ICDC
INVESTMENT COMPANY
LIMITED

ANNUAL REPORT AND ACCOUNTS
FINANCIAL YEAR 2001/2002

Contents
Yaliyomo

Corporate Information

Maelezo juu ya Kampuni

BOARD OF DIRECTORS	C J Kirubi (Chairman) T P K Wainaina (Managing) Industrial & Commercial Development Corporation (ICDC) Dr N K Ng'eno (Alternate to ICDC) M Mwangola F M Thuo J P N Simba I O Awuondo Dr K W Getao The Permanent Secretary, Ministry of Trade and Industry Eng J N Masila (Alternate to Permanent Secretary, Ministry of Trade and Industry)
COMPANY SECRETARY	P K Mwangi
REGISTERED OFFICE	International House Mama Ngina Street P O Box 10518 00100 - Nairobi
AUDITORS	Deloitte & Touche "Kirungii" Ring Road, Westlands P O Box 40092 Nairobi
BANKERS	Commercial Bank of Africa Limited P O Box 30437 Nairobi Standard Chartered Bank Kenya Limited P O Box 40310 Nairobi Citibank NA P O Box 30711 Nairobi Barclays Bank of Kenya Limited P O Box 30120 Nairobi
LAWYERS	Simba & Simba Advocates P O Box 10312 Nairobi Mboya Advocates P O Box 10818 Nairobi

Board of Directors

Halmashauri ya Wakurugenzi

Chris J. Kirubi
Chairman - Mwenyekiti

Tony K. Wainaina
Managing Director - Mkurugenzi Mkuu

Francis M. Thuo
Director - Mkurugenzi

Dr. Nehemiah K. Ng'eno
Alt. Director - Mkurugenzi

Margaret W. Mwangola (Mrs)
Director - Mkurugenzi

Isaac O. Awuondo
Director - Mkurugenzi

John P. N. Simba
Director - Mkurugenzi

Dr. Katherine W. Getao
Director - Mkurugenzi

Eng. John N. Masila
Alt. Director - Mkurugenzi

Peter K. Mwangi
Company Secretary - Katibu wa Kampuni

Notice of Meeting

NOTICE OF ANNUAL GENERAL MEETING TO ALL THE SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the 35th Annual General Meeting of the Company will be held on Wednesday, 18th December 2002 at the Intercontinental Hotel, Nairobi at 11.00a.m. for the following purposes: -

ORDINARY BUSINESS

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

2. To confirm the minutes of the 34th Annual General Meeting held on Wednesday, 17th October 2001.

3. To receive and consider the Audited Financial Statements for the financial year ended 30th June 2002 together with the Directors' and Auditors' reports thereon.

4. To declare a First and Final Divided of Kshs 2.00 per share in respect of the year ended 30th June 2002.

5. To approve the Directors' remuneration for the year ended 30th June 2002.

6. (a) To re-elect Industrial and Commercial Development Corporation (ICDC), a corporate director retiring by rotation, which being eligible, offers itself for re-election.

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

7. To note that Deloitte & Touche, having expressed their willingness, continue in office in accordance with the provisions of section 159(2) of the Companies Act (Cap 486); and, to authorize the Directors to fix their remuneration.

SPECIAL BUSINESS

8. To consider, and if thought fit to pass, the following resolution as a Special Resolution.

   "That the Articles of Association of the company be amended by the insertion of the following new Articles immediately after Article 46 under the sub-title:

   Application of Central Depositories Act:

   46A The provisions of the Central Depositories Act 2000 as amended or modified from time to time shall apply to the company to the extent that any securities of the Company are in part or in whole immobilized or dematerialized or are required by the regulations or rules issued

Ilani ya Mkutano

ILANI YA MKUTANO MKUU WA MWAKA KWA WENYEHISA WOTE

ILANI INATOLEWA KWAMBA MKUTANO MKUU WA MWAKA wa thelathini na tano wa Kampuni hii utafanywa siku ya Jumatano, tarehe 18 Desemba, 2002 katika Hoteli ya Intercontinental, Nairobi saa tano za asubuhi kwa madhumuni ya kutekeleza shughuli zifuatazo:-

SHUGHULI ZA KAWAIDA

1. *Katibu kusoma ilani ya mkutano.*

2. *Kuthibitisha kumbukumbu za Mkutano Mkuu wa Mwaka wa thelathini na nne uliofanywa siku ya Jumatano tarehe 17 Oktoba 2001.*

3. *Kupokea na kufikiria Hesabu zilizokaguliwa za mwaka uliomalizika tarehe 30 Juni, 2002 na ripoti za Wakurugenzi na Wakaguzi wa Hesabu.*

4. *Kuamua malipo ya Mgao wa kwanza na wa mwisho wa Shilingi 2.00 kwa kila hisa ya mwaka uliomalizika tarehe 30 June, 2002.*

5. *Kuthibitisha malipo ya Wakurugenzi kwa mwaka uliomalizika tarehe 30 Juni, 2002.*

6. *(a) Kuichagua tena kama Mkurugenzi wa Kishirika, Industrial and Commercial Development Corporation (ICDC) ambayo yaastaafu kwa zamu, na kwa vile yaweza kuchaguliwa tena, yajitolea kuchaguliwa.*

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

7. *Kufahamishwa kwamba kwa kuwa Deloitte & Touche wakaguzi wa hesabu, walidhihirisha hiari yao, wataendelea na kazi hiyo kufuatia sehemu nambari 159(2) ya sheria za Makampuni (Kifungu cha 486); vilevile kuidhinisha Wakurugenzi waweke kipimo cha ada ya Wakaguzi wa Hesabu.*

SHUGHULI MAALUM

8. *Kuchunguza na kama ni sawa, kupitisha azimio lifuatalo kama azimio maalum.*

   "Kwamba Kanuni za kampuni zibadilishwe kwa kujumlisha Kanuni ifuatayo mpya ifuatie Kanuni 46 chini ya kichwa:

   Kanuni ya Utekelezaji Amana:

   46A Maafikio ya kanuni ya uwekaji amana 2000 kama ilivyobadilishwa na kuandikwa upya mara kwa mara itatekelezwa kwa kampuni kiwango kuwa amana za kampuni zikiwa kwa under the Central Depositories Act to be immobilized or dematerialized in part or in whole, as the case may be.

Any provisions of these articles that are inconsistent with the Central Depositories Act or any regulations or rules issued or made pursuant thereto shall be deemed to be modified to the extent of such inconsistencies in their application to such securities. For the purposes of these articles of association, immobilization and dematerialization shall be construed in the same way as they are construed in the Central Depositories Act.

46B Where any securities of the company are forfeited pursuant to these articles of association after being immobilized or dematerialized, the Company shall be entitled to transfer such securities to a securities account designated by the directors for this purpose."

ANY OTHER BUSINESS

9. To transact any other business, which may be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Peter K. Mwangi
Company Secretary
NAIROBI.

18th November 2002

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.

jumla au kwa vipande zitatekelezwa kama inavyotakikana na sheria chini ya kifungu cha kanuni ya utekelezaji amana kuambatana na hali ya masuala.

Maafikio ya kanuni hizi yanaambatanaishwa na kanuni ya utekelezaji amana au sheria na mbinu zinazotolewa na kurekebishwa kutegemea wakati kiwango cha utekelezaji wa amana aina hizo kwa minajili ya kanuni za kampuni. Utekelezaji wa amana hizi unafanyika vile tu ulivyoelezewa na kanuni za utekelezaji amana.

46B Pale ambapo amana za kampuni zinaambatanishwa na kanuni za kampuni baada ya kutekelezwa, kampuni inakuwa na jukumu la kuhamisha amana hizo kwenye akaunti ya amana kama inavyoshurutishwa na wakurugenzi kwa lengo hili."

SHUGHULI ZINGINE

9. Kutekeleza shughuli zingine zozote ambazo zaweza kutekelezwa kwenye Mkutano Mkuu wa kila Mwaka.

KWA AMRI YA HALMASHAURI YA WAKURUGENZI

Peter K. Mwangi
Katibu
NAIROBI.

18 Novemba 2002

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

Chairman's Statement

Chris J. Kirubi, Chairman

To the Shareholders of ICDC Investment Company Limited

Once again, I am pleased to present to you the annual report on the financial performance and operations of your company for the financial year ended 30 June 2002.

I shall not dwell too much on the background against which your company operated during the financial year. You are all aware, each one of you having been directly or indirectly affected, that the economic recession persisted during the period under review. Economic growth in Kenya was marginal at 0.2%, up from a negative growth rate of −0.3% during the previous financial year. As the difficult economic environment persisted, your Company continued to diligently pursue its strategy of diversifying and reconfiguring its investment portfolio. In my report to you last year, I stated that we shall continue to pursue this approach. The good results of your company this year are testimony to the merits of resolutely pursuing this approach.

However, we are not yet out of the woods. Although we feel more comfortable than we did last year that we are on the right path, there is still more work to be done. This is a continuous process. The economy is still growing very slowly, and the short-term outlook remains unpromising.

In preparing the financial statements we have had to restate the FY2000/2001 figures on account of changes arising from restatement of a few of the associate companys' earnings, and to account for a reclassification of property revaluation reserves as revenue reserves as required by the new International Accounting Standard No. 40 on Investment Properties.

THE DIVIDEND YOUR BOARD IS RECOMMENDING

Your board is recommending the payment of a first and final dividend of KShs2.00 per share. This is similar to the dividend paid in the previous financial year. Our policy continues to be to pursue a prudent dividend policy, particularly in difficult economic times. More importantly, as an investment company, the buyer's market presented by the poor state of the economic environment continues to present attractive and relatively inexpensive investment opportunities. We are certain that re-investing your company's retained earnings into these opportunities will ensure future sustained shareholder returns over the longer term.

YOUR COMPANY'S MANAGEMENT TEAM

We continued to maintain a lean management team totaling 10 at the end of the financial year. As I mentioned in last year's statement, we recruited a Risk Manager into

HOW YOUR COMPANY PERFORMED

Highlights

Investment income and share of associate company profits	up 21.7% to KShs	**380.6 million**
Operating profit	up 73.8% to KShs	**88.6 million**
Expenses	down 13.2% to KShs	**63.7 million**
Pre-tax profit	up 34.9% to KShs	**306.6 million**
Profit after tax	up 59.7% to KShs	**246.5 million**

Your company was more or less able to meet the expectations that had been set in the projections presented in the public share issue prospectus, in October 2001.

