commercial	503,257,590	515,925,210
Property	135,490,880	136,403,400
Industrial	233,329,940	222,162,360
Machinery	38,416,910	31,587,930
	910,495,320	906,078,900
LESS: Provision for bad and doubtful debts	499,494,390	456,880,320
	411,000,930	449,198,580
LESS: Current portion of loans and current accounts shown under current assets	157,366,400	194,037,830
	253,634,530	255,160,750
TOTAL LONG TERM LOANS	998,744,890	668,809,000
TOTAL CURRENT PORTION OF LOANS	490,283,980	499,652,910



Notes to the Accounts - 30th June, 1994-(Contd.)

10. FIXED ASSESTS

	<i>Leasehold over 50 years Ksh</i>	<i>Leasehold under 50 years Ksh</i>	<i>Motor Vehicles Ksh</i>	<i>Furniture & Office Equipment Ksh</i>	<i>Total Ksh</i>
Cost or Valuation:					
1st. July 1993	179,710,370	734,530	17,050,500	25,095,290	222,590,690
Revaluation of Uchumi House	330,000,000	0	0	0	330,000,000
Additions	8,073,830	0	2,943,500	999,960	12,017,290
Disposals	0	0	(1,595,020)	0	(1,595,020)
30th June, 1994	517,784,200	734,530	18,398,980	26,095,250	563,012,960
Depreciation					
1st. July 1993	9,407,070	669,130	10,688,660	6,881,200	27,646,060
Additions	4,195,470	0	2,448,630	3,697,110	10,341,210
Disposals	(9,278,350)	0	(1,595,020)	0	(10,873,370)
30th June, 1994	4,324,190	669,130	11,542,270	10,578,310	27,113,900
Net Book Value					
30th June, 1994	513,460,010	65,400	6,856,710	15,516,940	535,899,060
30th June, 1993	170,303,300	65,400	6,361,840	18,214,090	194,944,630

The revaluation of Uchumi House, a leasehold property over 50 years, was carried out in June, 1994 by the Corporation's qualified valuation surveyors, based on an open market value. The value was stated at Ksh 480,000,000 and the surplus arising on valuation amounting to Ksh 339,278,370 credited to capital reserves. Furniture, fittings and office equipments were also revalued on the same basis in 1991 resulting in a revaluation surplus of which Ksh 5,286,880 has been credited to capital reserve (note 16).

11. KENYA INDUSTRIAL ESTATES LOAN

	<i>1993/94 Ksh</i>	<i>1992/93 Ksh</i>
Balance 1st. July, 1992	1,337,000	1,480,310
Repayment during the year	1,337,000	143,310
Balance 30th. June, 1994	0	1,337,000

12. ADVANCES

Subsidiary companies	282,248,490	244,838,800
Other companies	65,219,740	71,121,430
Less provision for bad and doubtful debts	347,468,230	315,960,230
	198,767,460	168,480,680
	148,700,770	147,479,550



Notes to the Accounts - 30th June, 1994-(Contd.)

	1993/94 Ksh	1992/93 Ksh
13. SHORT TERM LOANS		
Short term bank loan obtained for on-lending to Rift Valley Textiles Limited.	23,799,070	19,150,340
14. SUBSIDIARY COMPANIES CURRENT ACCOUNTS		
Current accounts	354,854,050	320,751,430
LESS: Provision for bad and doubtful debts	238,600,310	189,318,730
	116,253,740	131,432,700
15. GRANTS AND LOANS FROM THE KENYAN GOVERNMENT		
(a) 1st. July	803,561,350	795,634,160
Loans received during the year		
Loan interest for the year	7,883,800	7,927,190
	811,445,150	803,561,350
(b) Loan borrowed from KFW of Germany:		
Principal	26,031,500	26,031,500
Interest	9,182,430	8,618,420
	35,213,930	34,649,920
30th June	846,659,080	838,211,270

MANAGED FUNDS

Grants and loans include funds received and injected into the following companies being managed funds administered on behalf of the Kenya Government, and against which no provision for loss is made in accordance with the corporation's accounting policy stated in Note 1(c).

