ANNUAL REPORT AND ACCOUNTS 1998-1999

ICDC
VESTMENT COMPANY
LIMITED

ANNUAL REPORT & ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE, 1999

RIPOTI NA HESABU
ZA MWAKA ULIOMALIZIKA TAREHE JUNI 30, 1999

Maelezo juu ya Kampuni

DIRECTORS

C J Kirubi
Chairman

K K Bett
(Alternate to ICDC)

M Mwangola

F M Thuo

J P N Simba

M Chemengich
(Permanent Secretary
Ministry of Tourism, Trade and Industry)

I O Awuondo

CHIEF EXECUTIVE OFFICER

T P K Wainaina

COMPANY SECRTARY

B K Murage

REGISTERED OFFICE

Uchumi House
Aga Khan Walk
P O Box 45519
Nairobi

AUDITORS

Deloitte & Touche
"Kirungii" Ring Road, Westlands
P O Box 40092
Nairobi

ADVOCATES

Oraro Rachier
Finance House
Loita Street
P O Box 51236
Nairobi

2007|0425

BANKERS

National Bank of Kenya Ltd
Harambee Avenue
P O Box 41862
Nairobi

Mr. C. J. Kirubi
Chairman

Mr. K. K. Bett
(Alternate to ICDC)

Mrs. M. Mwangola

Mr. F. M. Thuo

Mr. J. P. N. Simba
O.G.W. M.B.S.

Ms. M. Chemengich
(PS - Ministry of Tourism, Trade & Industry)

Mr. I. O. Awuondo

Mr. T. K. Wainaina
Chief Executive

Mr. B. K. Murage
Company Secretary

Notice of Meeting

Notice of Annual General Meeting to all the Shareholders
Ilani ya Mkutano wa Mwaka kwa Wenyehisa Wote

NOTICE IS HEREBY GIVEN that the 32nd Annual General Meeting of the Company will be held on 10th December, 1999 at the Hilton Hotel, Nairobi at 11.00 a.m. for the following purposes:-

ORDINARY BUSINESS

1. The Secretary to read the notice convening the meeting.

2. To confirm the minutes of the 31st Annual General Meeting held on Saturday 5th December, 1998.

3. To receive and consider the Audited Accounts for the financial year ended 30th June, 1999 together with the Directors' and Auditors' report thereon.

4. To confirm the payment of the Interim Dividend of Shilling 1.00 per share and declare a Final Dividend of Shilling 1.50 per share in respect of the year ended 30th June, 1999.

5. To approve the Directors' remuneration for the year ended 30th June, 1999.

6. (a) To re-elect Mr. K.K. Bett (alternate to ICDC) a director retiring by rotation, who being eligible, offers himself for re-election.

   (b) To re-elect Mr. Francis Mwangi Thuo a director retiring by rotation, who being eligible, offers himself for re-election.

7. To note that M/S Deloitte & Touche, appointed as Auditors of the company on 5th December, 1998 and having expressed their willingness; continue in office in accordance with the provisions of section 159(2) of the Companies Act (Cap 486) and to authorise the Directors to fix their remuneration.

ILANI INATOLEWA KWAMBA MKUTANO MKUU *wa Thelathini na mbili wa kampuni hii utafanywa siku ya Ijumaa, tarehe 10 Desemba, 1999 katika Chumba cha Hilton Hotel, Nairobi saa tano asubuhi kwa madhumuni ya kutekeleza shughuli zifuatazo:-*

SHUGHULI ZA KAWAIDA

1. *Kusoma ilani ya mkutano.*

2. *Kuthibitisha kumbukumbu za mkutano wa mwaka wa Thelathini na moja uliofanywa siku ya Jumamosi, tarehe 5 Decemba, 1998.*

3. *Kupokea na kufikiria Hesabu zilizokaguliwa za mwaka uliomalizikia tarehe 30 Juni, 1999 na Ripoti ya Wakurugenzi na Wakaguzi wa Hesabu.*

4. *Kuthibitisha malipo ya Mgao wa Kwanza wa shilingi 1.00 kwa kila hisa na kuamua malipo ya Mgao wa Mwisho wa Shilingi 1.50 kwa kila hisa kwa mwaka uliomalizikia tarehe 30 Juni 1999.*

5. *Kuthibitisha malipo ya Wakurugenzi kwa mwaka uliomalizikia tarehe 30 Juni, 1999.*

6. *(a) Kumchagua tena Bw. K.K. Bett (anaye wakilisha shirika la ICDC) ambaye anastaafu kwa zamu, na kwa vile anaweza kuchaguliwa tena anajitolea kuchaguliwa.*

   (b) Kumchagua tena Bw. Francis Mwangi Thuo ambaye anastaafu kwa zamu, na kwa vile anaweza kuchaguliwa tena anajitolea kuchaguliwa.

7. *Kufahamishwa kwamba, Deloitte & Touche waliteuliwa wakaguzi wa hesabu mnamo tarehe 5 Desemba, 1998, na kwa kuwa wamedhihirisha*

8. To transact any other ordinary business.

BY ORDER OF THE BOARD

hiari yao, wataendelea na kazi hiyo kufuatia Kifungu nambari 159 (2) cha Sheria za Makampuni (sehemu ya 486) vilevile; kuidhinisha Wakurugenzi waweke kipimo cha ada yao.

8. Kujadili mambo mengine yoyote yanayohusu shughuli za kampuni na yasiyohitaji ilani maalum.

KWA AMRI YA HALMASHAURI YA WAKURUGENZI

B.K. MURAGE
COMPANY SECRETARY
NAIROBI.

B.K. MURAGE
KATIBU
NAIROBI.

PLEASE NOTE:
A member entitled to attend and vote at this meeting is entitled to appoint a proxy who need not be a member of the company.

KUMBUSHO:
Mwanachama anayestahili kuhudhuria na kupiga kura kwenye mkutano huu ana haki kumteua mwakilishi kuhudhiria na kupiga kura kwa niaba yake. Mwakilishi huyo si lazima awe mwanachama wa kampuni hii.

Taarifa ya Mwenyekiti

TO THE SHAREHOLDERS OF ICDC INVESTMENT CO. LTD.,

It gives me great pleasure to present to you the 1998/1999 annual report on the financial performance and operations of your company. This is your company's thirty - second year of operation. Although this financial year has been one of the most difficult for all businesses in Kenya's living memory, your company has succeeded in improving its financial performance. As we prepare for the challenges of the next millennium, your Board has embarked on a number of strategic initiatives aimed at creating a focused, efficient and financially stable organisation.

RESULTS

Gross income was Kshs 195.6 million, a 5.0% improvement from the previous year. Profit after tax in the financial year was Kshs 159 million, a 6.2% increase from the previous year. Your company continues to achieve one of the highest net profit margins among publicly quoted companies - in 1998/99 the figure was 81.3% . This is a clear demonstration of the versatility and strength of your company, and its ability to prevail in the face of adverse economic conditions. The diversified nature of your company's portfolio has reduced the overall risks inherent in our individual investments, especially in a depressed economic environment. Your Board will continue to adopt this prudent approach of diversifying investments, but in a more active and focused manner.

Your will be pleased to know that your company out-performed the Nairobi Stock Exchange index during the financial year. The ICDCI share price appreciated by 22.3% during the financial year to close at Kshs 48.00, compared to the NSE Index's 5.2% decline over the same period. Despite the good performance of your company, we cannot afford to rest on our laurels. We must remain on our toes and at all times be sensitive to the risks inherent in making investment decisions. We recognise the

KWA WANA HISA WA KAMPUNI YA ICDC INVESTMENT.,

Ni furaha yangu kuwasilisha ripoti juu ya utendaji wa kifedha na shughuli za kampuni mwaka huu wa 1998/1999. Ukiwa mwaka wa thelathini na mbili tangu kuanzilishwa kwa kampuni hii, mwaka uliokuwa mgumu zaidi, hasa kibiashara, ambao hauwezi kusahaulika, kampuni yenu iliweza kufanikiwa kwa kusitawisha utendaji wa kifedha. Tunapojitayarisha kupambana na matatizo ya miaka elfu ijayo, Halmashauri wameanzilisha hila wakinuia kuunda shirika thabiti lenye kuhimiza utekelezaji wa kufaa.

MATOKEO

Faida kwa jumla ilikuwa shilingi milioni 195.6, ongezeko la asilimia 5 ikilinganishwa na mwaka uliotangulia. Faida baada ya ushuru kwa mwaka tunaochambua ilikuwa shilingi milioni 159, ikiwa ni ongezeko la asilimia 6.2 ikilinganishwa na mwaka uliopita. Kati ya kampuni zilizo orodheshwa, kampuni yenu imedhihirisha shinikizo kubwa kwenye idadi ya mapato yaani asilimia 81.3 mwaka huu wa 1998/1999. Hii ni dhibitisho dhahiri ya kwamba kampuni yenu inaweza kudumu hali tofauti za kiabiashara. Kadhalika, itaweza kufanikiwa katika hali mbaya ya uchumi. Aina mbali mbali za uchumishaji wa pesa ndizo zilizowezesha kampuni yetu kupambana na hali dhoofu ya mazingira ya uchumi.Halmashauri watazidi na kuendeleza kwa utaratibu muongozo huo wa uzalishaji wa pesa wa aina mbali mbali, walakini kwa bidii na kwa ustadi.