(KShs'000)	**30th June 2002 actual**	30th June 2002 projections	Variance
Investment income	**152,322**	151,848	0.3%
Expenses	**63,742**	62,864	1.4%
Operating profit	**88,580**	88,984	-0.5%
Share of associate company profits	**228,294**	270,361	-15.5%
Profit after tax	**246,522**	250,600	-1.6%
Earnings per share	**4.83**	4.55	6.2%

the team – Michael Sumba - in November 2001. The benefits of incorporating this discipline into the company are already yielding results. From a risk perspective, our investment portfolio is less exposed than in previous years, and our investment appraisal and management systems have been enhanced.

YOUR INVESTMENTS: ACTIVITY AND PERFORMANCE

In the midst of a bleaker investment environment during the financial year, we adopted an optimistic and positive stance, targeting fundamentally sound and inexpensive investments that presented themselves in the prevailing buyers' market. Investment income was up 22.5% to KShs152.3 million. Investments made during the year totaled KShs241.1 million. The bulk of new investments were funded by the proceeds of the public share issue, which took place between October and December 2001.

We focused our investment activities in the quoted portfolio on undervalued companies possessing all or a number of the following attributes - sound management, a clear strategic vision, defensible competitive strengths, and significant potential to improve performance. East African Breweries, Carbacid Investments and Kenya Commercial Bank were the companies where most of our quoted company investments were directed. These investments were made in line with our strategic objective of continuously seeking out opportunities with significant medium to long-term potential. The dividends earned from quoted investments decreased by 38% to KShs 35 million. The overall value of the quoted equity portfolio declined by 46.5% to KShs 495.6 million. The decline was exacerbated by the heavy weighting of Uchumi Supermarkets Ltd. in the quoted portfolio, whose market value fell sharply during the period under review by 63.4%. I however must hasten to add that our confidence in this investment remains steadfast. We are confident that the strengthened management team at Uchumi, the local and regional expansion programme and investment in information technology will trigger a turnaround in the market value of this investment.

There was a greater level of investment activity in your company's unquoted equity portfolio, in both new and existing companies. The latest addition to the portfolio is Wildlife Works Inc., our first offshore investment. This is a garment manufacturing company, with a production facility established in an export-processing zone in Maungu near Voi. The company exports its products under the Africa Growth and Opportunity Act (AGOA) to high value niche markets in the United States. We are confident that this investment will yield satisfactory returns in the medium to long-term horizon. Additional investments were also made in UAP Provincial Insurance Company. Through our Coca-Cola bottling company interests, investments have been made in preparation for the launch of alternative beverages such as water and juices, into the Kenya market. The dividends earned from unquoted investments increased by 4% to KShs 128 million. The overall value of the unquoted equity portfolio declined by 2.2% to just under KSh1.5 billion.

There was significantly more activity in the fixed income investment market, compared to previous years. The value of fixed income securities, which include short-term deposits, increased by 446% to KShs133.8 million. The bulk of fixed income security investments – 97%, was in one to five year treasury bonds. Interest income from fixed income securities increased by 118% to KShs 7 million. Moderate capital gains were also realized from trading on the secondary bond market. During the year, we were able to reduce our borrowings from KShs132.3 million to nil, leaving a debt-free balance sheet by the end of the financial year.

YOUR SUBSIDIARIES

Your company's subsidiary, Kenya National Properties (KNP) performed well during the year, despite the continued depression in the overall property market. Turnover increased by 17% to KShs 26 million, and operating profit before tax increased by 19% to KShs 13.5 million. KNP's after tax profit increased by 247% to KShs 35.7 million. The bulk of the increase in profitability arose from the gain on the disposal of its investment in Minken Properties Limited, the holding company of Aon Minet House. Your board took the decision to dispose of this investment to take advantage of the attractive gain opportunity, in a depressed property market, and to re-invest the proceeds into more attractive opportunities. The bulk of the rehabilitation programme was carried out during the year, and is expected to be complete by the end of 2002. New lifts have been installed, and the internal décor has been refurbished extensively. KNP is already in the process of bringing in better paying, higher quality tenants, which is expected to enhance the profitability of this investment in the coming years. The 18% value added tax (VAT) on rent from commercial properties which had been imposed in the 2001 Government of Kenya budget proposals, has been revoked. This was good news, and means that we shall not be negatively impacted by having to impose a VAT burden on our tenants at Kimathi House.

THE PUBLIC SHARE ISSUE

The public share issue held between October and December 2001 managed to achieve a subscription rate of 64%, raising KShs331 million. We were very pleased with this response from existing and new shareholders.

Your Board understands that this was a very difficult time for investors, burdened with having to meet increasing financial demands with less money in their pockets. However, as I explained to you in last year's report, Your Board's intention was to raise capital to enable your company invest in a number of timely and attractive opportunities. Even though the timing for raising capital was not perfect – but the timing for making investments was. As promised, the proceeds have been invested in the manner we had indicated in the prospectus – between Coca-Cola bottling, quoted equities, offshore investments and fixed income securities. We have been able to reconfigure the allocation of assets within your company into a less risky portfolio with greater earning potential. What was most gratifying was the addition of five thousand new shareholders, who were investing in ICDCI for the first time. We extend a warm and welcoming hand to the ICDCI family.

I thank you all most sincerely for your demonstration of confidence in ICDCI, through your participation in this capital raising effort. We will do our utmost not to fall short of your expectations.

THE FUTURE PROSPECTS OF YOUR COMPANY

Our strategic plan remains firmly in place, and judging from this year's performance, we are confident that your company is on course to achieve its vision. Underlying this vision are the values your company has continued to sustain as its guiding principles – the values of transparency, honesty and integrity. As I have said in the past, and shall continue to espouse is what your board believes to be one of its most valuable assets – the loyalty and commitment of its shareholders. Our challenge as your board is to continue strengthening your loyalty and commitment by meeting and exceeding your expectations, year after year.

On the issue of registering as a collective investment scheme, your company continues to liaise with the Capital Markets Authority. As I had mentioned to you in last year's report, our intention was to undertake this process in a deliberately slow and cautious manner.

Your company's investment horizon will continue to be medium to long-term. In the coming year, and if all things go according to plan, your company intends to diversify its portfolio further into new sectors, where we have not invested. We also plan to add further value to your subsidiary – Kenya National Properties, by seeking partnerships with professional property investors.

SINCERE THANKS TO YOU ALL

As always, your Board wishes to thank you, the shareholders, first. This has been another difficult year, and with your support and confidence in your Board and management, we have been able to weather the storm. I thank the Directors for the value they have added to the deliberations of and decisions taken by the Board. Their independent and wise counsel has added great value to the performance of your company. I thank the management for implementing company strategy on a day-to-day basis in a diligent and prudent manner. Finally, I thank all our associate and other investee companies for their outstanding performance during the year. We value our relationship with you. Finally, I thank the regulators – the Capital Markets Authority and the Nairobi Stock Exchange, and the stockbrokerage community for the cordial relationships we have enjoyed throughout the year.

As I come to the end of my statement, I ask you all to pray for our country Kenya as we approach the general elections in December. These elections will mark a turning point in the history of our country. The actions of the next government will determine whether or not an enabling environment can be created to accelerate the economic growth that we all know this country can achieve. The fortunes of your company are also dependent on the creation of this enabling environment. Let us all pray for a peaceful election, and that each one of us will participate to ensure a positive outcome.

I would be failing in my duties if I did not say something about HIV/AIDS. This pandemic is extremely serious, not just for all of us as individuals, but for our families, communities, businesses, investments and the country as a whole. As individuals, we must fight the HIV/AIDS scourge by educating ourselves, taking preventive measures and receiving regular testing at VCT and other testing facilities. In our companies, we must offer comprehensive awareness programmes and offer anti- retroviral treatments. Our Coca-Cola bottlers are already doing this, and we are in the process of encouraging all the other companies in which we are invested to follow suit.

On a final note, I wish to assure you that your Board continues to be guided by the principles of good corporate governance. Your board recognizes its collective responsibility to ensure that you, the shareholders and owners of this company, achieve above-average sustainable returns on your investment, year after year.

God bless you all.

CHRISTOPHER J KIRUBI
CHAIRMAN

31 October 2002

Taarifa ya Mwenyekiti

Chris J. Kirubi, *Mwenyekiti*

Kwa Wanahisa wa Kampuni ya ICDC Investment Company Limited.

Kwa mara nyingine, ni fahari kwangu kuwasilisha kwenu ripoti juu ya fedha na utendaji wa kampuni yenu wa mwaka wa fedha ulioisha 2001 / 2002.

Haina haja kusisitiza jinsi mazingara ya utendaji kwa jumla yalivyokuwa kwa kampuni yenu mwaka huu. Nyote mwafahamu kwamba hali ya uchumi nchini ilizidi kudhoofika zaidi mwaka huu tunaochungua. Uchumi ulikua kwa asilimia 0.2 ambao ni afadhali dhidi ya upungufu was asilimia 0.3 mwaka uliopita. Ingawa hali ya uchumi iliendelea kuzorota, kampuni yenu iliendeleza mbinu za kuunda vilevile kusambaza rasilimali kote kwa makini. Katika taarifa yangu kwenu mwaka uliopita, nilikariri kuwa tutaendeleza mwelekeo huo. Matokeo bora ya kampuni yenu mwaka huu ni ushuhuda unaodhihirisha juu ya busara ya kufuatilia mtindo huo.

Walakini, mazingara ya utendaji bado hayajaimarika. Ingawa tunahisi nafuu kwamba tunafuata mwelekeo unaofaa kuliko mwaka uliopita, bado tunayo kazi kubwa mbele yetu. Tunaendeleza mbinu hizo bila kusita. Uchumi bado unakua pole pole na kwa hivyo matarajio ya hapo mbele siyo ya kufana sana.

Kwa kutayarisha taarifa ya kifedha ilibidi hesabu za mwaka 2000/ 2001 kurekebishwa ili kutia maanani mapato ya mashirika na vilevile yanayotokana na kubadilika kwa thamani ya nyumba zetu ili kuambatana na Kanuni za Kimataifa za Uhasibu.