		1993/94 Ksh	1992/93 Ksh
African Diatomite Industries Limited	Equity	0	1,787,430
Kenatco Transport Company Limited (in receivership)	Equity	6,900,000	6,900,000
Kisumu Cotton Mills (1983) Limited (in receivership)	Equity	19,500,000	19,500,000
Milling Corporation of Kenya Limited	Equity	8,500,000	8,500,000
	Loan	9,676,500	9,676,500
Pan African Vegetable Products Limited (Liquidated)	Equity	17,070,390	17,070,390
Pan Vegetable Processors Limited	Equity	15,000,000	15,000,000
	Loan	15,000,000	15,000,000
	Advance	43,982,810	39,613,450
South Nyanza Sugar Company Limited	Equity	10,000,000	10,000,000
		145,629,700	143,047,770



Notes to the Accounts - 30th June, 1994-(Contd.)

	<i>Surplus on Revaluation of Property Ksh</i>	<i>Profit on Sale of Investment Ksh</i>	<i>Profit on Sale of Fixed Assets Ksh</i>	<i>Total Ksh</i>
16. CAPITAL RESERVE				
1st July 1993	135,798,220	13,439,230	2,967,120	152,204,570
Revaluation during the year	339,278,370	24,490	0	339,302,860
30th June 1994	475,076,590	13,463,720	2,967,120	491,507,430
17. OTHER LOANS				
			<i>1993/94 Ksh</i>	<i>1992/93 Ksh</i>
Standard Bank Limited (2nd. Loan)			2,000,000	6,000,000
Indo Suez loan for Soya Oil Industries Limited			850,180,990	468,796,580
Kenya Commercial Bank Limited (Loan to Yuken Textiles Limited)			0	596,270
Kenya Commercial Bank Limited (Ksh 80m loan)			40,000,000	56,000,000
Kenya Commercial Bank Limited advance for SFKL and EAFS			15,226,440	20,000,000
Kenya Commercial Bank Limited -Guarantee to Kisumu Cotton Mills (1983) Limited			12,124,620	0
Deutsche Gessellschaft Fur Wirtschaftliche Zusammenarbeit (Entwicklungsgesellschaft) MbH: (D.E.G.) :				
D.E.G.- First Loan (DM 15M) 1986/1996			32,235,000	56,411,250
D.E.G.- Second Loan (DM 15M) 1993/2003			146,132,000	161,175,000
Loan for Small Scale Irrigation Development Project			1,000,000	1,000,000
			1,098,899,050	769,979,100
LESS: Current portion of loans shown under current liabilities			58,854,100	75,728,430
			1,040,044,950	694,250,670
Share investment in subsidiary and other companies at cost of Ksh 51,878,840 are held as security for some of the above loans.				
18. SHORT TERM LOANS PAYABLE				
			<i>1993/94 Ksh</i>	<i>1992/93 Ksh</i>
Kenya Commercial Bank Limited (Loan for on-lending to Rift Valley Textiles Limited			23,799,070	19,150,340
ICDC Investment Company Limited			0	6,762,000
Agro Chemical & Food Industries Ltd.			25,000,000	25,000,000
			48,799,070	50,912,340
19. CONTINGENT LIABILITIES				
Guarantees in respect of subsidiary and other companies			36,534,700	33,729,000
20. COMMITMENTS				
Commitments for further loans and investments:				
Small loans			62,488,300	75,553,300
Large and medium loans			74,939,800	74,939,800
Equity investments			58,424,600	60,762,500
Rift Valley Textiles Limited Share-Purchase Option			317,005,400	376,325,100
			512,858,100	587,580,700



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Shareholding in Subsidiary Companies as at 30th June, 1994

SUBSIDIARY COMPANIES	1993/94 Ksh	1992/93 Ksh
Wholly Owned Subsidiary Companies		
African Diatomite Industries Limited	0	1,787,430
Kenatco Taxis Limited	5,000,000	5,000,000
Kenatco Transport Company Limited - (In Receivership)	6,900,000	6,900,000
Kenya Drilling Company Limited	0	9,113,940
Kenya Film Corporation	40,000	40,000
Kenya National Trading Corporation	200,000	200,000
Pan Vegetable Processors Limited (In Receivership)	15,000,000	15,000,000
Synthetic Fibres Kenya Limited (In Receivership)	64,589,810	64,589,810
	<u>91,729,810</u>	<u>102,631,180</u>
Other Subsidiaries		
East African Fine Spinners Limited	12,054,100	12,054,100
East African Fine Spinners Limited - Preference Shares	10,620,000	10,620,000
Kenya Taitex Mills Limited	59,604,000	59,604,000
Kenya Wines Agencies Limited	9,422,700	9,422,700
Rift Valley Textile Mills Limited	157,532,260	157,532,260
	<u>249,233,060</u>	<u>249,233,060</u>
	<u>340,962,870</u>	<u>351,864,240</u>