Mutaridhika kufahamu ya kwamba Hisa za kampuni yenu zilitia shani kwa kipimo cha shughuli za Soko la Hisa la Nairobi. Mwakani, Bei ya Hisa iliongezeka kwa wastani wa asilimia 22.3 yaani shilingi 48.00 kila hisa ikilinganishwa na asilimia 5.2 ya upungufu wa kipimo cha shughuli za Soko la Hisa la Nairobi. Ijapokuwa kampuni yenu iliweza kutimiliza utendaji, hatuna budi ila kudumisha fahari. Itatubidi kukaa macho wakati wote na pia kuona hatari zinazoweza kushikamana na need to rationalise our portfolio in order to develop a more manageable portfolio , realise the capital gains on the more mature investments, dispose of the non-performers, and to take advantage of new and attractive investment opportunities in the market.

DIVIDENDS

The objective of your company has consistently been to maintain a stable, but sensible dividend payout policy. This year we cannot be as generous in terms of dividend payment as we were during the previous year. Harsh economic conditions demand that we adopt a prudent outlook by strengthening our reserves and retaining a fair amount of our profits. Your Board will recommend the payment of a final dividend of Kshs 1.50 per share (30%) {(1998 -Kshs 2.00 (40%)} which will bring the total dividend for the year to Kshs 2.50 per share (50%) {1998 - Kshs 3.00 (60%)}.

MANAGEMENT

Following the last AGM when you gave us the mandate to develop a more independent management structure, your Board has been active in implementing your recommendations. ICDC's management contract has been terminated, and the budget for this management fee has now been re-allocated to finance the operations of the new management team.

A new Chief Executive Officer has been appointed, and is making progress on the recruitment of a team of professional investment managers and support staff. Our aim is to develop a management capacity with the requisite analytical, research and asset allocation skills that are critical in any progressive and modern investment firm. We believe that this will give the company a more focused, professional approach to managing its operations, with a consequent and sustained improvement in the return on your investment.

INVESTMENTS

Your Board purchased additional equity investments amounting to Kshs 179.26 million compared to Kshs 139.54 during the previous year - a growth of 28.46%. The additional investments were undertaken primarily in the commercial and services sectors of the economy. Your Board will continue to look for

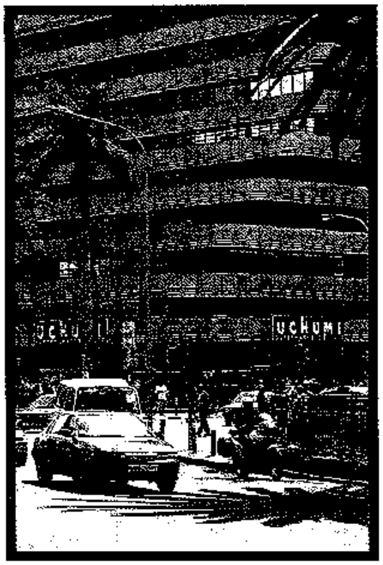
maamuzi ya uzalishaji pesa. Tunafahamu umuhimu wa busara itakayo tuwezesha kuendeleza usimamizi wakutimiliza faida ya Rasilmali kwa kuzalisha pesa katika masharika yaliyo komaa na pia uuzaji wa hisa katika baadhi ya kampuni tunazomiliki ambazo hazileti faida ya Migao. Kadhalika, kushiriki kikamilifu na kupata manufaa ya uchumishaji wa pesa utakaopendeza kupitia Soko la Hisa.

MIGAO

Msimamo wa kampuni yetu wakati wote umekuwa kudumisha kwa uthabiti ulipaji Migao. Ama kweli, hatuwezi kuwa wakarimu na kuogeza migao mwaka huu na kulipa dhidi ya mwaka uliotangulia. Hali ngumu ya uchumi wetu ilitushurutisha kujihadhari na kwa hivyo kutilia mkazo uwekaji malimbikizo na pia kuweka kiasi kidogo cha mapato. Halmashauri wamependekeza Mgao wa Mwisho wa Mwaka wa Shilingi 1.50 kwa kila hisa (yaani asilimia 30). (Mwaka wa 1998 -Mgao wa Mwisho ulilipwa Shilingi 2.00 kila hisa - yaani asilimia 40.) Kwa jumla, Mgao wa mwaka huu utakuwa shilingi 2.50 kila hisa (yaani asilimia 50). (Mwaka wa 1998 - ulilipwa jumla ya shilingi 3.00 - yaani asilimia 60.)

USIMAMIZI

Kufuatia agizo mliotukabidhi la kuendeleza muundo wa Wafanyakazi utakao andamana na kutuwezesha kujisimamia, Halmashauri imetimiza pendekezo hilo. Maafikiano yetu na shirika la ICDC yamekomeshwa, na pesa za ada ya usimamizi zimegawanywa ndiposa kugharamia utendaji wa usimamizi wa kujitengemea. Msimamizi Mkuu aliajiriwa na anaendelea kitaratibu kuwaajiri wafanyakazi wenzake na wadogo wao. Lengo letu ni kuendeleza usimamizi wenye uwezo utakao shurutishwa kuchanganua, kupeleleza na kugawanya mali kwa ustadi unaohitajika ili kuleta manufaa kutokana na Mashirika dhati na ya kisasa ya uzalishaji wa pesa. Tunaimani kuwa jambo hili litaipa kampuni muelekeo wa kufaa na additional investment opportunities in the unquoted market and through the Nairobi Stock Exchange, which presents a number of attractive acquisition opportunities in its current depressed state.



During the year under review your company also divested from a number of quoted investments to take advantage of the capital gains realised. In this regard we recorded a capital gain of Kshs 36.78 million.

The Board of Directors and Management have decided henceforth to be reflecting in our company's Balance Sheet, the market values for the quoted investments as well as our Directors' valuation values for the unquoted portfolio. In the past the investment figures had been represented by historical cost values. The objective of this change is to present a more realistic reflection of the current net worth of the company.

RIGHTS ISSUE

The November 1998 Rights Issue of shares was fully subscribed and your company realised gross proceeds of Kshs 282.58 million. I am glad to report that your Board of Directors were able to take up the company's pre-emption rights in General Motors Kenya Limited to the extent that to date your company holds 17.9% of the company's equity. Iam happy to further report that the balance of the net Rights Issue proceeds have been invested primarily in fixed income securities which is not only generating a more certain income stream in a rising interest rate environment, but has also placed the company in a comfortable liquidity position. I wish to thank all the shareholders for responding positively during the Rights Issue of shares.

wakuiwezesha kusimamia shughuli za utendaji kwa ustadi ili kutimiza hali ya kudumu na pia kuhifadhi manufaa ya faida ya uzalishaji wa pesa.

UCHUMISHAJI WA MALI

Halmashauri wenu waliweza kununua mali iliochumishwa nyingine zaidi ya shilingi milioni 179.26 dhidi ya shilingi milioni 139.54 ya mwaka uliotangulia, ongezeko la asilimia 28.46. Uchumishaji huu uliweza kusambazwa katika mashirika ya Biashara na Huduma ya hapa nchini.

Halmashauri wenu wataendelea na jitihada zao za kutafuta uchumishaji wa mali utakao leta faida katika Soko Maalum na Kupitai Soko la Hisa la Nairobi, soko linalo dhihirisha wakati wa kujipatia mapato ya kutamanisha wakati huu uchumi umedhoofika. Vili vile, mwakani kampuni yetu iliuza kiwango kidogo cha hisa tunazomiliki katika baadhi ya kampuni zilizo orodheshwa ili kupata faida ya Rasilmali. Kufuatana na hayo, tuliweza kufikiliza faida ya mapato ya Rasilmali ya shilingi milioni 36.78. Halmashauri ya Wakurugenzi na Wasimamizi wameazimia ya kwamba Albaki ya Hesabu iwe itachanganua na kudhirisha wazi wazi thamani ya Hisa ambazo tunamiliki katika kampuni zilizo orodheshwa vile vile, kukadirisha thamani ya Hisa katika Makampuni maalum. Hapo awali Mihutasar ya Hesabu ilibainishwa kuligana na gharama za mwaka uliotangulia. Kusudi la pendekezo hili ni kuonyesha thamani halisi ya kampuni yetu kwa jumla kwa wakati uliopo .

HISA ZA HAKI

Ununuaji wa Hisa za Haki zilizo peanwa Novemba 1998 uliweza kutimilika kikamilifu na kufikiliza pato kwa jumla ya shilingi milioni 282.58. Nina furaha kuwajulisha ya kwamba kampuni yetu iliweza kununua Hisa zilizo salia za kampuni ya General Motors, kadiri tumeweza kuzidisha umilikaji wetu hadi asilimia 17.9. Juu ya hayo, pia nina furaha kuwajulisha ya kwamba ijapokuwa kulikuwa na hali ya juu ya viwango vya riba, mabaki ya mapato ya Hisa za haki zimechumishwa katika Akiba za Faida dhabiti ambazo licha ya kuanzilisha mfululizo wa mapato limetuwezesha pia kuwa na kiwango cha hali njema ya kifedha.Ningependa kuwashukuru wapendwa wenye hisa kwa kushiriki kikamilifu katika ununuaji wa Hisa za Haki.