MAPENDEKEZO YA HALMASHAURI YA WAKURUGENZI JUU YA MGAO WA FAIDA

Halmashauri ya Wakurugenzi wanapendekeza malipo ya mgao wa kwanza na mwisho wa mwaka wa shilingi 2.00 kwa kila hisa. Malipo hayo yanalingana na malipo ya mwaka uliopita. Msimamo wetu ni kuendeleza ulipaji wa mgao wenye fikira ya siku zijazo, hasa nyakati hizi ambazo uchumi umedhoofika. Licha ya hali mbaya ya mazingira ya kiuchumi, nafasi nzuri zauchumishaji wa fedha zinatokeza, la muhimu kabisa ni kwamba kampuni yenu inanufaika kutokana na bei nafuu ya rasilimali hizo. Kwa kuchumisha fedha kutokana na masalio ya faida za kampuni bila shaka tutahakikisha ya kwamba mapato kwa mwenyehisa yataendelea kuimarika kwa siku za usoni.

JINSI KAMPUNI YENU ILIVYOTENDA

Vionyeshi

Mapato ya uchumishaji na mgao wa faida kutoka kwa kampuni tunazoshirikisha	*ongezeko la asilimia*	*21.7 hadi*	*shilingi* ***milioni***	***380.6***
Faida	*ongezeko la asilimia*	*73.8 hadi*	*shilingi* ***milioni***	***88.6***
Gharama	*upungufu kwa asilimia*	*13.2 hadi*	*shilingi* ***milioni***	***63.7***
Faida kabla ya kutozwa ushuru	*ongezeko la asilimia*	*34.9 hadi*	*shilingi* ***milioni***	***306.6***
Faida baada ya kutozwa ushuru	*ongezeko la asilimia*	*59.7 hadi*	*shilingi* ***milioni***	***246.5***

Kwa kadiri , kampuni yenu iliweza kutimiza matumaini yake jinsi ilivyokusudia kwenye daftari iliyotolewa mnamo Oktoba mwaka 2001 ulioyohusiana na toleo la hisa kwa umma.

(Kwa shilingi '000)	***30 Juni, 2002 Jinsi ilivyo***	*30 Juni,2002 Ilivyo kusudiwa*	*Kiwango cha kutofautiana*
Mapato ya Uchumishaji	***152,322***	*151,848*	*0.3%*
Gharama	***63'742***	*62,864*	*1.4%*
Mapato	***88,580***	*88,984*	*-0.5%*
Mgao wa faida wa kampuni shirika	***228,294***	*270,361*	*-15.5%*
Faida baada ya kutozwa ushuru	***246,522***	*250,000*	*-1.6%*
Mapato kwa kila hisa	***4.83***	*4.55*	*6.2%*

WASIMAMIZI WA KAMPUNI YENU

Tumeendelea kuwa na timu ndogo ya usimamizi ya wafanyakazi 10 kufikia mwisho wa mwaka huu. Kama nilivyo taja kwenye taarifa yangu ya mwaka uliopita, tulimwajiri Meneja wa Kukadiri Madhara- Michael Sumba – mnamo Novemba 2001. Manufaa ya taaluma hii kwa kampuni tayari imeanza kuonekana katika matokeo. Kwa wakati huu madhara yanayoweza kutukabili yamepunguka kuliko hapo awali. Vilevile usimamizi na uchumishaji wa fedha umeimarika.

RASILIMALI: SHUGHULI NA UTENDAJI

Katika hali ya kudhoofika kwa mazingira ya uchumishaji mwaka huu, tulizingatia matumaini ya uhakika, huku tukihimiza kuchumisha fedha kwa bei nafuu na rasilimali thabiti zinapotokeza. Mapato ya uchumishaji yaliongezeka kwa asilimia 22.5 hadi shilingi milioni 152.3. Jumla ya fedha za uchumishaji zilikuwa milioni 241.1. Rasilimali nyingi kati ya hizi ziliweza kununuliwa na fedha zilizopokelewa kutokana na toleo la hisa kwa umma baina ya Oktoba na Desemba mwaka wa 2001.

Tulielekeza shughuli zetu za uchumishaji kwenye kampuni zilizoorodheshwa zenye bei nafuu na zenye kutimiza masharti yafuatayo - zenye usimamizi mwafaka, uhodari ulio wazi kwa kufikia malengo yake, zenye kumudu ushindani na zenye kudhihirisha uwezo wa kuimarisha utendaji bora. Tulielekeza ununuzi kwa wingi wa rasilimali za kampuni zilizoorodheshwa kama vile East African Breweries, Carbacid Investment na pia katika Kenya Commercial Bank. Tulinunua rasilimali hizi ikiwa ni kuendeleza msimamo wetu wa kutafuta rasilimali zinazoonyesha dalili za kuimarika hivi punde na hata siku za usoni. Mapato ya migao kutoka kwa kampuni zilizoorodheshwa yalipunguka kwa asilimia 38 hadi shilingi milioni 35. Thamani ya rasilimali zilizoorodheshwa ilipunguka kwa asilimia 46.5 hadi milioni 495.6.

Upungufu huo ulisababishwa kwa wingi na Uchumi Supermarkets Ltd. ambapo thamani ya hisa zake ziliporomoka mwaka huu kwa asilimia 63.4. Walakini sina budi kuhimiza kwamba imani yetu kwa kampuni hiyo bado ni imara. Tunaimani kuwa kuimarishwa kwa usimamizi wa Uchumi , vilevile kutanuka kwake humu nchini na katika eneo hili pamoja na kuwepo kwa teknolojia mpya zitaharakisha kuimarika kwa thamani ya rasilimali hiyo.

Shughuli za uwekaji rasilimali mpya na zilizokuwepo katika kampuni maalum iliongezeka. Ongezeko la hivi punde ni katika Wildlife Works Inc., ikiwa ni rasilimali yetu ya kwanza ng'ambo. Hii ni kampuni ambayo inatengeneza bidhaa za nguo. Kiwanda chake kikiwa katika eneo la mauzo ya nje (EPZ), huko Maungu karibu na Voi wilayani Taita Taveta. Kampuni hii huuza bidhaa zake kupitia azimio la AGOA kwa masoko tajiri huko Amerika.

Tunamatumaini kuwa rasilimali hii itazalisha mapato ya kuridhisha hivi karibuni na siku za usoni. Pia rasilimali katika UAP Provincial Insurance Company ziliongezwa. Kupitia makampuni ya Coca-Cola Bottling, tayari fedha zimechumishwa ilikuwezesha kampuni hizi kuuza vinywaji visivyo na gesi kama vile maji na maji ya matunda humu nchini. Mapato ya migao kutoka kwa kampuni maalum yaliongezeka kwa asilimia 4 hadi shilingi milioni 128. Kwa jumla thamani ya rasilimali katika makampuni maalum ilipunguka kwa asilimia 2.2 hadi karibu shilingi bilioni 1.5.

Kulikuwa na ongezeko kubwa katika uwekaji rasilimali za hati ikilinganishwa na mwaka uliopita. Thamani ya hati hizi zikiwemo hifadhi katika benki, iliongezeka kwa asilimia 446 hadi shilingi milioni 133.8. Rasilimali nyingi kati ya hizi ikiwakilisha asilimia 97, zilikuwa katika hati za serikali za mwaka mmoja hadi miaka mitano. Pia faida ya wastani ilipatikana kutokana na uuzaji wa hati hizi. Tuliwahi pia kulipa mkopo wa shilingi milioni 132.3, na kuumaliza mwaka huu bila deni.

KAMPUNI TANZU

Kampuni tanzu yenu ambayo ni Kenya National Properties (KNP) ilitenda vyema licha ya hali mbaya ya kiuchumi. Mapato kwa jumla yaliongezeka kwa asilimia 17 hadi shilingi milioni 26 na faida kabla ya kutozwa ushuru iliongezeka kwa asilimia 19 hadi shilingi milioni 13.5. Faida baada ya ushuru iliongezeka kwa asilimia 247 hadi shilingi milioni 35.7. Ongezeko kubwa la faida lilipatikana kupitia uuzaji wa hisa katika Minken Properties Ltd inayomiliki jumba la AON Minet House. Halmashauri ya Wakurugenzi wa kampuni yenu waliamua kuuza hisa hizo ili kufaidika na bei nzuri na kuwezesha ununuzi wa rasilmali zinazovutia kutumia fedha hizo. Shughuli nyingi za ukarabati zilitekelezwa mwakani na zitakamilika kabla ya mwisho wa mwaka 2002. Mtambo mpya wa uchukuzi tayari umewekwa na mapambo ya ndani kuimarishwa. KNP kwa sasa inafanya mpango wa kukodisha jumba hilo kwa wapangaji wa hali ya juu na ambao watawezesha faida zake kuimarika kwa siku zijazo. Ushuru wa ziada (VAT) wa asilimia 18 uliopangiwa kutozwa na serikali kwenye kodi za nyumba sasa umeondolewa. Tukio hili ni la kupendeza kwa kuwa wateja walioko katika jumba letu la Kimathi wangeadhirika kutokana na gharama za ushuru huo wa ziada.

TOLEO LA HISA KWA UMMA

Toleo la hisa kwa umma baina ya Oktoba na Desemba mwaka 2001 ilitimiza uuzaji wa asilimia 64 na kuchanga shilingi milioni 331. Tuliridhika sana na ununuzi wa wanahisa wetu wa zamani na hali kadhalika wale wapya. Halmashauri ya Wakurugenzi wa kampuni wanaelewa kuwa hali ya uchumi ilikuwa mbaya kwa wanunuzi, huku wakikabiliana na matatizo ya upungufu wa fedha ilhali gharama ya matumizi ikizidi kupanda. Walakini kama vile nilivyoeleza mwaka uliopita, mathumuni yetu ilikuwa kuchanga fedha zitakazo wezesha ununuzi wa rasilimali za kuvutia zinapotokeza. Licha ya kuwa wakati huo haukua bora kwa minajili ya kuchanga fedha, kwa upande mwingine ulikuwa ni wakati bora wa kuchumisha kupitia ununuzi wa rasilmali. Kama vile tulivyo waahidi fedha hizo zimetumiwa jinsi ilivyoelezwa katika daftari iliyohusiana na toleo la hisa - ikiwa ni baina ya makampuni ya Coca-Cola Bottling, hisa za makampuni zilizoorodheshwa, rasilimali za kigeni na hati zenye mapato yaliyokadiriwa. Tumeweza kusambaza pote mali ya kampuni yenu na kuzifanya kuwa zenye faida kubwa na zisizokabiliwa na madhara. Jambo la kupendeza ni kwamba wanahisa elfu tano wapya walijiunga kwa mara ya kwanza na ICDCI. Tunawakaribisha katika jamii ya ICDCI.