Shareholding in Associate Companies as at 30th June, 1994

ASSOCIATE COMPANIES

	1993/94 Ksh	1992/93 Ksh
Agro Chemical and Food Company Limited	16,900,000	16,900,000
Associated Battery Manufacturers Limited	0	1,733,920
Brollo Kenya Limited	6,666,660	6,666,660
Chloride Exide Kenya Limited	0	1,900,010
Carnaudmetal Box Kenya Limited	4,635,000	4,635,000
CPC Industrial Products Limited	6,216,520	6,216,520
Dawa Pharmaceuticals Limited	13,667,000	13,667,000
Development Finance Company of Kenya Limited	42,460,000	42,460,000
E.S.A.	0	170,000
Esilon Plastics Kenya Limited	506,000	506,000
Eveready Batteries Kenya Limited	4,887,050	4,887,050
East Africa Industries Limited	46,021,560	46,021,560
Firestone East Africa (1969) Limited	0	8,435,860
General Motors Kenya Limited	14,535,000	14,535,000
ICDC Investment Company Limited	30,574,650	30,574,650
Industrial Development Bank Limited	31,200,000	31,200,000
Infusion Kenya Limited	2,100,000	2,100,000
Bal C/Forward	220,369,440	232,609,230



The Raymond Woolen Mills (Kenya) Limited an Associate Company of ICDC based in Eldoret, produces a wide range of fabrics. Picture above shows baby shawl material in production.



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Shareholding in Associate Companies-Cont'd as at 30th June, 1994

ASSOCIATE COMPANIES	1993/94 Ksh	1992/93 Ksh
Bal B/Forward	220,369,440	232,609,230
Kenya Bowling Centres Limited - 8% Preference Shares .	0	0
Kenya Cashewnuts Limited	0	4,089,780
Kenya Engineering Industries Limited	5,500,000	5,500,000
Kenya Fishnet Industries Limited	0	860,000
Kenya Flourspar Company Limited	20	20
Kenya Industrial Plastics Limited	100,000	100,000
Kenya National Properties Limited	11,000,000	11,000,000
Kisii Bottlers Limited	8,000,000	8,000,000
Kisumu Cotton Mills (1983) Limited (In Receivership)	19,500,000	19,500,000
Milling Corporation of Kenya Limited	8,500,000	8,500,000
Minet ICDC Insurance Brokers Limited	4,755,200	4,755,200
Motor and Pedal Cycles Limited	402,800	402,800
Mount Kenya Bottlers Limited	6,650,000	6,650,000
Mugitex Manufacturers Limited (In Receivership)	500,000	500,000
Nairobi Oil Products Limited (In Receivership)	0	2,500,000
NAS Airport Services Limited	3,116,300	3,116,300
Pan African Paper Mills (E.A.) Limited	7,337,810	7,337,810
Pan Vegetable Products Limited (In Receivership)		
-Ordinary Shares	15,805,390	15,805,390
-Preference Shares	1,265,000	1,265,000
Polysynthetics East African Limited	643,000	643,000
The Raymond Woollen Mills (Kenya) Limited	300,000	300,000
Rehabilitation Advisory Services Limited	2,400,000	2,400,000
Rift Valley Bottlers Limited	3,877,060	3,877,060
Salt Manufacturers Kenya Limited	0	6,001,560
Sanyo Armco Kenya Limited	818,680	818,680
Seracoatings Limited (In Receivership)	3,400,000	3,400,000
Small Enterprises Finance Company Limited	1,672,000	1,672,000
Sokoro Fibreboards Limited	3,385,800	3,385,800
South Nyanza Sugar Company Limited	10,000,000	10,000,000
Tiger Shoe Company Limited (In Receivership)	0	500,000
Uchumi Supermarkets Limited	3,000,000	3,000,000
Wananchi Sawmills (1974) Limited	1,728,410	1,728,410
SUB-TOTAL B	123,857,470	137,808,810
TOTAL A+B	344,226,910	370,418,040
GRAND TOTAL	685,189,780	722,282,280