SUBSIDIARIES

Your Board of Directors and Management started to critically evaluate the performance of our subsidiary companies. This is in line with the restructuring programme and the rationalisation of the company's portfolio. In this regard, in late September 1999, your Board of Directors and Management made the strategic move of divesting wholly, our company's equity investment in African Retail Traders Kenya Limited (ART).

Our decision to divest followed an intensive and detailed review of the investment, with the input of a professional firm of business advisors. I wish to report that while a capital loss was realised on this investment your Board of Directors and Management are convinced that this move will materially reduce our company's risk exposure, due to the decline in the fortunes of ART over the last five years.

During the year under review, our Board of Directors also embarked on restructuring the operations of Kenya National Properties Limited (KNP). These measures will continue during 1999/2000 with a view to enhancing the profitability of your real estate portfolio.

DIRECTORS

The Members of the Board who served during the year as well as those due for retirement are shown in the Report of Directors on page 12. Messrs. ICDC retired as the Chairman of the Board of Directors on 15th July 1999 and on the same date, I took over the mantle as Chairman.

On 2nd August, 1999 Messrs. ICDC (Alternate Mr. K.K. Bett) retired as the Managing Director but owing to their substantial shareholding continued to sit on the Board in a non-executive capacity. I also wish to report that on 2nd August 1999, our Board of Directors appointed Mr. Tony Peter Kamau Wainaina as the Chief Executive Officer of the Company.

FUTURE PROSPECTS

Our vision is to create one of the strongest, most versatile and profitable Kenyan investment companies. We look forward to your continued support and confidence as we strive to achieve and sustain this vision. The restructuring of the company is well underway, and I am confident that once the

KAMPUNI TANZU

Halmashauri ya Wakurugenzi na Wasimamizi wanachuguza kwa makini na kwa uadilifu utendaji wa kampuni tanzu kuambatana na azimio la ufaraghanishaji na utaratibu wa utekelezaji wa muundo wa kampuni. Hivyo basi, Halmashauri ya Wakurugenzi na Wasimamizi waliamua kuuza hisa zote za kampuni ya African Retail Traders (ART) mnamo Septemba mwaka huu. Mapato ya hisa hizo ilikuwa milioni 18.38. Uaamuzi wa kuziuza uliafikiwa baada ya kuchuguza kwa makini na kwa uadilifu utendaji wa kampuni hii, na pia ushauri wa wataalam wa kibiashara. Ingawaje mapato tuliopata yalikuwa ni hasara ya Rasilmali, Halmashauri ya Wakurugenzi na Wasimamizi wana hakika ya kwamba pendekezo hilo limepunguza hasara ambayo ingelijiri kampuni yetu kutokana na hali hafifu ya kampuni hiyo ya A.R.T isitoshe, pia upungufu wa utendaji na ukosefu wa migao tangu miaka tano iliopita. Mwakani, Halmashauri ya Wakurugenzi walianzilisha ufaraghanishaji wa utendaji wa kampuni ya Kenya National Properties (K.N.P). Chenezo hiki kitaendelezwa hadi kufikia mwaka wa 1999/2000 tukikusudia kuogeza mapato ya mali ya kampuni.

WAKURUGENZI

Washirika wa Halmashauri ya Wakurugenzi walio wahudumia mwaka huu tunaozungumzia na pia washirika ambao wanastaafu wameandikwa wazi wazi katika ripoti ya Wakurungenzi ukurasa wa nne. Shirika la Kuendeleza Viwanda na Biashara yaani ICDC lilistaafu kiti cha Mwenyekiti wa Halmashauri mnamo tarehe 15 Julai 1999 na siku hiyo hiyo niliteuliwa kuwa Mwenyekiti wa Halmashauri. Tarehe 2 Agosti 1999 anaye wakilisha Shirika hilo la Kuendeleza Biashara na Viwanda yaani ICDC Bw. K.K.Bett alistaafu kama Mkurugenzi Mkuu. Walakini kwa sababu Shirika Hilo ndilo linalomiliki hisa nyingi zaidi, Bw K.K.Bett

programme has been fully implemented our vision can certainly be realised.

There are several investment opportunities in the economy - from the Government divestiture and privatisation programme, and also in the private sector. The high-return investments, however, are increasingly more challenging to discover, and it is becoming more competitive to be selected as the investor of choice. It is for this reason that the Board is undertaking the restructuring programme with urgency and vigour, to place the company in as competitive a position as possible.

We look to the future with confidence, as a more effectively and professionally managed investment company, supported by a committed and seasoned Board. The future of your company looks promising. As we move towards the next millennium, I invite you to all join us on a journey that I believe will be an exciting and rewarding one.

ACKNOWLEDGEMENTS

First of all, I would like to thank you, the shareholders, for your continued and unfailing support. Many of you have been shareholders in the company for most of its 30 year history. This is a demonstration of your confidence and long-term investment commitment in the company, and we thank you most sincerely for this, and for staying aboard with us in good times and in bad. I would particularly like to take this opportunity to thank our single largest shareholder, ICDC for their positive contribution to the company. Their contribution to the fortunes of the company from its inception has been tremendous.

I commend them for their maturity and foresight in supporting the move to implement an independent management structure. Even though ICDC is stepping away from the management of the company, they will remain on the Board as one of its key members. Our intention

aliendelea kama Mkurungenzi asie mtendaji. Ningependa kuwajulisha ya kwamba, mnamo tarehe 2 Agosti 1999 Halmashauri ya Wakurugenzi ili muajiri Bw. Tony Peter Kamau Wainaina kama Msimamizi Mkuu wa kampuni yenu.

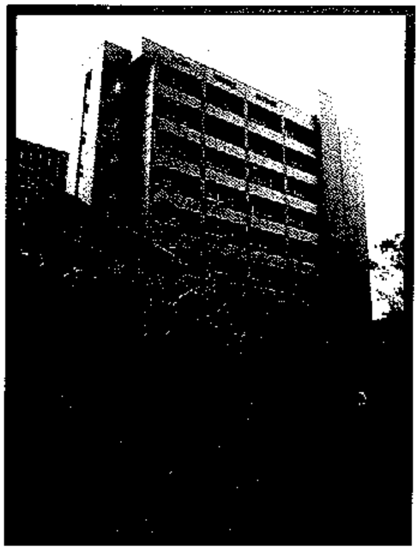
MATARAJIO YA SIKU ZA USONI

Lengo letu ni kufanyiza kampuni za kudumu ambazo zina uwezo wa kushughulikia namna nyingi za Biashara na kuleta manufaa ya uchumishaji wa pesa hapa nchini. Tunatarajia ya kwamba mtaendelea kwa ujasiri kutuunga mkono tunapojitahidi na kufikiliza lengo hilo. Ufaraghanishaji wa kampuni unaendelea. Nina hakika ya kwamba ufaraghanishaji huu ukitekelezwa bila shaka lengo letu litatimilika. Hapa nchini, kuna uzalishaji wa pesa wa aina mbali mbali, katika kubinafsishwa kwa masharika na uuzaji wa hisa zinazo milikiwa na Serikali yetu, vile vile, katika Sekta za Kibinafsi.

Ni vigumu kuvumbua uchumishaji wa pesa utakao leta manufaa, kadhalika ni vigumu kukubaliwa na pia kuchanguliwa kama mchumishaji wa pesa katika hali iliyoko ya ushindani. Kwa minajili ya hayo, Halmashauri imedirika kusisitiza ufaraghanishaji kwa bidii ili kuiwezesha kampuni hii kufikia kiwango cha ushindani haraka iwezekanavyo. Kama kampuni ya uzalishaji pesa yenye muogozo wa kufaa na pia usimamizi wa busara inayoongozwa na Halmashauri wanaoaminisha shabaha na wenye majira ya siku za usoni, kampuni yetu nia kutumainiwa sana. Tunapo karibia miaka elfu ijayo, ninawakaribisha tuenende pamoja katika mwendo ambao bila shaka niwa kusisimua na wa kuleta bakshishi.

SHUKRANI

Kwanza, natoa shukrani zangu kwa Wenye Hisa kwa jinsi mlivyo endelea kutuunga mkono. Hasa wengine wenu mumekuwa wanachama kwa muda wa miaka thelathini tangu kuanzilishwa kwa kampuni hii. Hii inadhibitisha uaminifu na ustahimilifu wenu kwa jinsi tulivyo chumisha pesa wakati huo. Tunawashukuru kwa dhati kwa kushirikiana nasi wakati wa heri na shari. Zaidi, ningependa kuchukua nafasi hii kushukuru mwanachama mwenye hisa nyingi zaidi, yaani Shirika la ICDC kwa jinsi walivyoendelea kushiriki pasipo shaka. Msaada wa Shirika hili tangu kuanzilishwa kwa kampuni yetu umeipa kampuni yetu usitawi



as a Board is to continue forging a strong and mutually beneficial relationship with ICDC as our partners.

We intend to continue building on this relationship because we believe that there are significant synergies that can be achieved by working together. I believe that this is a unique example in Kenya of successful public sector/private sector co-operation, and living testimony that we can only be stronger united, than apart. Secondly , I would like to thank the ICDC Management and Staff whose individual and collective efforts have contributed to the good results produced under the difficult conditions that prevailed during the year under review. Thirdly, my thanks go to my colleagues on the Board of Directors who worked hard with unity of purpose and firm commitment to the company. Finally, I wish to take this opportunity to thank all our business partners - the companies in which we are invested, the Nairobi Stock Exchange, the Capital Markets Authority and the stockbroking fraternity for the support that they have all given us during the year.