Ninawashukuru nyote kwa kudhihirisha uaminifu wenu katika kuchangiza hizo fedha. Tutafanya juhudi kubwa kutimiza matarajio yenu.

MATARAJIO YA KAMPUNI YENU KWA SIKU ZA USONI

Mipango yetu bado ni imara na kulingana na matokeo ya mwaka huu tuna imani kuwa kampuni yenu inaendelea kutekeleza malengo yake. La muhimu kabisa ili kufikia malengo hayo ni kuendelea kuzingatia msimamo wake – busara ya uwazi ukweli na uadilifu. Kama vile nilivyosema hapo awali na nitaendelea kuthibitisha, ni nguzo muhimu mojawapo Halmashauri ya Wakurugenzi wanadhamini –uaminifu na kiujitolea kwa wanahisa wa kampuni. Jukumu kwa Halmashauri ya Wakurugenzi ni kuendelea kuhimiza huo uaminifu wenu kwa kutimiza matarajio yenu kila mwaka.

Kuhusu jambo la kuwa kampuni maalum ya uwekaji rasilmali kwa pamoja, kampuni yenu inaendelea kujadiliana na Shirika la Capital Markets Authority. Kama nilivyodokeza katika ripoti yangu ya mwaka uliopita nia yetu ni kutekeleza hayo kwa makini bila kuharakisha. Kampuni yenu itaendelea kuweka zile rasilmali za muda baina ya wastani na mrefu. Kwa mwaka ujao, mambo yakienda jinsi yalivyopangwa, kampuni yenu inanuia kusambaza zaidi rasilimali hasa katika sekta ambapo bado hatujaweka rasilimali. Pia tunao mpango wa kuboresha kampuni tanzu – Kenya National Properties, kwa kushirikiana na wataalamu wa uwekaji rasilimali ya aina hiyo.

SHUKRANI KWENU NYOTE

Kama ilivyo desturi, Halmashauri ya Wakurugenzi wangependa kuwashukuru wanahisa kwanza. Huu mwaka umekuwa mgumu, na ni kwa shauri ya uaminifu wenu kwa Halmashauri ya Wakurugenzi na Wasimamizi iliyotuwezesha kuepuka madhara katika utendaji. Natoa shukrani kwa Wakurugenzi kwa kushiriki kwao katika majadiliano na maamuzi yalioafikiwa na Halmashauri yenu. Mawaidha yao ya busara waliotoa kwa hiari yao imekuwa ya manufaa sana kwa utendaji wa kampuni yenu.

Natoa shukrani kwa wasimamizi kwa kutimiza matakwa ya kampuni kila siku moja hadi nyingine kwa umakini na njia ya busara. Mwisho natoa shukrani zangu kwa makampuni shirika kwa matokeo yaliyovutia mwaka huu. Tutatilia maanani uhusiano bora kati yenu nasi. Pia natoa shukrani kwa Shirika la Capital Markets Authority, Soko la hisa la Nairobi na kwa madalali wa hisa kwa ushirikiano wao.

Ninapokamilisha taarifa yangu, nawasihi nyote kuombea nchi yetu Kenya tunapoelekea uchaguzi mkuu mnamo mwezi wa Desemba. Uchaguzi huo utafungua ukurasa mpya katika historia ya nchi yetu. Utendaji wa serikali mpya utaamua kama kutakuwa na mazigira bora ya kuwezesha uchumi wetu kuimarika, kama vile sote tunavyo tumaini. Utendaji wa kampuni yenu unategemea kuwepo kwa mazingira bora ya kiuchumi. Kwa hivyo sote tuombe ili tuwe na amani wakati huu wa uchaguzi ili kila moja aweze kushiriki kikamilifu na kuhakikisha matokeo mema.

Ingelikuwa ni kosa kwangu kumaliza taarifa bila kusema kidogo kuhusu ugonjwa wa ukimwi. Ugonjwa huu ni hatari sana, na si kibinafsi peke bali umeadhiri familia zetu, jamii zetu, biashara na nchi yetu yote kwa jumla. Ni jukumu la kila moja wetu kupasha habari zozote kuhusu ugonjwa huu kupitia mbinu kama vile kujielimisha na kujikinga vilivyo na pia kujipima katika vituo vya VCT na vinginevyo. Kwa makampuni yetu lazima tujimudu kuendeleza mbinu za kujua hali yetu na kupeana tiba. Makampuni yetu shirika ya Coca – Cola Bottlers tayari yameshaanza kutimiza wajibu huu na sasa tunahimiza kampuni nyingenezo ambazo tunamiliki kufuata mwenendo huo.

Hatimaye, ningependa kuhakikisha kuwa Halmashauri ya kampuni yenu wataendelea kuongozwa kwa sera ya kimashirika. Tunatambua umuhimu wa muujibu kama Halmashauri ya Wakurugenzi kwa kuhakikisha kwamba wewe mwenyehisa na ukiwa pia mwenye kampuni unapata faida ya kudumu ya wastani ya kampuni yenu kila mwaka.

Mungu awabariki nyote.

CHRISTOPHER J. KIRUBI
MWENYEKITI

31 OKTOBA 2002

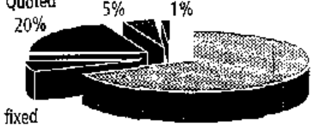
Managing Director's Report

Tony K. Wainaina, Managing Director

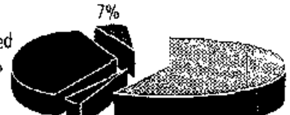
This financial year has been an eventful one, in which your management has focused on implementing the strategic objectives outlined in my progress report to you last financial year. I would like to re-emphasise the key strategic objectives that we had mentioned to you last year, and to update you on the progress we made in the course of the year.

- **Reconfiguration of ICDCI's investments into a well diversified, risk-sensitive portfolio:**

  During the year, significant progress was made in reconfiguring the ICDCI's asset allocation model. A heavier weighting of more earnings-stable unquoted investments in the portfolio was achieved, with a shift from 58% to 68%. Quoted investments declined from 34% to 20% of the portfolio, and property declined from 7% to 5% of the portfolio. The proportion of fixed income investments in the portfolio, which are largely risk free, increased from 1% to 6%.



30 June 2002



30 June 2001

- **Development of a dividend strategy that complements ICDCI's key investment objectives:**

  Your company continues to generate savings from the dividend payment policy of one first and final dividend, which was first implemented in the 2000/2001 financial year. We have continued to profitably invest the funds that would otherwise have gone towards the administration and payment of an interim dividend. As promised during the public share issue, we will continue to pay you a dividend that is competitive with the better market performers. At the time of the declaration of the proposed dividend for FY2001/02, the dividend yield was 10.5%, up from 4.3% on June 30, 2002.

- **Development of a communication strategy:**

  There has been some positive, but slow progress on this front. Your company launched its website in November 2000, and in the process made the landmark achievement of becoming the first company in Kenya to market a public share issue on the Internet. We believe that this website will serve as an effective global communication tool. Other publicity and communication activities were carried out before, during and after the public share issue, and we believe that this played an effective role in marketing the offer. What remains is to formulate and document a strategic communication policy.

- **Development of a small, high performance, highly motivated management team:**

  This objective was finally achieved in November 2002 with the addition to the management team of a Risk Manager – Michael Sumba. The addition of Michael to the core management team comprising of Peter Mwangi, the Investment Manager/Company Secretary, and his assistant, David Owino, the Research Analyst; Risper Alaro, the Financial Accountant, and James Mworia, the Management Accountant; I believe that your company now has the full complement of a highly qualified and motivated management team. With the valuable support of the administration team of Anita Kingori, Jacqueline Kiarie, Peter Mburu and Peter Njoroge – I believe that the team is working well, and have the company's results as testimony to this. We have a training programme in place, which is designed to continuously improve the team's technical and team-working skills.

- **Outsourcing of non-core functions:**

  An additional non-core function, custodial services for our securities, was officially outsourced to Stanbic Bank in the course of the financial year.

The addition of a Risk Manager to the team has greatly enhanced our risk management and research capacity. The Board and management were able to derive greater comfort from the comprehensive periodic evaluation of our strategic investments from both an investment viability and risk management perspective.

We shall continue to pursue attractive strategic investments to strengthen our portfolio. We already have three prospective opportunities in the pipeline, which have a 75% probability of closure. We hope that we can report on these investments in the course of the 2002/03 financial year.

I am particularly pleased with our first offshore investment, Wildlife Works Inc., which is also the first diversification of ICDCI's portfolio outside the region. This is a unique investment that combines the features of a viable commercial venture, with a strong social responsibility and community development angle, in addition to a wildlife conservation aspect. Wildlife Works is a garment manufacturing venture, incorporated in the United States of America, but located in an export-processing zone in Maungu near Voi. The commercial viability of the venture arises from the firm exporting 100% of its garments under the Africa Growth and Opportunity Act (AGOA) to high value niche markets in the US. The venture is also expected to add significant economic value to the residents of Maungu and surrounding areas within Taita Taveta district. The garments are manufactured using organic cotton grown by Kenyan and other farmers in the region.

Wildlife Works also includes a 75,000- acre wildlife sanctuary, where wildlife is protected and conserved. I look forward to healthy commercial, social and environmental returns on this investment.

We have been rather conservative in committing investments to other offshore opportunities for now, particularly in light of the sharp decline in equity and debt markets in the US and Europe. Returns on investments in Kenya during this period have been superior. The research on offshore investment opportunities is however a continuous process, and we shall only invest when we are certain that the time is right.

My sincere thanks to the shareholders, Board of Directors and my team for making it a privilege and an honour to be associated with ICDCI. Your confidence and support have been inspiring, and we promise to continue doing our very best to continue improving the returns on your investment in ICDCI.