Large and Medium Loans as at 30th June, 1994

SUBSIDIARY COMPANIES

	<i>Principal Outstanding Ksh</i>	<i>Interest Earned Ksh</i>
Kenatco Taxis Limited- Ksh 17m	16,150,000	5,002,640
Kenatco Taxis Limited-Ksh 5.4m	5,400,000	1,755,000
Kenya Drilling Limited	0	448,490
Pan Vegetable Processors Limited (In receivership)	15,000,000	4,529,790
Pan Vegetable Processors Limited - Ksh 5m (In receivership)	5,000,000	1,509,930
Rift Valley Textiles Limited - DM 1.7m Income Notes	59,333,060	7,422,600
Rift Valley Textiles Limited - Ksh10.5m	10,500,000	1,207,500
Rift Valley Textiles Limited - DM 8.9m	90,852,370	15,686,510
Synthetic Fibres Kenya Limited - Ksh 63.7m (In receivership)	63,741,330	19,249,010
Synthetic Fibres Kenya Limited - Ksh 22.5m (In receivership)	25,344,490	7,653,690
	<u>291,321,250</u>	<u>64,465,160</u>

ASSOCIATE COMPANIES

Dawa Pharmaceuticals Limited	5,823,870	2,058,770
D.F.C.K. - Income Notes	15,000,000	1,200,000
- Loans	7,085,000	487,860
Kenya Engineering Industries Limited	2,000,000	603,970
Kenya Industrial Plastics Limited - Ksh 15m	2,250,000	1,000,630
Milling Corporation of Kenya Limited - Ksh 6.5m	6,500,000	585,000
Milling Corporation of Kenya Limited- Ksh 3.175m	3,176,500	301,770
Motor and Pedal Cycles Limited	1,350,000	407,680
Mount Kenya Bottlers Limited	8,500,000	2,722,660
Seracoatings Limited	5,000,000	1,525,000
Soya Oil and Food Industries Ltd	850,180,990	0
Tiger Shoe Company Limited- Ksh 0.5m (In receivership)	0	56,060
Tiger Shoe Company Limited - Ksh 5m (In receivership)	0	560,610
Wormald Kenya Limited - Ksh 5m	2,112,190	713,680
	<u>908,978,550</u>	<u>12,223,690</u>



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Advances as at 30th June, 1994

SUBSIDIARY COMPANIES

	<i>Principal and Accrued Interest Ksh</i>	<i>Interest Earned Ksh</i>
East African Fine Spinners Limited - Ksh10m	4,617,790	3,530,220
East African Fine Spinners Limited - Ksh 6.6m	1,405,570	424,460
East African Fine Spinners Limited - Ksh 15.4m	15,436,550	4,661,620
East African Fine Spinners Limited - KBC Advance	13,120,480	2,990,200
Kenya Drilling Limited	0	96,890
Kenya Drilling Limited - Guarantee Payments	0	714,640
Kenya Taitex Mills Limited - Ksh 1m	1,000,000	301,990
Kenya Taitex Mills Limited - Ksh 6.9m (Guaranteed Payment)	6,865,900	2,073,400
Pan Vegetable Processors Limited - Ksh 5m (In receivership)	43,982,810	13,147,500
Synthetic Fibres Kenya Limited - Ksh 6.5m (In receivership)	1,004,520	303,350
Synthetic Fibres Kenya Limited (In receivership)		
Advance for Raw Materials	42,646,440	12,878,640
Synthetic Fibres Kenya Limited (In receivership)		
Kenya Commercial Bank Limited Advance	13,583,320	3,112,880
Synthetic Fibres Kenya Limited -Ksh 15 m (In receivership).	1,500,000	452,980
	<u>145,163,380</u>	<u>44,688,770</u>