CHRISTOPHER JOHN KIRUBI
CHAIRMAN
SEPTEMBER 28TH, 1999

mkubwa mno. Ninalisifu Shirika hili kwa jinsi wanavyo tustahimili kwa ustadi na busara wakati huu tunapoendeleza muundo wa usimamizi wakujitengemea. Ijapokuwa Shirika hili la ICDC linajitenga kutoka kwa usimamizi wa kampuni yetu, wataendelea kushiriki katika Halmashauri kama Mwanachama halisi. Nia ya Halmashauri nikuendeleza uhusiano na mapatano imara wakuleta ufanisi na Shirika hili la ICDC kama mshirika wetu. Tunanuia kuendeleza uhusiano huu kwani kuna ishara tutaweza kufaulu zaidi kwa pamoja.

Ninaamini kuwa huu ni mfano wa kipekee hapa nchini Kenya wa ushirikiano kati ya Sekta ya Umma na Sekta ya Kibinafsi uliotiafora zaidi, na unaobainisha wazi kwamba tutakuwa thabiti zaidi tukishirikiana wala si kwa kutengana. Pili, natoa shukrani mahsusi kwa Wasimamizi wa shirika la ICDC na Wafanyakazi waliofanya kazi zaidi kwa kujitolea, ambao himaya yao imewezesha kampuni yetu kupata matokeo mazuri hasa katika mwaka huu uliokuwa mgumu zaidi.

Ningependa kuwashukuru Halmashauri ya Wakurugenzi kwa kufanya kazi kwa umoja na bidii kwa madhumuni ya jukumu lao la ukurugenzi.Hatimae, ningependa kuchukua faragha hii kuwashukuru Washirika wa Kibiashara, kampuni ambazo tumechumisha pesa, Soko la Hisa la Nairobi (NSE), Halmashauri ya Usimamiaji wa Rasilmali yaani Capital Markets Authority na Wadalali wa Hisa kwa jinsi mlivyo tuunga mkono mwakani.

CHRISTOPHER JOHN KIRUBI
MWENYEKITI
28 SEPTEMBA, 1999

The directors present their report together with the audited financial statements for the year ended 30th June 1999.

ACTIVITIES

The company's principal activity remains engagement in investment activities.

RESULTS	Shs.
Profit before taxation	164,093,036
Taxation	5,104,311
Profit after taxation	158,988,725
Dividends (gross)	94,194,763
Retained profit for the year transferred to revenue reserve	64,793,962

DIRECTORS

The current members of the board are shown on page 2. Mr. E.I. Manasseh, the ICDC representative, was replaced on the board on 23rd April 1999 by Mr. K.K. Bett who is the current ICDC Executive Director.

In accordance with article 88 of the Articles of Association, ICDC (alternate Mr. K.K. Bett) and Mr. F.M. Thuo retired by rotation and being eligible, offer themselves for re-election. Mr. Tony P.K. Wainaina was appointed Chief Executive Officer on 2nd August 1999.

AUDITORS

Deloitte & Touche were appointed auditors of the company on 5th December 1998 and, having expressed their willingness, continue in office in accordance with the provision of section 159 (2) of the Companies Act (Cap 486).

BY ORDER OF THE BOARD

B. K. MURAGE
COMPANY SECRETARY
27TH SEPTEMBER, 1999

Wakurugenzi wanatoa ripoti yao na maelezo ya hesabu zilizokaguliwa ya mwaka ulioishia tarehe 30 Juni 1999.

SHUGHULI

Shughuli muhimu ya kampuni zimeendelea kuwa ni shughuli za uzalishaji wa pesa.

MATOKEO	*Shs*
Faida kabla ya ushuru	*164,093,036*
kodi iliotozwa	*5,104,311*
Faida baada ya ushuru	*158,988,725*
Migao (kwa jumla)	*94,194,763*
Faida iliotengwa na kuwekwa kwenye akiba kuu	*64,793,962*

WAKURUGENZI

Washirika wa Halmashauri wameonyeshwa ukurasa wa 2. Bw. E.I. Manasseh aliyewakilisha shirika la ICDC, alistaafu. Mnamo tarehe 23 Aprili 1999 Mkurugenzi Mkuu wa shirika la ICDC Bw. K.K. Bett aliteuliwa mahali pake.

Kufuatia sharti 88 la Hati na Kanuni za Kampuni, shirika la ICDC (anaye liwakilisha Bw. K.K.Bett) na Bw. F.M. Thuo wanastaafu kwa zamu, na kwa vile wanaweza kuchaguliwa tena, wamejitolea wachaguliwe. Bw. Tony P.K.Wainaina aliteuliwa kuwa Msimamizi Mkuu mnamo tarehe 2 Agosti 1999.

WAKAGUZI

Deloitte & Touche waliteuliwa wakaguzi mnamo tarehe 5 Desemba 1999 na kwa kuwa wamedhihirisha hiari yao, wataendelea na kazi hii kufuatia kifungu nambari 159 (2) cha Sheria za Kampuni (Sehemu ya 486).

KWA AMRI YA HALMASHAURI YA WAKURUGENZI

B.K.MURAGE
KATIBU
27 SEPTEMBA, 1999

REPORT OF THE AUDITORS TO THE MEMBERS OF ICDC INVESTMENT COMPANY LIMITED

We have audited the financial statements on pages 14 to 24 and have all the information and explanations considered necessary for our audit.

The financial statements are the responsibility of the directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the directors, and evaluating the overall financial statement presentation.

In our opinion, proper books of account have been kept by the company and the financial statements, which are in agreement therewith, comply with the Companies Act and give a true and fair view of the company's state of affairs at 30th June 1999 and of its profit and cash flows for the year ended on that date.

Deloitte & Touche

CERTIFIED PUBLIC ACCOUNTANTS (KENYA)
"Kirungii" Ring Road, Westlands
P.O Box 40092, Nairobi

Deloitte & Touche

27TH SEPTEMBER, 1999

RIPOTI YA WAKAGUZI WA HESABU KWA WANAHISA WA ICDC INVESTMENT COMPANY LIMITED

Tumekagua hesabu zilizoko kwenye kurasa 14 mpaka 24 na tumepatiwa habari na maelezo yote muhimu kwa ukaguzi wetu.

Maelezo kuhusu fedha ni wajibu wa Wakurugenzi. Jukumu letu ni kufafanua wazo kuhusu maelezo ya fedha kulingana na ukaguzi wetu.

Ukaguzi wetu ulifanywa kulingana na kiwango cha ukaguzi wa hesabu kinachokubaliwa. Viwango hivi vinapendekeza kwamba tupange na tufanye ukaguzi ili tufikie uhakika kama maelezo kuhusu fedha ni ya kweli. Ukaguzi unahusu kuchunguza na kuthibitisha kwamba ushahidi unatolewa kuonyesha matumizi ya pesa katika taarifa ya matumizi, na pia kupima mbinu zilizotumika kuweka hesabu na makadirio muhimu yaliyotolewa na wakurugenzi na kuthamini kwa jumla maelezo yote yalioandaliwa kuhusu fedha.

kwa maoni yetu, vitabu vya hesabu vimetunzwa vizuri na pia maelezo ya fedha yanaambatana na vitabu hivyo na yanazingatia sheria za makampuni na kutoa maelezo ya haki kuhusu hali ya kampuni hadi tarehe 30 Juni 1999 pamoja na mapato na mielekeo ya fedha katika mwaka ulioishia tarehe hiyo.

Deloitte & Touche

CERTIFIED PUBLIC ACCOUTANTS (KENYA)
"Kirungii" Ring Road, Westlands
S.L.P. 40092, Nairobi

Deloitte & Touche

27 SEPTEMBA, 1999

Profit & Loss Account

for the year ended 30th June, 1999

	Note	1999 Shs	1998 Shs
Operating Profit	2	127,311,582	102,012,231
Gains on Disposals of Investments		36,781,454	49,243,313
Profit before Taxation		164,093,036	151,255,544
Taxation	3	5,104,311	1,511,349
Profit after Taxation		158,988,725	149,744,195
Dividends (gross)	4	94,194,763	84,775,287
Retained Profit for the Year	16	64,793,962	64,968,908
Earnings per Share	5	Shs 4.48	Shs 5.20