Your management shall continue to incorporate good corporate governance principles in every aspect of their service delivery, and as directed by the Board.

In a sea of uncertainty, I believe that ICDCI is able to provide stability at a minimum, and ultimately growth in your investment.

God bless you all.

TONY K. WAINAINA
MANAGING DIRECTOR

31 October 2002

Wildlife Works

Consumer Powered Conservation

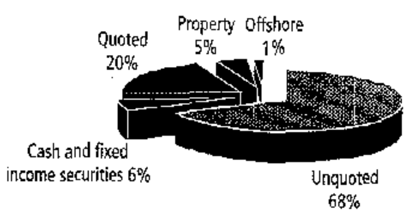
Ripoti ya Mkurugenzi Mkuu

***Tony K. Wainaina**, Mkurugenzi Mkuu*

Mwaka huu tunaochungua umekua mwaka wenye matokeo mema, ni mwaka ambao wasimamizi wenu wameweza kufikiliza fikira ya kutekeleza jukumu nilizoeleza katika ripoti ya mwaka uliopita. Ningependa kuwafahamisha baadhi ya makusudio yaliyotiliwa mkazo na kutekelezwa mwakani ambayo tuliwaeleza mwaka uliopita.

- ***Kubadilisha muundo wa rasilmali ya ICDCI ili kudhihirisha na kupunguza hasara dhidi ya faida zake:***

  Maendeleo yenye maana ya kusambaza na kugawanya rasilimali ya ICDCI yaliweza kutimilika mwakani. Katika kampuni maalum zenye utendaji bora thamani zaidi iliweza kufikilizwa na kuongezeka hadi kufikia asilimia 68 kutoka asilimia 58. Thamani katika kampuni zilizoorodheshwa katika soko la hisa ilipunguka kutoka asilimia 34 hadi kufikia asilimia 20 ya rasilmali kwa jumla, vilevile mali ya mijengo ilipunguka hadi asilimia 5 kutoka asilimia 7. Kadiri ya mapato thabiti ya fedha zilizochumishwa, ambazo haziwezi kuleta hasara, ziliongezeka kutoka asilimia 1 hadi kufikia asilimia 6.



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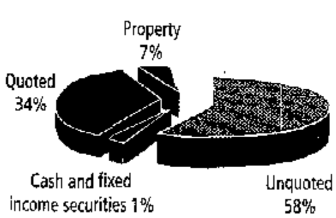


30 June 2001

- ***Kuendeleza mbinu za ulipaji migao inayotimiza lengo maalum la ICDCI ambayo ni uchumishaji wa fedha:***

  Kampuni yenu iliweza kuhifadhi akiba kutokana na malipo ya mgao mmoja wa kwanza na wa mwisho, azimio lililopendekezwa na kutimizwa mara ya kwanza mwaka wa hesabu 2000 / 2001.

  Tutaendelea kunufaika na uchumishaji wa fedha ambazo kama sivyo zingegharamia usimamizi na ulipaji wa mgao wa kwanza. Kama tulivyo waahidi wakati wa uuzaji wa hisa kwa umma, tutaendelea kuwalipa migao ya kutamanisha na ya ushindani na migao mingine bora katika soko. Tulipokuwa tunapendekeza malipo ya mgao mwaka wa 2001/ 2002, mapato ya migao yalikuwa asilimia 10.5 kutoka asilimia 4.3 mnamo tarehe 30 Juni, 2002.

- ***Kuendeleza mbinu za mawasiliano:***

  Mbinu za kuendeleza mawasiliano zimeendelea kwa taratibu pasipo shaka. Kampuni yenu ilianzisha mtandao mnamo Novemba 2001 na iliweza kuongoza hapa nchini Kenya kwa kuwa ya kwanza kuuza hisa kwa umma kupitia njia hiyo ya mawasiliano ulimwenguni. Juhudi zinginezo za kueneza mawasiliano zilitimizwa kabla na pia baada ya uuzaji wa hisa kwa umma. Tunatumaini juhudi hizi zilifikiliza daraka lililokusudiwa la kuvutia ununuaji wa hisa. Lililobaki nikueleza taratibu na kuandika mbinu zetu za mawasiliano.

- ***Kukusanya idadi ndogo ya wasimamizi wenye kujitolea na walioridhika:***

  Shabaha hii iliweza kufikilizwa Novemba 2001 tulipomwaajiri Meneja mtaalamu wa Kukadiri Madhara juu ya uchumishaji wa fedha Bw. Michael Sumba. Utaalamu wa Bw. Sumba ukijumulishwa na usimamizi na utendaji wenye maarifa wa Bw. Peter Mwangi ambaye ni Katibu na pia Meneja wa Uchumishaji Fedha akisaidiwa na mdogo wake Bw. David Owino, Mdadisi; Bi. Risper Alaro, Mhasibu Msimamizi na Bw. James Mworia, Mhasibu; kwa hakika wamechangia usimamizi thabiti. Tunaimani ya kwamba kampuni yenu inawafanyakazi wenye ujuzi wa hali ya juu na walioridhika. Wafanyakazi ambao utendaji wao pia niwakuthaminiwa ni kama vile Anita Kingori, Jacqueline Kiarie, Peter Mburu na Peter Njoroge .Tunaimani timu hii inafanya kazi vizuri. Matokeo yakuvutia kwa kweli yanatoa ushuhuda. Utaratibu wa mafunzo umewekwa tayari, jambo linalo kusudia kuendeleza ustadi na umakini wao wa kufanya kazi.

- ***Huduma ambazo haziambatani na kiini cha shughuli za kampuni kutekelezwa na kampuni zingine:***

  Mwakani, huduma ya utunzi wa vyeti vya kumiliki rasilmali ambayo haiambatani na kiini cha shughuli za kampuni ilianza kutekelezwa na Stanbic Bank.

Ujuzi wa meneja wa kukadiri madhara umezidisha zaidi uwezo wa kupeleleza na kuepusha madhara ya usimamizi. Halmashauri ya Wakurugenzi na wasimamizi wamepata kituliza roho kwa kuzidisha uwezo wa kufahamu na kutafiti mbinu za uchumishaji. Tutaendelea kutafuta nafasi bora za uchumishaji katika makampuni maalum. Tayari tunakaribia kukamilisha nafasi tatu bora. Tunatumaini ya kwamba tutawapa ripoti kuhusu nafasi hizi katika mwaka wa fedha wa 2002 / 03.

Nimependezwa hasa na rasilimali yetu ya kwanza ng'ambo kwa jina Wildlife Works Inc. Hii ikiwa pia ni mara ya kwanza kwa ICDCI kusambaza biashara yake nje la eneo hili. Hii rasilmali ya kipekee inayoshirikisha ustadi wa kibiashara na pia uajibikaji kwa manufaa ya jamii, huku ikizingatia ulindaji wa wanyama wa pori. Wildlife Works ni kampuni iliyosajiliwa katika nchi ya Amerika. Kampuni hiyo inatengeneza bidhaa za nguo kwenye eneo la mauzo kwa nchi za ng'ambo (EPZ) lililoko Maungu karibu na Voi. Kampuni hiyo inatumai kunufaisha biashara yake kupitia uuzaji wa bidhaa za mavazi kwa masoko tajiri ya nchi ya Amerika kupitia mkataba wa AGOA. Inatazamiwa kwamba shughuli za kampuni hii zitakuwa zenye manufaa kwa wakazi wa Maungu na maeneo mengine katika wilaya ya Taita Taveta kwa kuinua hali ya uchumi ya eneo hizo. Bidhaa hizo zinatengenezwa na pamba inayokuzwa na wakulima hapa nchini hali kadhalika wa eneo hili.

Wildlife Works inamiliki eneo la ekari 75,000 ya kulinda na kuhifadhi pori. Ninatazamia kwamba rasilmali hii itakuwa na manufaa kibiashara, kijamii na pia kwa mazingira.

Tumekuwa na tahadhari kwa uwekaji rasilimali ng'ambo hasa kwa sababu ya hali duni ya masoko kule Ulaya na Marekani. Kwa wakati huu faida ya rasilimali ni bora zaidi hapa nchini. Walakini utafiti juu ya uwekaji wa rasilimali ng'ambo unaendelea, hapana budi tutachumisha fedha wakati unaofaa.

Ningependa kurudisha shukurani kwa wanahisa, Halmashauri ya Wakurugenzi na wafanyakazi wenzangu kwa kunitunukia heshima na faida ya kushirikiana na ICDCI. Matumaini na ustahimilivu wenu yametutia moyo, na tunawaahidi ya kwamba tutatenda mema zaidi ili kuendeleza manufaa ya uchumishaji wa fedha zenu katika ICDCI.

Wasimamizi wenu wataendeleza uongozi bora wa kila hali ya utumishi na watakavyo elekezwa na Halmashauri ya Wakurugenzi.

Katika hali ya sasa isiyoeleweka, ninaimani ya kwamba ICDCI itaweza kuandaa hali thabiti na ukuaji wa rasilimali kwa gharama ndogo iwezekanavyo, na baadaye kukuza uchumishaji wa fedha zenu.

Mungu awabariki nyote.

Wainaina

TONY K. WAINAINA
MKURUGENZI MKUU

31 OKTOBA 2002

Consolidated Balance Sheet

30 JUNE 2002

	Note	2002 Shs'000	2001 (Restated) Shs'000
ASSETS			
Non current assets			
Investment properties	11	**337,175**	325,000
Motor vehicle and equipment	12	**7,298**	8,362
Intangible assets	13	**1,756**	-
Investment in associates	15	**1,177,260**	1,226,302
Unquoted investments	16	**551,969**	494,955
Quoted investments	17	**246,670**	247,513
		2,322,128	2,302,132
Current assets			
Due from a related party	18	**11,514**	-
Receivables and prepayments	19	**66,088**	46,032
Taxation recoverable		**4,678**	8,354
Bonds	20	**129,250**	4,500
Short term deposits	21	**4,502**	20,000
Bank balances		**11,070**	6,705
		227,102	85,591
Total assets		**2,549,230**	2,387,723
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	22	**274,900**	230,156
Share premium		**589,268**	334,101
Investment revaluation reserve		**238,241**	438,381
Revenue reserves		**1,193,318**	1,055,103
Proposed dividend		**109,960**	92,063
		2,405,687	2,149,804
Non current liabilities			
Deferred tax liability	23	**69,685**	69,901
Current liabilities			
Payables and accruals	24	**52,432**	15,811
Due to a related party	18	**2,657**	2,354
Unclaimed dividends		**18,769**	17,520
Borrowings	25	-	132,333
		73,858	168,018
Total equity and liabilities		**2,549,230**	2,387,723

The financial statements on pages 21 to 44 were approved by the board of directors on 18th September, 2002 and were signed on its behalf by:

Directors:

C. J. KIRUBI
Chairman

T. K. WAINAINA
Director

- ***Huduma ambazo haziambatani na kiini cha shughuli za kampuni kutekelezwa na kampuni zingine:***

  Mwakani, huduma ya utunzi wa vyeti vya kumiliki rasilmali ambayo haiambatani na kiini cha shughuli za kampuni ilianza kutekelezwa na Stanbic Bank.