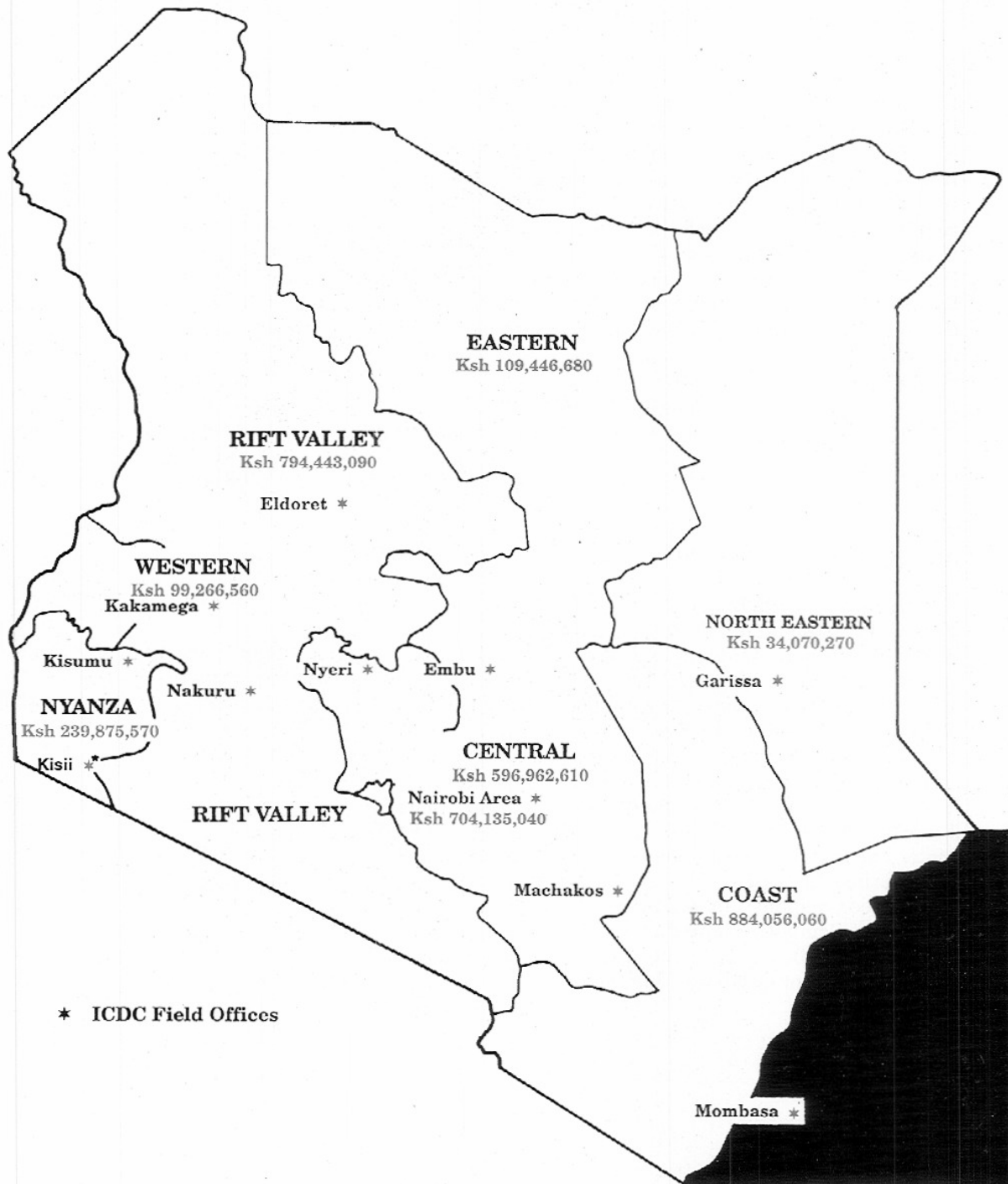
ASSOCIATE COMPANIES

Funguo Investments Limited	350,000	59,500
Funguo Investments Limited	0	28,330
Kenya Cashewnuts Limited - Ksh 10m	10,000,000	3,050,000
Kenya Engineering Industries Limited	2,500,000	754,980
Kenya Engineering Industries Limited - Ksh 1.5m	2,497,870	754,460
Kisii Bottlers Limited - Ksh 5m	5,000,000	1,525,000
Kisii Bottlers Limited - Underwriting Funds	10,878,580	0
Kisumu Cotton Mills (1983) Limited (In receivership)		
Kenya Commercial Bank Limited - Advance	0	4,624,620
Kisumu Cotton Mills (1983) Limited -Ksh2m (In receivership)	0	231,480
Motor and Pedal Cycles Limited	2,795,120	844,090
Seracoatings Limited	5,000,000	1,525,000
Tiger Shoe Company Limited (In receivership)	0	224,240
Tiger Shoe Company Limited - Raw Materials Facility (In receivership)	0	242,460
ICDC Investment Company Limited	0	169,270
	<u>39,021,570</u>	<u>14,033,430</u>



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Distribution of Total Investments by Province as at 30th June, 1994



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