Balance Sheet

as at 30th June, 1999

	Note	1999 Shs	1998 Shs
FIXED ASSETS	6	175,125,072	177,562,536
INVESTMENTS IN SUBSIDIARIES	7	239, 759, 300	297,511,900
UNQUOTED INVESTMENTS	8	1,146,947,098	830,157,602
QUOTED INVESTMENTS	9	604,179,441	579,406,038
		325,810,911	
CURRENT ASSETS			
Loans due from related parties	10	54,734,930	-
Debtors and prepayments	11	58,600,439	51,859,101
Taxation recoverable		-	702,951
Bonds	12	8,980,074	-
Commercial paper	13	39,568,438	-
Short term deposits		20,000,000	5,000,000
Bank balances		9,910,940	13,905,653
TOTAL CURRENT ASSETS		**191,794,821**	**71,467,705**
CURRENT LIABILITIES			
Creditors and accruals		684,185	1,478,389
Tax payable		2,564,667	-
Due to ICDC		4,890,073	5,098,222
Loan instalments due within 12 months	14	-	13,333,333
Unclaimed dividends		22,265,732	26,091,593
Proposed dividends (gross)		56,516,858	56,516,858
TOTAL CURRENT LIABILITIES		86,921,515	102,518,395
NET CURRENT ASSETS/(LIABILITIES)		**104,873,306**	**(31,050,690)**
		2,270,884,217	**1,853,587,386**
Financed by:			
SHARE CAPITAL	15	188,389,525	141,292,145
RESERVES	16	2,082,494,692	1,692,295,241
SHAREHOLDER'S FUNDS		2,270,884,217	1,833,587,386
TERM LOAN	14	-	20,000,000
		2,270,884,217	**1,853,587,386**

The financial statements on pages 14 to 24 were approved by the board of directors on 27 September, 1999 and were signed on its behalf by:

Directors:

C J KIRUBI
Chairman

K K BETT
Director

Cashflow Statement

for the year ended 30th June, 1999

	Note	1999 Shs	1998 Shs
NET CASH INFLOW FROM OPERATING ACTIVITIES	17(a)	**122,005,355**	**107,192,934**
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Dividends paid		(98,020,624)	(84,770,031)
TAXATION PAID		(1,836,693)	(1,677,180)
INVESTING ACTIVITIES			
Purchase of equity investments		(179,256,377)	(139,494,740)
Proceeds of disposal of investments		44,766,131	76,715,813
Purchase of bonds		(8,980,074)	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(143,470,320)**	**(62,778,927)**
NET CASH OUTFLOW BEFORE FINANCING		(121,322,282)	(42,033,204)
FINANCING			
Loans received		-	40,000,000
Loans repaid		(33,333,333)	(6,666,667)
Proceeds from rights issue		259,964,270	-
Loans issued		(54,734,930)	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		**171,896,007**	**33,333,333**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	17(b)	**50,573,725**	**(8,699,871)**

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING
The company prepares its financial statements on the historical cost basis of accounting, modified to include the revaluation of equity investments and leasehold land and buildings.

CONSOLIDATION
The results of the subsidiaries have not been consolidated in these financial statements pursuant to Section 150 (b) (2) of the Companies Act, as the directors are of the opinion that the business of the holding company and that of the subsidiaries are so different that they cannot reasonably be treated as a single undertaking.

AMORTISATION OF LEASEHOLD PROPERTIES
The cost or valuation of leasehold properties is amortised in equal instalments over the remaining period of the lease.

INVESTMENTS
Quoted investments are stated at the middle market value as at 30 June. The unquoted investments are stated at directors' valuation using, principally, the share of the net assets basis, based on the latest available audited financial statements . The difference between valuation and cost is transferred to reserves.

CHANGE IN ACCOUNTING POLICY
Investments were previously stated at cost. In 1999, they have been stated at market value. This represents a change in accounting policy and prior year comparative figures have been restated accordingly.

BAD AND DOUBTFUL DEBTS
Specific provision is made for all known bad and doubtful debts. Bad debts are written off when all reasonable steps to recover them have been taken without success.

TAXATION
Current taxation is provided for on the basis of the results for the year as shown in the financial statements, adjusted in accordance with tax legislation and gazetted tax concessions given to the company.

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2 OPERATING PROFIT	1999 Shs	1998 Shs
The operating profit is arrived at after charging:		
Directors' emoluments:		
Fees	695,000	720,000
Other	1,246,000	1,586,000
Auditors' remuneration	180,000	140,660
Amortisation of leasehold properties	2,437,464	2,437,464
Interest on term loan	5,614,429	8,959,340
Interest on overdraft	1,291,665	899,541
Management fees	10,521,821	8,318,973
and after crediting:		
Dividend income (gross)		
- quoted investments	44,615,830	46,212,757
- unquoted investments	96,662,754	83,807,009
Rent receivable	1,459,859	1,448,020

3 TAXATION	1999 Shs	1998 Shs
Based on adjusted profit for the year	4,732,730	1,511,349
Adjustment in respect of prior year	371,581	-
	5,104,311	1,511,349

The adjusted profit for taxation purposes is significantly lower than the profit before taxation mainly due to tax concessions given on dividend income and gains on disposals of investments which are not chargeable to tax.

4 DIVIDENDS(gross)	1999 Shs	1998 Shs
Interim paid: 20% (1998_ 20%)	37,677,905	28,258,429
Final proposed: 30% (1998_ 40%)	56,516,858	56,516,858
	94,194,763	84,775,287

5 EARNINGS PER SHARE

The earnings per share has been calculated on the profit after taxation of Shs 158,988,725(1998-Shs 149,744,195) and on a weighted average number of ordinary shares in issue during the year of 35,464,328 (1998-28,258,429). A one for three rights issue was made during the year at a price of Shs 30 per share. The market value of one ordinary share immediately prior to the last date to exercise the rights (6 November 1998) was Shs 32. As the rights were issued at a discount, adjustments have been made for the effect of the rights issue on the earnings per share for 1998.

6 FIXED ASSETS	LEASEHOLD LAND AND BUILDINGS Consulate Chambers Shs	Uhuru Highway plot Shs	Total Shs
COST / VALUATION			
At 1 July 1998 and 30 June 1999	30,000,000	150,000,000	180,000,000
Comprising:			
At cost	718,750	80,507,800	81,226,550
At valuation 1997	29,281,250	69,492,200	98,773,450
	30,000,000	150,000,000	180,000,000
DEPRECIATION			
At 1 July 1998	701,754	1,735,710	2,437,464
Charge for the year	701,754	1,735,710	2,437,464
At 30 June 1999	1,403,508	3,471,420	4,874,928
NET BOOK VALUE			
At 30 June 1999	28,596,492	146,528,580	175,125,072
At 30 June 1998	29,298,246	148,264,290	177,562,536

7 INVESTMENT IN SUBSIDIARIES	1999 Shs	1998 Shs
Unquoted : At cost or directors' valuation		
Africa Retail Traders Limited		
80.5% owned (Cost shs 35,514,382)	18,311,800	76,064,400
Kenya National Properties Limited		
100% owned (Cost Shs 114,735,000)	221,447,500	221,447,500
	239,759,300	297,511,900

8 UNQUOTED INVESTMENTS

	Number of shares as at 01.7.98	Additions in the year	Number of shares as at 30.6.99	Cost as at 30.6.99 Shs	Additions in the year Shs	Cost at 30.6.99 Shs	Directors' valuation 30.6.99 Shs	Directors' valuation 30.6.98 Shs
1. Associated Battery Mfg.(E.A.) Ltd	45,850	-	45,850	1,899,990	-	1,899,990	9,477,195	9,545,970
2. Aon Minet Insurance Brokers Ltd	132,932	-	132,932	12,298,037	-	12,298,037	33,910,953	127,348,856
3. Dawa Pharmaceuticals Ltd	250,000	-	250,000	5,000,000	-	5,000,000	27,375,000	27,375,000
4. East Africa Industries Ltd	2,077,356	-	2,077,356	20,319,230	-	20,319,230	24,681,064	47,571,452
5. Eveready Batteries (Kenya) Ltd	21,259	-	21,259	4,030,400	-	4,030,400	70,862,625	65,645,666
6. Eslon Plastics of Kenya Ltd	146,561	-	146,561	427,120	-	427,120	3,649,369	3,649,369
7. General Motors Kenya Ltd	72,675	206,625	279,300	28,018,435	156,517,750	184,536,185	292,273,485	71,893,744
8. Heritage Wollen Mills Ltd	20,625	-	20,625	1,225,000	-	1,225,000	4,789,344	10,604,344
9. Kenya Wine Agencies Ltd	25,373,936	-	25,373,936	17,234,745	-	17,234,745	255,008,057	220,753,243
10. Kisii Bottlers Ltd	333,332	333,332	666,664	5,333,320	-	5,333,320	36,099,856	15,666,604
11. Mt Kenya Bottlers Ltd	500,278	-	500,278	10,005,560	-	10,005,560	124,369,111	33,368,543
12. Mather & Platt (Kenya) Ltd	10,139	-	10,139	2,118,455	-	2,118,455	1,799,673	1,884,333
13. Nairobi Bottlers Ltd	878,286	-	878,286	56,894,560	-	56,894,560	216,760,985	157,915,823
14. Nas Airport Services Ltd	73,056	-	73,056	7,396,470	-	7,396,470	40,830,998	31,830,499
15. Rift Valley Bottlers Ltd	447,733	-	447,733	1,661,435	-	1,661,435	5,059,383	5,104,156
				173,862,757	**156,517,750**	**330,380,507**	**1,146,947,098**	**830,157,602**