Ujuzi wa meneja wa kukadiri madhara umezidisha zaidi uwezo wa kupeleleza na kuepusha madhara ya usimamizi. Halmashauri ya Wakurugenzi na wasimamizi wamepata kituliza roho kwa kuzidisha uwezo wa kufahamu na kutafiti mbinu za uchumishaji. Tutaendelea kutafuta nafasi bora za uchumishaji katika makampuni maalum. Tayari tunakaribia kukamilisha nafasi tatu bora. Tunatumaini ya kwamba tutawapa ripoti kuhusu nafasi hizi katika mwaka wa fedha wa 2002 / 03.

Nimependezwa hasa na rasilimali yetu ya kwanza ng'ambo kwa jina Wildlife Works Inc. Hii ikiwa pia ni mara ya kwanza kwa ICDCI kusambaza biashara yake nje la eneo hili. Hii rasilmali ya kipekee inayoshirikisha ustadi wa kibiashara na pia uajibikaji kwa manufaa ya jamii, huku ikizingatia ulindaji wa wanyama wa pori. Wildlife Works ni kampuni iliyosajiliwa katika nchi ya Amerika. Kampuni hiyo inatengeneza bidhaa za nguo kwenye eneo la mauzo kwa nchi za ng'ambo (EPZ) lililoko Maungu karibu na Voi. Kampuni hiyo inatumai kunufaisha biashara yake kupitia uuzaji wa bidhaa za mavazi kwa masoko tajiri ya nchi ya Amerika kupitia mkataba wa AGOA. Inatazamiwa kwamba shughuli za kampuni hii zitakuwa zenye manufaa kwa wakazi wa Maungu na maeneo mengine katika wilaya ya Taita Taveta kwa kuinua hali ya uchumi ya eneo hizo. Bidhaa hizo zinatengenezwa na pamba inayokuzwa na wakulima hapa nchini hali kadhalika wa eneo hili.

Wildlife Works inamiliki eneo la ekari 75,000 ya kulinda na kuhifadhi pori. Ninatazamia kwamba rasilmali hii itakuwa na manufaa kibiashara, kijamii na pia kwa mazingira.

Tumekuwa na tahadhari kwa uwekaji rasilimali ng'ambo hasa kwa sababu ya hali duni ya masoko kule Ulaya na Marekani. Kwa wakati huu faida ya rasilimali ni bora zaidi hapa nchini. Walakini utafiti juu ya uwekaji wa rasilimali ng'ambo unaendelea, hapana budi tutachumisha fedha wakati unaofaa.

Ningependa kurudisha shukurani kwa wanahisa, Halmashauri ya Wakurugenzi na wafanyakazi wenzangu kwa kunitunukia heshima na faida ya kushirikiana na ICDCI. Matumaini na ustahimilivu wenu yametutia moyo, na tunawaahidi ya kwamba tutatenda mema zaidi ili kuendeleza manufaa ya uchumishaji wa fedha zenu katika ICDCI.

Wasimamizi wenu wataendeleza uongozi bora wa kila hali ya utumishi na watakavyo elekezwa na Halmashauri ya Wakurugenzi.

Katika hali ya sasa isiyoeleweka, ninaimani ya kwamba ICDCI itaweza kuandaa hali thabiti na ukuaji wa rasilimali kwa gharama ndogo iwezekanavyo, na baadaye kukuza uchumishaji wa fedha zenu.

Mungu awabariki nyote.

TONY K. WAINAINA
MKURUGENZI MKUU

31 OKTOBA 2002

Statement on Corporate Governance

Corporate Governance

Corporate governance deals with the way companies are led and managed, the role of the board of directors and a framework of internal controls. The directors are committed to adopting good corporate governance practices. They are currently considering and taking advice on action called for to ensure full compliance with the guidelines in those areas where this is not yet the case.

Regulatory Requirements

During the course of the financial year the Capital Markets Authority published:

i) *Capital Markets Regulations and Disclosure Requirements for Public Offers and Listing of Securities.* (Legal Notice number 13 in the Special Issue dated 18 January 2002 of the Kenya Gazette supplement number 4) These regulations and disclosure requirements came into effect on 7 January 2002.

ii) *Guidelines on Corporate Governance Practices by Public Listed Companies in Kenya.* (Legal Notice number 369 in the Kenya Gazette issue dated 25 January 2002) These guidelines came into effect on 14 January 2002.

Recommendations contained within the guidelines include:

- Keeping the core strategy under review;
- Monitoring progress towards agreed objectives;
- Overseeing corporate management and operations;
- Meeting responsibilities to shareholders, and
- Reviewing the adequacy of the internal control and management information system.

Board of Directors

The board of directors meets regularly to direct and manage the Company's business according to essential standards of good corporate governance.

The full Board meets at least four times a year, and has a formal schedule of matters reserved for it. The directors are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues.

Except for direction and guidance on general policy, the Board has delegated authority for the conduct of day-to-day business to the Chief Executive Officer. It however retains responsibility for establishing and maintaining the company's overall internal control of financial, operational and compliance issues and monitoring the performance of the executive management.

Non - executive Directors

All non-executive directors are subject to periodic reappointment in accordance with the Company's Articles of Association. On appointment, each director receives information about the company and is advised of the legal, regulatory and other obligations of a director of a listed company. They have access to the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable laws and regulations are complied with.

Directors' Remuneration

The remuneration for non-executive directors consists of fees for their services in connection with Board and Board Committee meetings. They are not eligible for pension scheme membership and do not participate in any of the company's bonus, share option or other incentive schemes. All non-executive directors have specific fixed terms of appointment not exceeding three years.

Information on the compensation received is included in this annual report on page 31.

Audit Committee

An audit committee has been in operation since September 1999 and it is playing a key role in ensuring these activities receive all due consideration.

Accountability and Audit

The Audit Committee chaired by Mr. John P. N. Simba, a non –executive director, receives input and reports from the external auditors. In addition, the Committee regularly reviews and considers changes to improve the Company's security, internal control and risk management processes.

Going Concern

The Board confirms that it is satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason it continues to adopt the going concern basis when preparing the financial statements

Communication

The company places a great deal of importance on communication with its shareholders. The company publishes a full annual report and accounts. The full report and accounts are distributed to all shareholders and on request to other parties who have an interest in the group's performance. Shareholders also have direct access to the company and we respond to numerous letters from shareholders and interested parties on a wide range of issues. Regular communication with shareholders also takes place via the group website.

Policy on Remuneration

The board endeavours to offer competitive remuneration packages, which are designed to attract, retain and motivate executive directors and senior executives of the highest caliber. Packages are reviewed each year to ensure that they are in line with the group's business objectives.

Internal Controls and Risk Management

The board has a collective responsibility for the establishment and maintenance of a system of internal control that provides reasonable assurance of effective and efficient operations. However, it recognizes that any system of internal control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The board attaches great importance to maintaining a strong control environment and the Company's system of internal control includes the assessment of non-financial risks and control. The Board has reviewed the Company's internal control policies and procedures and is satisfied that appropriate procedures are in place.

The Company ensures that there are written policies and procedures to identify and manage risk including operational risk, balance sheet management, market and credit risk on an ongoing basis.

Business Conduct

The Company's business is conducted within a developed control framework, underpinned by policy statements, written procedures and control manuals. The Board has established a management structure, which clearly defines roles, responsibilities and reporting lines. Delegated authorities are documented and communicated.

Performance Reporting

The business performance of the Company is reported regularly to its management and the Board. Performance trends, forecasts as well as actual performance against budgets and prior periods are closely monitored. Financial information is prepared using appropriate accounting policies, which are applied consistently. Operational procedures and controls have been established to facilitate complete, accurate and timely processing of transactions and the safeguarding of assets. These controls also include segregation of duties, the regular reconciliation of accounts and the valuation of assets and positions.

Ethical Standards

Matters relating to the code of conduct and core values are currently incorporated in the Company's personnel policies and procedures. However, the board is in the process of reviewing the code of conduct more comprehensively.

Major Shareholders

A list of the top ten shareholders on the company's share register as at 30th June 2002 is included in this report on page 46.

Director's Shareholding

The director's direct and inderect interests in the ordinary share capital of the company as at 30 June 2002 was as follows:

	Share holding as at 30 June 2002	
	Number of shares	Percentage holding
Industrial and Commercial Development Corporation (ICDC)	12,930,413	23.52%
Christopher J. Kirubi	10,819,818	19.68%
John P. N. Simba	27,072	0.05%
Isaac O. Awuondo	16,068	0.03%
Anthony P.K. Wainaina	11,422	0.02%
Francis M. Thuo	11,034	0.02%
Margaret Mwangola	6,348	0.01%
Dr. Katherine W. Getao	2,500	0.005%
Permanent Secretary, Ministry of Trade and Industry	0	0%

Report of the Directors

The directors present their report together with the audited financial statements for the year ended 30 June 2002.

ACTIVITIES

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

RESULTS

	Shs'000
Profit before taxation	306,611
Taxation	(60,089)
Profit after taxation	246,522

DIVIDEND

The directors recommend the payment of a first and final dividend of Shs 2.00 per share (2001 – Shs 2.00 per share).

DIRECTORS

The current members of the board are as shown on page 2.