9 QUOTED INVESTMENTS	Number of shares at 1.7.98	Additions/ (disposals) in the year	Number of shares as at 30.6.99	Cost at 1.7.98 Shs	Additions/ (disposals) in the year Shs	Cost at 30.6.99 Shs	Market value at 30.6.99 Shs	Market value at 30.6.98 Shs
1. Barclays Bank of Kenya Ltd	166,779	-	166,779	4,214,628	-	4,214,628	18,679,248	17,011,458
2. Brooke Bond Kenya Ltd	28,970	-	28,970	5,428,024	-	5,428,024	4,287,560	3,795,070
3. British American Tobacco Kenya Ltd	132,587	(70,000)	62,587	4,649,068	(2,454,500)	2,194,568	5,382,482	5,966,415
4. B.O.C. Kenya Ltd	18,000	-	18,000	271,625	-	271,625	1,287,000	1,188,000
5. CFC Bank Ltd	80,000	-	80,000	10,000	-	10,000	1,200,000	1,360,000
6. Crown Berger Kenya Ltd	83,600	-	83,600	1,369,831	-	1,369,831	723,140	794,200
7. Diamond Trust Bank Kenya Ltd	406,619	-	406,619	4,214,164	-	4,214,164	9,555,547	9,148,928
8. East African Cables Ltd	139,850	-	139,850	478,479	-	478,479	2,783,015	3,181,588
9. East African Packaging Industries Ltd	14,880	-	14,880	104,306	-	104,306	206,088	297,600
10. Express Kenya Ltd	18,576	-	18,576	91,469	-	91,469	464,400	557,280
11. East African Breweries Ltd	504,438	(304,407)	200,031	7,871,093	(4,749,871)	3,121,222	15,602,418	26,735,214
12. Firestone East Africa (1969) Ltd	45,000	-	45,000	1,065,000	-	1,065,000	742,500	798,750
13. George Williamson (Kenya) Ltd	4,675	-	4,675	1,307,510	-	1,307,510	668,525	654,500
14. Housing Finance Co. of Kenya Ltd	22,291	100,000	122,291	225,043	1,400,000	1,625,043	1,528,638	356,656
15. Jubilee Insurance Company Ltd	55,108	11,021	66,129	283,964	-	283,964	1,884,677	1,680,794
16. The Kenya Power & Lighting Co. Ltd	29,802	54,901	84,703	1,119,295	4,611,317	5,730,612	9,571,439	5,662,380
17. Kenya Finance Bank Ltd (In Liquidation)	99,166	(99,166)	-	857,851	(857,851)	-	-	857,851
18. Kenya National Mills Ltd	79,180	-	79,180	898,715	-	898,715	1,108,520	1,979,500
19. Kenya Commercial Bank Ltd	272,065	100,000	372,065	11,956,532	4,488,900	16,445,432	17,114,990	19,044,550
20. Kenya Airways Ltd	181,620	-	181,620	2,043,225	-	2,043,225	1,489,284	1,271,340
21. National Bank of Kenya Ltd	351,835	-	351,835	7,395,164	-	7,395,164	2,111,010	4,222,020
22. N.I.C. Bank Ltd	130,193	(130,193)	-	30,384	(30,384)	-	-	5,337,913
23. Nation Media Group Ltd	58,330	58,330	116,660	3,163,265	-	3,163,265	15,049,140	6,766,280
24. Rea Vipingo Plantations Ltd	16,071	-	16,071	157,500	-	157,500	96,426	112,497
25. Sasini Tea & Coffee Ltd	656,526	(200,000)	456,526	2,460,403	(749,922)	1,710,481	24,652,404	49,239,450
26. Standard Chartered Bank of Kenya Ltd	219,625	-	219,625	7,479,624	-	7,479,624	10,981,250	9,004,625
27. Total Kenya Ltd	33,000	-	33,000	770,066	-	770,066	1,567,500	1,369,500
28. Uchumi Supermarkets Ltd	9,238,380	250,000	9,488,380	63,018,442	12,238,410	75,256,852	455,442,240	401,869,530
Total				132,934,670	13,896,099	146,830,769	604,179,441	580,263,889
Less: Provision for loss of investment (Kenya Finance Bank Limited)				(857,851)	-	-	-	(857,851)
				132,076,819	**13,896,099**	**146,830,769**	**604,179,441**	**579,406,038**

cont.../d

cont.../d

	1999 Shs	1998 Shs
10. LOANS DUE FROM RELATED PARTIES		
Industrial & Commercial Development Corporation (ICDC)	49,734,930	-
Riva Flora Ltd	5,000,000	-
	54,734,930	-
11. DEBTORS & PREPAYMENTS		
Dividends receivable	55,465,481	52,469,117
Interest receivable	6,700,140	972,461
Other debtors and prepayments	3,573,587	3,315,826
	65,739,208	56,757,404
Less: provision for bad and doubtful debts	(7,138,769)	(4,898,303)
	58,600,439	51,859,101
12. BONDS		
East Africa Development Bank Bonds	9,000,000	-
Less: Unearned discount	(19,926)	-
	8,980,074	-
13. COMMERCIAL PAPER		
Lonhro Motors East Africa Ltd		
Due 8 July 1999	10,000,000	-
Due 8 September 1999	15,000,000	-
Less: Unearned discount	(326,786)	-
	24,673,214	-
Athi River Mining Ltd		
Due 16 August 1999	5,000,000	-
Less: Unearned discount	(80,881)	-
	4,919,119	-
Mabati Rollings Mills Ltd		
Due 8 July 1999	10,000,000	-
Less: Unearned discount	(23,895)	-
	9,976,105	-
	39,568,438	-

14. TERM LOAN

	1999 Shs	1998 Shs
Secured bank loan repayable in semi-annual instalments by year 2000	-	33,333,333
Less: instalments due within 12 months	-	13,333,333
	-	20,000,000

The long term loan was repaid during the year using proceeds from the rights issue.

15. SHARE CAPITAL

	1999 Shs	1998 Shs
Authorised:		
60,000,000 ordinary shares of Shs 5 each	300,000,000	300,000,000
Issued and fully paid:		
37,677,905(199-28,258,429) ordinary shares of Shs 5 each	188,389,525	141,292,145

A one for three rights issue was made during the year.

16. RESERVES

	Share Premium Shs	Revenue Reserves Shs	Fixed assets revaluation Shs	Quoted and unquoted investments revaluation Shs	Total Shs
At 1 July 1998 as previously stated	96,536,205	225,078,808	119,793,645	-	441,408,658
Prior year adjustment	-	-	-	1,250,886,583	1,250,886,583
As restated at 1 July 1998	96,536,205	225,078,808	119,793,645	1,250,886,583	1,692,295,241
Share premium arising from rights issue, net of expenses	212,866,889	-	-	-	212,866,889
Surplus on revaluation of investments	-	-	-	112,538,600	112,538,600
Retained profit for the year	-	64,793,962	-	-	64,793,962
At 30 June 1999	309,403,094	289,872,770	119,793,645	1,363,425,183	2,082,494,692

UNQUOTED INVESTMENTS (CONTINUED)	1998/99 UNITS	%HOLDING	COST SHS.	INCOME SHS. (000'S)	1997/98 UNITS	%HOLDING	COST SHS.	INCOME SHS. (000'S)
1. Associated Battery Mfg (E.A.) Ltd.	45,850	3.58	1,899,990	536	45,850	3.58	1,899,990	358
2. Aon Minet Insurance Brokers Ltd.	132,932	21.50	12,298,037	16,752	132,932	21.5	12,298,037	13,861
3. Dawa Pharmaceuticals Ltd.	250,000	12.72	5,000,000	-	250,000	12.72	5,000,000	-
4. East Africa Industries Ltd.	2,077,356	9.52	20,319,230	-	2,077,356	9.52	20,319,230	-
5. Eveready Batteries Kenya Ltd.	21,259	10.12	4,030,400	36,055	21,259	10.12	4,030,400	29,911
6. Eslon Plastics Kenya Ltd.	146,561	7.33	427,120	-	146,561	7.33	427,120	-
7. General Motors (Kenya) Ltd.	279,300	17.82	184,536,185	4,227	72,675	4.64	28,018,435	4,425
8. Heritage Wollen Mills Kenya Ltd.	20,625	2.73	1,225,000	-	20,625	2.73	1,225,000	-
9. Kenya Wine Agencies Ltd.	25,373,936	26.43	17,234,745	12,687	25,373,936	26.43	17,234,745	7,789
10. Kisii Bottlers Ltd.	666,664	17.39	5,333,320	2,667	333,332	17.39	5,333,320	1,333
11. Mount Kenya Bottlers Ltd.	500,278	28.62	10,005,560	4,002	500,278	28.62	10,005,560	8,505
12. Mather & Platt Kenya Ltd.	10,139	6.76	2,118,455	-	10,139	6.76	2,118,455	30
13. Nairobi Bottlers Ltd.	878,286	27.62	56,894,560	9,040	878,286	27.62	56,894,560	2,900
14. Nas Airport Services Ltd.	73,056	9.13	7,396,470	9,132	73,056	9.13	7,396,470	11,990
15. Rift Valley Bottlers Ltd.	447,733	17.91	1,661,435	-	447,733	17.91	1,661,435	-
TOTAL UNQ. INV. (GROSS) (B)			480,629,889	96,663			324,112,138	83,807
TOTAL INV. (GROSS) (C) =(A)+(B)			627,460,658	141,279			457,046,808	130,020
LESS: TOTAL PROV. FOR								
LOSS OF INVESTMENTS (D)			-	-			(857,851)	
TOTAL NET INV. (E) = (C)-(D)			**627,460,658**	**141,279**			**456,188,957**	**130,020**

SUBSIDIARIES

1. African Retail Traders (Kenya) Ltd.	2,817,200	80.48	35,514,382	-	2,817,200	80.48	35,514,382	-
2. Kenya National Properties Ltd.	1,565,000	100.00	114,735,000	1,565	1,565,000	100	114,735,000	2,705

cont.../d

14. TERM LOAN

	1999 Shs	1998 Shs
Secured bank loan repayable in semi-annual instalments by year 2000	-	33,333,333
Less: instalments due within 12 months	-	13,333,333
	-	20,000,000

The long term loan was repaid during the year using proceeds from the rights issue.