Dr N K Ng'eno was appointed an alternate director by ICDC in place of K K Bett on 19 December 2001.

In accordance with article 86 of the Articles of Association, Industrial & Commercial Development Corporation (ICDC) and FM Thuo retire by rotation and, being eligible, offer themselves for re-election.

AUDITORS

Deloitte & Touche, having expressed their willingness, continue in office in accordance with the provisions of section 159 (2) of the Companies Act (Cap 486).

BY ORDER OF THE BOARD

Secretary
Nairobi

25th October 2002

Ripoti ya Wakurugenzi

Wakurugenzi wanatoa ripoti yao na maelezo ya hesabu zilizokaguliwa ya mwaka ulioisha tarehe 30 Juni 2002.

SHUGHULI

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

MATOKEO

	Shs'000
Faida kabla ya ushuru	*306,611*
Kodi iliotozwa	*(60,089)*
Faida baada ya kutoa fungu la ushuru	*246,522*

MGAO

Wakurugenzi wamependekeza malipo ya mgao wa Mwisho wa Mwaka kuwa Shilingi 2.00 kwa kila hisa (Mwaka wa 2001 – ulilipwa Shilingi 2.00 kila hisa).

WAKURUGENZI

Halmashauri ya Wakurugenzi wameonyeshwa kwenye ukurasa wa 2.

Dkt. N K Ng'eno aliteuliwa kuwa mkurugenzi anayewakilisha ICDC kuchukuwa mahali pa K K Bett mnamo 19 December 2001.

Kufuatia sharti 86 la kanuni za kampuni, Industrial Commercial Development Corporation (ICDC) na Bw F M Thuo wanastaafu kwa zamu, na kwa vile wanaweza kuchaguliwa tena, wamejitolea wachaguliwe.

WAKAGUZI

Deloitte & Touche, baada ya kudhihirisha hiari yao, watendelea na kazi ya uhasibu kufuatia kifungu nambari 159 (2) cha Sheria za Kampuni (Sehemu 486).

KWA AMRI YA HALMASHAURI

Katibu
Nairobi

25 Oktoba, 2002

Statement of Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the company and the group for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that each company in the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of each company in the group and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Maelezo ya Jukumu la Wakurugenzi

Sheria za makampuni zinashurutisha wakurugenzi kutayarisha taarifa ya hesabu za kila mwaka zinazo dhihirisha haki na ukweli kuhusu hali ya kampuni na mashirika yake kufikia mwisho wa mwaka. Vilevile, kuonyesha faida na hasara za kampuni na mashirika yake kwa wakati huo.

Wanapoandaa taarifa ya hesabu, wakurugenzi wanashurutishwa:

- *Kuchagua mbinu ya uhasibu ipasayo yote inayofaa na kuitumia kwa uthabiti*
- *Kufanya hesabu na maamuzi ya haki na ukweli*
- *Kueleza kama kanuni zinazokubaliwa za uhasibu zimezingatiwa*
- *Kutayarisha taarifa ya kifedha kwa kuzingatia kuwa kampuni na mashirika zake zitaendelea kudumu bila kutazamiwa kuwa zitafilisika.*

Wakurugenzi wanajukumu ya kuweka kwa uangalizi rekodi za uhasibu zinazo dhirisha usahihi wa hali ya kifedha wa kila kampuni katika mashirika na kuwawezesha kuhakikisha ya kwamba taarifa ya kifedha ni lingalifu na sheria za makampuni. Pia wanajukumu la kuhifadhi mali ya kampuni huku wakichukua hatua ipasayo ya kuzuia na kuvumbua ulaghai na hila zinginezo zisizo za kawaida.

Report of The Auditors

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

We have audited the financial statements on pages 21 to 44 and have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Respective responsibilities of directors and auditors

As described on page 19, the directors are responsible for the preparation of the financial statements. Our responsibility is to express an opinion on those financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform 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. We believe that our audit provides a reasonable basis for our opinion.

Opinion
In our opinion:

(a) proper books of account have been kept by the company and the company's balance sheet is in agreement therewith;

(b) the financial statements give a true and fair view of the state of affairs of the company and the group at 30 June 2002 and of the profit and cash flows of the group for the year then ended in accordance with International Accounting Standards and comply with the Companies Act.

Deloitte & Touche

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

Deloitte & Touche

25th October 2002

Ripoti ya Wakaguzi wa Hesabu

RIPOTI YA WAKAGUZI KWA WANAHISA WA ICDC INVESTMENT COMPANY LIMITED

Tumekagua hesabu zilizoko kwenye kurasa 21 hadi 44 na tumepatiwa habari na maelezo yanayohitajika kufanya ukaguzi kadiri tujuavyo na kutumaini.

Jukumu la wakurugenzi na wakaguzi wa hesabu

Kama mlivyoelezwa katika ukurasa 19, maelezo kuhusu fedha ni wajibu wa wakurugenzi. Jukumu letu ni kutoa maoni kuhusu maelezo hayo kulingana na ukaguzi wetu.

Msingi wa maoni

Tulifanya ukaguzi kulingana na kanuni zinazo kubaliwa za Ukaguzi kati ya Mataifa. Kanuni hizo zinapendekeza kwamba tupange na tufanye ukaguzi ili tufikie uhakika kama maelezo kuhusu fedha ni haki na ukweli. Ukaguzi unahusu kuchunguza na kudhibitisha kwamba ushahidi unatolewa kuonyesha matumizi ya pesa, na pia kupima mbinu zilizotumika kuweka hesabu na makadirio muhimu yaliyotolewa na wakurugenzi na kuthamini kwa jumla maelezo yote yaliyoandaliwa kuhusu fedha. Tunaimani ya kwamba ukaguzi wetu una minajili ya maoni yetu.

Maoni
Kwa maoni yetu:

(a) Kampuni imetunza vitabu vya hesabu kwa ukamilifu na taarifa za fedha za kampuni zinaambatana na vitabu hivyo;

(b) Taarifa za fedha zinaambatana na kuzingatia sheria za makampuni na zinaonyesha picha halisi kama ilivyokuwa kufikia tarehe 30 Juni 2002 pamoja na mapato na mielekeo ya fedha katika mwaka ulioishia tarehe hiyo kufuatia Kanuni zinazokubaliwa za Uhasibu kati ya Mataifa.

Deloitte & Touche

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

Deloitte & Touche

25th Oktoba 2002

Consolidated Income Statement

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 Shs'000	2001 (Restated) Shs'000
INVESTMENT INCOME	3	**152,322**	124,375
EXPENSES			
Administrative expenses		**(31,242)**	(24,719)
Provision for diminution in value of investments		**(135)**	(17,795)
Other operating expenses		**(32,365)**	(30,884)
		(63,742)	(73,398)
OPERATING PROFIT	4	**88,580**	50,977
FINANCE COSTS	5	**(10,263)**	(12,269)
SHARE OF PROFITS OF ASSOCIATED COMPANIES		**228,294**	188,452
PROFIT BEFORE TAXATION		**306,611**	227,160
TAXATION	7	**(60,089)**	(72,826)
NET PROFIT FOR THE YEAR	8	**246,522**	154,334
EARNINGS PER SHARE	9	**Shs 4.83**	Shs 3.35

Consolidated Balance Sheet
30 JUNE 2002

	Note	2002 Shs'000	2001 (Restated) Shs'000
ASSETS			
Non current assets			
Investment properties	11	**337,175**	325,000
Motor vehicle and equipment	12	**7,298**	8,362
Intangible assets	13	**1,756**	-
Investment in associates	15	**1,177,260**	1,226,302
Unquoted investments	16	**551,969**	494,955
Quoted investments	17	**246,670**	247,513
		2,322,128	2,302,132
Current assets			
Due from a related party	18	**11,514**	-
Receivables and prepayments	19	**66,088**	46,032
Taxation recoverable		**4,678**	8,354
Bonds	20	**129,250**	4,500
Short term deposits	21	**4,502**	20,000
Bank balances		**11,070**	6,705
		227,102	85,591
Total assets		**2,549,230**	2,387,723
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	22	**274,900**	230,156
Share premium		**589,268**	334,101
Investment revaluation reserve		**238,241**	438,381
Revenue reserves		**1,193,318**	1,055,103
Proposed dividend		**109,960**	92,063
		2,405,687	2,149,804
Non current liabilities			
Deferred tax liability	23	**69,685**	69,901
Current liabilities			
Payables and accruals	24	**52,432**	15,811
Due to a related party	18	**2,657**	2,354
Unclaimed dividends		**18,769**	17,520
Borrowings	25	-	132,333
		73,858	168,018
Total equity and liabilities		**2,549,230**	2,387,723

The financial statements on pages 21 to 44 were approved by the board of directors on 18th September, 2002 and were signed on its behalf by:

Directors:

C. J. KIRUBI
Chairman

T. K. WAINAINA
Director

Company Balance Sheet

30 JUNE 2002

	Note	2002 Shs'000	2001 (Restated) Shs'000
ASSETS			
Non current assets			
Investment properties	11	**125,000**	125,000
Motor vehicle and equipment	12	**7,298**	8,362
Intangible assets	13	**1,756**	-
Investment in subsidiary	14	**202,247**	262,717
Investment in associates	15	**1,177,260**	1,184,809
Unquoted investments	16	**551,969**	494,955
Quoted investments	17	**246,670**	247,513
		2,312,200	2,323,356
Current assets			
Due from a subsidiary company		**5,226**	-
Receivables and prepayments	19	**28,693**	32,910
Taxation recoverable		**2,984**	3,035
Bonds	20	**129,250**	4,500
Short term deposits	21	**892**	10,000
Bank balances		**11,064**	3,278
		178,109	53,723
Total assets		**2,490,309**	2,377,079
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	22	**274,900**	230,156
Share premium		**589,268**	334,101
Investment revaluation reserve		**214,957**	465,308
Revenue reserves		**1,216,602**	1,078,387
Proposed dividend		**109,960**	92,063
		2,405,687	2,200,015
Non current liabilities			
Deferred tax liability	23	**19,279**	19,495
Current liabilities			
Payables and accruals	24	**45,645**	7,090
Due to a related party	18	**929**	626
Unclaimed dividends		**18,769**	17,520
Borrowings	25	**-**	132,333
		65,343	157,569
Total equity and liabilities		**2,490,309**	2,377,079