15. SHARE CAPITAL

	1999 Shs	1998 Shs
Authorised:		
60,000,000 ordinary shares of Shs 5 each	300,000,000	300,000,000
Issued and fully paid:		
37,677,905(199-28,258,429) ordinary shares of Shs 5 each	188,389,525	141,292,145

A one for three rights issue was made during the year.

16. RESERVES

	Share Premium Shs	Revenue Reserves Shs	Fixed assets revaluation Shs	Quoted and unquoted investments revaluation Shs	Total Shs
At 1 July 1998 as previously stated	96,536,205	225,078,808	119,793,645	-	441,408,658
Prior year adjustment	-	-	-	1,250,886,583	1,250,886,583
As restated at 1 July 1998	96,536,205	225,078,808	119,793,645	1,250,886,583	1,692,295,241
Share premium arising from rights issue, net of expenses	212,866,889	-	-	-	212,866,889
Surplus on revaluation of investments	-	-	-	112,538,600	112,538,600
Retained profit for the year	-	64,793,962	-	-	64,793,962
At 30 June 1999	309,403,094	289,872,770	119,793,645	1,363,425,183	2,082,494,692

17. NOTES TO THE CASH FLOW STATEMENT

	1999 Shs	1998 Shs
(a) Reconciliation of profit before taxation to net inflow from operating activities		
Profit before taxation	164,093,036	151,255,544
Amortisation of leasehold premises	2,437,464	2,437,464
Gains on disposal of investments	(36,781,454)	(49,243,313)
Increase in debtors and prepayments	(6,741,338)	(6,046,396)
Decrease in amount due to ICDC	(208,149)	-
(Decrease)/ increase in creditors and accruals	(794,204)	5,709,612
Stamp duty written off	-	3,080,023
Net cash inflow from operating activities	122,005,355	107,192,934
(b) Analysis of changes in cash and cash equivalents		
Balance at 1 July	18,905,653	27,605,524
Increase/(decrease) in cash and cash equivalents	50,573,725	(8,699,871)
Balance at 30 June	69,479,378	18,905,653
(c) Analysis of balances of cash and cash equivalents		
Commercial paper	39,568,438	-
Short term deposits	20,000,000	5,000,000
Bank balances	9,910,940	13,905,653
	69,479,378	18,905,653

For the purposes of the cashflow statement, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity at the balance sheet date.

18. CAPITAL COMMITMENTS

	1999 Shs	1998 Shs
Authorised and not contracted for Equity in General Motors Kenya Limited- 206,625 ordinary shares of Shs 5 each at cost of Shs 750 each plus 1% stamp duty	-	156,518,437

19. CONTINGENT LIABILITY

Suppliers credit guarantee on behalf of African Retail Traders Ltd	25,000,000	-

QUOTED INVESTMENTS	1998/99 UNITS	%HOLDING	COST SHS.	INCOME SHS. (000'S)	1997/98 UNITS	%HOLDING	COST SHS.	INCOME SHS. (000'S)
1. Barclays Bank of Kenya Ltd.	166,779	0.108	4,214,628	1,835	166,779	0.108	4,214,628	1,968
2. Brooke Bond Kenya Ltd.	28,970	0.059	5,428,024	116	28,970	0.059	5,428,024	-
3. British American Tobacco Kenya Ltd.	62,587	0.083	2,194,568	994	132,587	0.176	4,649,068	1,079
4. B.O.C. Kenya Ltd	18,000	0.092	271,625	81	18,000	0.092	271,625	44
5. C.F.C. Bank Ltd.	80,000	0.080	10,000	54	80,000	0.080	10,000	54
6. Crown Berger Kenya Ltd.	83,600	0.388	1,369,831	-	83,600	0.388	1,369,831	113
7. Diamond Trust Bank Kenya Ltd.	406,619	0.511	4,214,164	325	406,619	0.511	4,214,164	244
8. East African Cables Ltd	139,850	0.691	478,479	280	139,850	0.691	478,479	280
9. East African Packaging Industries Ltd.	14,880	0.194	104,306	-	14,880	0.194	104,306	-
10. Express Kenya Ltd.	18,576	0.387	91,469	32	18,576	0.387	91,469	41
11. Firestone East Africa (1969) Ltd	45,000	0.016	1,065,000	1,802	45,000	0.016	1,065,000	3,027
12. George Williamson (Kenya) Ltd.	4,675	0.053	1,307,510	67	4,675	0.053	1,307,510	75
13. Housing Finance Co. of Kenya Ltd.	122,291	0.106	1,625,043	12	22,291	0.019	225,043	35
14. Jubilee Insurance Company Ltd.	66,129	0.184	283,964	133	55,108	0.153	283,964	27
15. Kenya Breweries Ltd.	200,031	0.207	3,121,222	74	504,438	0.207	7,871,093	96
16. Kenya Power & Lighting Co. Ltd.	84,703	0.087	5,730,612	313	29,802	0.085	1,119,295	1,341
17. Kenya Finance Bank Ltd. (In Liquidation)	-	-	-	-	99,166	0.099	857,851	-
18. Kenya National Mills Ltd.	79,180	0.157	898,715	-	79,180	0.157	898,715	101
19. Kenya Commercial Bank Ltd.	372,065	0.332	16,445,432	1,632	272,065	0.194	11,956,532	1,733
20. Kenya Airways Ltd.	181,620	0.039	2,043,225	-	181,620	0.039	2,043,225	272
21. National Bank of Kenya Ltd.	351,835	0.176	7,395,164	176	351,835	0.176	7,395,164	447
22. N. I. C. Bank Ltd.	-	-	-	97	130,193	0.197	30,384	292
23. Nation Media Group Ltd.	116,660	0.328	3,163,265	295	58,330	0.491	3,163,265	87
24. Rea Vipingo Plantations Ltd.	16,071	0.027	157,500	-	16,071	0.027	157,500	6
25. Sasini Tea & Coffee Ltd.	456,526	1.201	1,710,481	457	656,526	1.727	2,460,403	2,070
26. Standard Chartered Bank of Kenya Ltd.	219,625	0.133	7,479,624	1,098	219,625	0.133	7,479,624	823
27. Total Kenya Ltd	33,000	0.061	770,066	99	33,000	0.061	770,066	86
28. Uchumi Supermarkets Ltd.	9,488,380	15.814	75,256,852	34,644	9,238,380	15.397	63,018,442	31,872
TOTAL QUOTED INVESTMENTS (GROSS)(A)			**146,830,769**	**44,616**			**132,934,670**	**46,213**

UNQUOTED INVESTMENTS (CONTINUED)	1998/99 UNITS	%HOLDING	COST SHS.	INCOME SHS. (000'S)	1997/98 UNITS	%HOLDING	COST SHS.	INCOME SHS. (000'S)
1. Associated Battery Mfg (E.A.) Ltd.	45,850	3.58	1,899,990	536	45,850	3.58	1,899,990	358
2. Aon Minet Insurance Brokers Ltd.	132,932	21.50	12,298,037	16,752	132,932	21.5	12,298,037	13,861
3. Dawa Pharmaceuticals Ltd.	250,000	12.72	5,000,000	-	250,000	12.72	5,000,000	-
4. East Africa Industries Ltd.	2,077,356	9.52	20,319,230	-	2,077,356	9.52	20,319,230	-
5. Eveready Batteries Kenya Ltd.	21,259	10.12	4,030,400	36,055	21,259	10.12	4,030,400	29,911
6. Eslon Plastics Kenya Ltd.	146,561	7.33	427,120	-	146,561	7.33	427,120	-
7. General Motors (Kenya) Ltd.	279,300	17.82	184,536,185	4,227	72,675	4.64	28,018,435	4,425
8. Heritage Wollen Mills Kenya Ltd.	20,625	2.73	1,225,000	-	20,625	2.73	1,225,000	-
9. Kenya Wine Agencies Ltd.	25,373,936	26.43	17,234,745	12,687	25,373,936	26.43	17,234,745	7,789
10. Kisii Bottlers Ltd.	666,664	17.39	5,333,320	2,667	333,332	17.39	5,333,320	1,333
11. Mount Kenya Bottlers Ltd.	500,278	28.62	10,005,560	4,002	500,278	28.62	10,005,560	8,505
12. Mather & Platt Kenya Ltd.	10,139	6.76	2,118,455	-	10,139	6.76	2,118,455	30
13. Nairobi Bottlers Ltd.	878,286	27.62	56,894,560	9,040	878,286	27.62	56,894,560	2,900
14. Nas Airport Services Ltd.	73,056	9.13	7,396,470	9,132	73,056	9.13	7,396,470	11,990
15. Rift Valley Bottlers Ltd.	447,733	17.91	1,661,435	-	447,733	17.91	1,661,435	-
TOTAL UNQ. INV. (GROSS) (B)			480,629,889	96,663			324,112,138	83,807
TOTAL INV. (GROSS) (C) =(A)+(B)			627,460,658	141,279			457,046,808	130,020
LESS: TOTAL PROV. FOR								
LOSS OF INVESTMENTS (D)			-	-			(857,851)	
TOTAL NET INV. (E) = (C)-(D)			**627,460,658**	**141,279**			**456,188,957**	**130,020**

SUBSIDIARIES

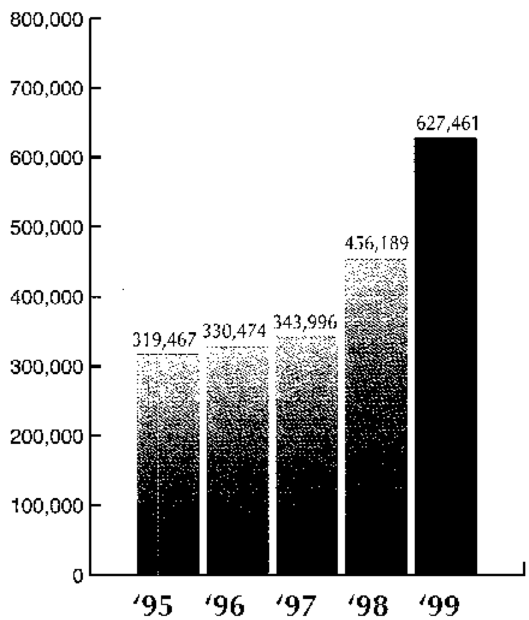
	1998/99 UNITS	%HOLDING	COST SHS.	INCOME SHS. (000'S)	1997/98 UNITS	%HOLDING	COST SHS.	INCOME SHS. (000'S)
1. African Retail Traders (Kenya) Ltd.	2,817,200	80.48	35,514,382	-	2,817,200	80.48	35,514,382	-
2. Kenya National Properties Ltd.	1,565,000	100.00	114,735,000	1,565	1,565,000	100	114,735,000	2,705

cont.../d

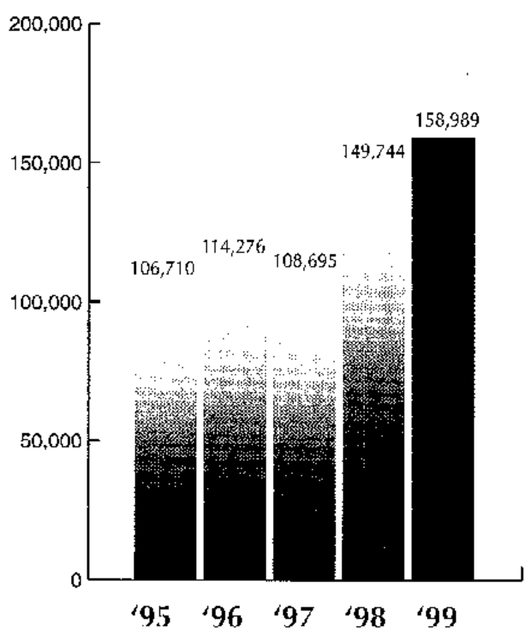
(EXPRESSED IN SHS. '000) **RESULTS**	**1999**	**1998**	**1997**	**1996**	**1995**	**1994**	**1993**	**1992**	**1991**	**1990**
Revenue (Gross)	195,636	186,326	128,951	132,939	125,614	97,896	54,365	48,464	45,576	43,129
Net Profit after taxation	158,989	149,744	108,695	114,276	106,710	76,884	44,097	31,230	33,153	34,454
Undistributed profit brought forward	225,079	207,190	192,681	171,509	143,026	109,320	100,204	106,978	98,311	83,550
	384,068	356,934	301,376	285,785	249,736	186,204	144,301	138,208	131,464	118,004
Dividends paid & Proposed	94,195	84,775	94,186	84,767	61,221	43,178	31,402	27,563	27,236	19,371
Profit Capitalised	-	47,080	-	-	18,939	-	3,473	-	-	-
	94,195	131,855	94,186	84,767	80,160	43,178	34,875	27,563	27,236	19,371
Retained Profit carried forward	289,873	225,079	207,190	201,018	169,576	143,026	109,426	110,645	104,228	98,633
ASSETS EMPLOYED:										
Fixed assets	175,125	177,562	180,000	80,972	77,903	64,485	64,496	64,507	46,842	45,867
Investments	1,990,886	1,707,076	343,996	330,474	319,467	248,330	241,810	160,701	119,083	94,609
Net Current Assets (Liabilities)	104,873	(31,051)	(9,515)	(2,175)	(19,542)	35,282	(4,309)	74,457	109,648	81,011
	2,270,884	1,853,587	514,481	409,271	377,828	348,097	301,997	299,665	275,573	221,487
FINANCED BY:										
Share Capital	188,390	141,292	94,186	94,186	94,186	78,505	78,505	75,000	75,000	55,345
Reserves	2,082,494	1,692,295	420,295	315,085	283,642	257,092	223,492	224,665	200,573	161,142
Shareholders' Funds	2,270,884	1,833,587	514,481	409,271	377,828	335,597	301,997	299,665	275,573	216,487
Loan Capital	-	20,000	-	-	-	12,500	-	-	-	5,000
	2,270,884	1,853,587	514,481	409,271	377,828	348,097	301,997	299,665	275,573	221,487
RATIOS EXPRESSED IN SHS. PER SHARE:										
Earnings per Share	4.48	5.20	5.77	6.07	5.66	4.89	2.81	2.02	2.21	3.11
Dividend per Share	2.50	3.00	4.00	4.50	3.25	2.75	2.00	2.00	2.00	1.75
Dividend Cover Times	1.79	1.77	1.15	1.34	1.74	1.78	1.40	1.13	1.22	1.78
Net Asset Value per Share	60.27	65.59	27.31	21.73	20.06	21.37	19.25	19.97	18.37	19.55

Five Years - 1995 to 1999

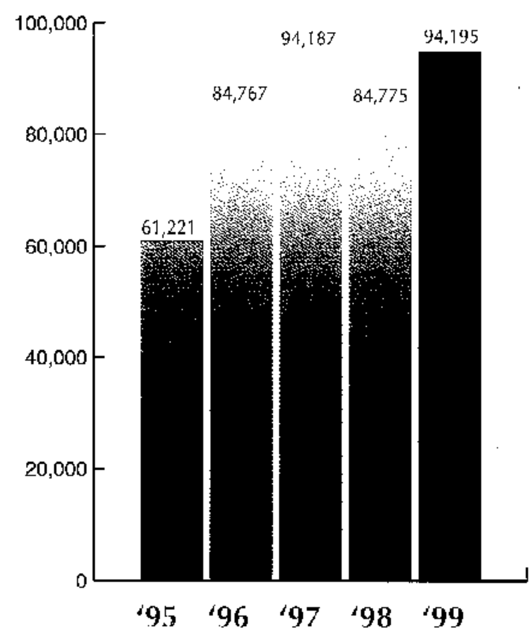
INVESTMENTS AT COST
IN SHS. 000'S



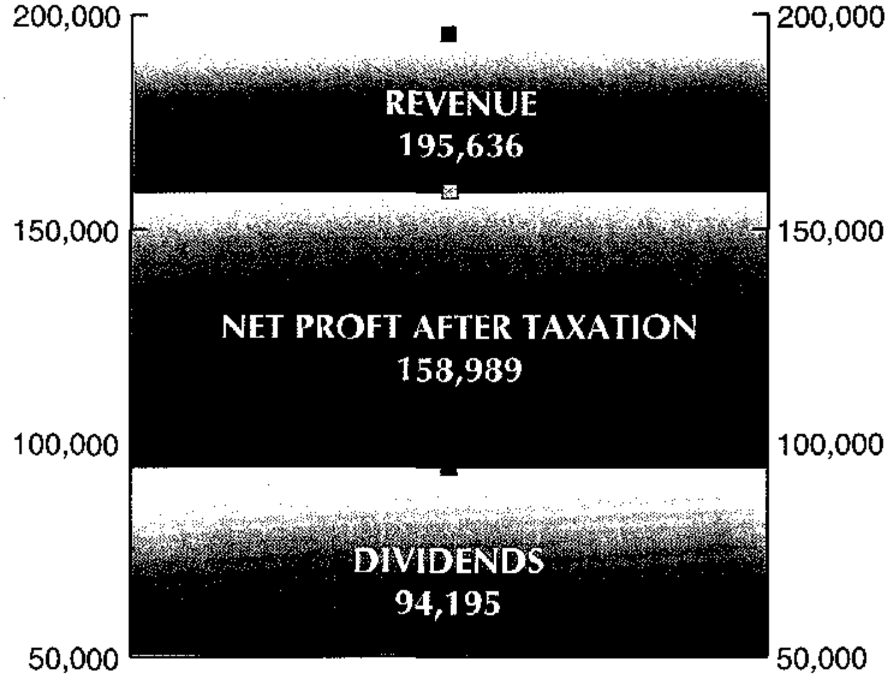
NET PROFIT AFTER TAX
IN SHS. 000'S



DIVIDENDS PAID & PROPOSED
IN SHS. 000'S



1999 RESULTS
IN SHS. 000'S



ASSETS EMPLOYED
IN SHS. 000'S