The financial statements on pages 21 to 44 were approved by the board of directors on 18th September, 2002 and were signed on its behalf by:

Directors:

C. J. KIRUBI
Chairman

T. K. WAINAINA
Director

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2002

	Share capital Shs' 000	Share premium Shs' 000	Property revaluation reserve Shs' 000	Investment revaluation reserve Shs' 000	Revenue reserves Shs' 000	Proposed divided Shs' 000	**Total Shs' 000**
At 1 July 2000	191,820	334,101	201,468	406,186	860,586	76,728	**2,070,889**
Revaluation surplus for the year	-	-	-	32,195	-	-	**32,195**
Deficit on revaluation of property	-	-	(55,000)	-	-	-	**(55,000)**
Deferred tax on property revaluation surplus	-	-	16,500	-	-	-	**16,500**
Transfer of property revaluation reserve	-	-	(162,968)	-	162,968	-	**-**
Write back of unclaimed dividends	-	-	-	-	7,614	-	**7,614**
Net profit for the year	-	-	-	-	154,334	-	**154,334**
Dividends - 2000 final paid	-	-	-	-	-	(76,728)	**(76,728)**
Bonus issue	38,336	-	-	-	(38,336)	-	**-**
Proposed dividend – 2001 final	-	-	-	-	(92,063)	92,063	**-**
At 30 June 2001 - restated	230,156	334,101	-	438,381	1,055,103	92,063	**2,149,804**
At 1 July 2001							
- as previously stated	230,156	334,101	162,968	390,846	947,867	92,063	**2,158,001**
Prior year adjustment							
- associated companies	-	-	-	47,535	(55,732)	-	**(8,197)**
- IAS 40	-	-	(162,968)	-	162,968	-	**-**
As restated	230,156	334,101	-	438,381	1,055,103	92,063	**2,149,804**
Revaluation deficit for the year	-	-	-	(84,456)	-	-	**(84,456)**
Share of movement in net assets of associates	-	-	-	(115,684)	-	-	**(115,684)**
Write back of unclaimed dividends	-	-	-	-	1,653	-	**1,653**
Net profit for the year	-	-	-	-	246,522	-	**246,522**
Dividends – 2001 final paid	-	-	-	-	-	(92,063)	**(92,063)**
Issue of share capital	44,744	-	-	-	-	-	**44,744**
Share premium arising from share issue (net)	-	255,167	-	-	-	-	**255,167**
Proposed dividend-2002 final	-	-	-	-	(109,960)	109,960	**-**
At 30 June 2002	274,900	589,268	-	238,241	1,193,318	109,960	**2,405,687**

The prior year adjustment in associated companies relates to adjustments necessitated by changes made in the financial statements of the associated companies after consolidation.

The prior year adjustment with respect to the property revaluation reserve is as a result of the adoption of International Accounting Standard No.40 which requires that surpluses or deficits on revaluation of investment properties be dealt with in the income statement. Previously, surpluses or deficits on revaluation were transferred to the property revaluation reserve. This has now been reclassified to the revenue reserves.

Company Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2002

	Share capital Shs' 000	Share premium Shs' 000	Property revaluation reserve Shs' 000	Investment revaluation reserve Shs' 000	Revenue reserves Shs' 000	Proposed divided Shs' 000	**Total Shs' 000**
At 1 July 2000	191,820	334,101	83,856	538,190	896,600	76,728	**2,121,295**
Revaluation surplus for the year	-	-	-	31,288	-	-	**31,288**
Transfer of reserves	-	-	-	(104,170)	104,170	-	**-**
Deficit on revaluation of property	-	-	(55,000)	-	-	-	**(55,000)**
Deferred tax on property revaluation surplus	-	-	16,500	-	-	-	**16,500**
Transfer of property revaluation reserve	-	-	(45,356)	-	45,356	-	**-**
Write back of unclaimed dividends	-	-	-	-	7,614	-	**7,614**
Net profit for the year	-	-	-	-	155,046	-	**155,046**
Dividends - 2000 final paid	-	-	-	-	-	(76,728)	**(76,728)**
Bonus issue	38,336	-	-	-	(38,336)	-	**-**
Proposed dividend – 2001 final	-	-	-	-	(92,063)	92,063	**-**
At 30 June 2001 - restated	230,156	334,101	-	465,308	1,078,387	92,063	**2,200,015**
At 1 July 2001							
- as previously stated	230,156	334,101	45,356	417,969	1,088,761	92,063	**2,208,406**
Prior year adjustment							
- associated companies	-	-	-	47,339	(55,730)	-	**(8,391)**
- IAS 40	-	-	(45,356)	-	45,356	-	**-**
As restated	230,156	334,101	-	465,308	1,078,387	92,063	**2,200,015**
Share of movement in net assets of associates	-	-	-	(115,684)	-	-	**(115,684)**
Revaluation for the year	-	-	-	(134,667)	-	-	**(134,667)**
Write back of unclaimed dividends	-	-	-	-	1,653	-	**1,653**
Net profit for the year	-	-	-	-	246,522	-	**246,522**
Dividends – 2001 final paid	-	-	-	-	-	(92,063)	**(92,063)**
Issue of share capital	44,744	-	-	-	-	-	**44,744**
Share premium arising from share issue (net)	-	255,167	-	-	-	-	**255,167**
Proposed dividend-2002 final	-	-	-	-	(109,960)	109,960	**-**
At 30 June 2002	274,900	589,268	-	214,957	1,216,602	109,960	**2,405,687**

The prior year adjustment in associated companies relates to adjustments necessitated by changes made in the financial statements of the associated companies after consolidation.

The prior year adjustment with respect to the property revaluation reserve is as a result of the adoption of International Accounting Standard No.40 which requires that surpluses or deficits on revaluation of investment properties be dealt with in the income statement. Previously, surpluses or deficits on revaluation were transferred to the property revaluation reserve. This has now been reclassified to the revenue reserves.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 Shs'000	2001 Shs'000
OPERATING ACTIVITIES			
Cash generated from operations	26(a)	**71,102**	94,663
Interest paid		**(10,263)**	(12,269)
Taxation paid		**(1,014)**	(10,046)
Dividends received from associated companies		**64,923**	99,706
Net cash generated from operating activities		**124,748**	172,054
INVESTING ACTIVITIES			
Purchase of shares in associates		**(2,996)**	(35,125)
Purchase of other equity investments		**(102,468)**	(230,371)
Proceeds of disposal of associates		**31,366**	-
Proceeds on disposal of investments		**-**	40,647
Purchase of treasury bonds		**(127,000)**	-
Proceeds on part redemption of bond		**2,250**	2,250
Additions to investment property		**(12,175)**	-
Purchase of equipment		**(1,198)**	(2,095)
Proceeds on disposal of equipment		**55**	-
Purchase of intangible assets		**(2,132)**	-
Net cash used in investing activities		**(214,298)**	(224,694)
FINANCING ACTIVITIES			
Dividends paid		**(89,161)**	(80,965)
Proceeds from share issue (net)		**299,911**	-
Net cash generated from/(used in) financing activities		**210,750**	(80,965)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**121,200**	(133,605)
CASH AND CASH EQUIVALENTS AT 1 JULY		**(105,628)**	27,977
CASH AND CASH EQUIVALENTS AT 30 JUNE	26(b)	**15,572**	(105,628)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2002

1. ACCOUNTING POLICIES

The consolidated financial statements are prepared in accordance with International Accounting Standards. The principal accounting policies are set out below.

BASIS OF PREPARATION

The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of equity investments and investment properties.

In the current year, the group has adopted International Accounting Standard No. 40 on Investment Properties for the first time. Under IAS 40, the group's investment properties continue to be accounted for at fair value. However, following the adoption of IAS 40, gains and losses arising from changes in fair value of investment property are dealt with in the income statement for the period in which they arise, rather than in equity. This change in accounting policy has been applied retrospectively and a prior year adjustment transferring revaluation surplus on investment properties from property revaluation reserve to revenue reserve has been effected.

REVENUE RECOGNITION

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and the interest rate applicable.

CONSOLIDATION

The group financial statements reflect the result of the consolidation of the financial statements of the company and its wholly owned subsidiary made up to 30 June and include the group's share of the results of the associated companies.

INVESTMENT PROPERTIES

Investment properties are treated as long term investments and are carried at market value determined, on a periodic basis, by external independent valuers. Investment properties are not subject to depreciation. Changes in their carrying amounts are dealt with in the income statement.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

MOTOR VEHICLE AND EQUIPMENT

Motor vehicle and equipment are stated at cost less depreciation.

Depreciation is calculated to write off the cost of the plant and equipment in equal annual instalments over their estimated useful lives.

The annual rates in use are:

Motor vehicle and motor cycle	20%
Furniture, fittings and office equipment	10%
Computers	33.3%

Notes to the Financial Statements
(Continued)

1. ACCOUNTING POLICIES (Continued)

INVESTMENT IN SUBSIDIARY

Investment in the subsidiary is accounted for in the books of the company by the equity method of accounting. Equity accounting involves recognising in the company's income statement, the company's share of the subsidiary's profit or loss for the year. The company's interest in the subsidiary is carried in the balance sheet at net asset value.

INVESTMENTS IN ASSOCIATES

Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings over which the group has between 20% and 50% of the voting rights and over which the group exercises significant influence but which it does not control. Provisions are recorded for long-term impairment in value.

Equity accounting involves recognising, in the income statement, the group's share of the associates' profit or loss for the year. The group's interest in the associates is carried in the balance sheet at an amount that reflects its share of the net assets of the associates.

A listing of the group's principal associated undertakings is shown in note 15.

INVESTMENTS

Quoted investments are stated at the middle market value as at 30 June. The unquoted investments are stated at directors' valuation using, in most cases, the share of the net assets of the companies, based on the latest available financial statements. The difference between valuation and cost is transferred to the investment revaluation reserve. Where valuation is below cost, the difference between valuation and cost is charged to the income statement if, in the opinion of the directors, the reduction in value is not considered temporary.

BAD AND DOUBTFUL DEBTS

Specific provision is made for all known bad and doubtful debts. Bad debts are written of 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 group.

Deferred income tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

RETIREMENT BENEFIT OBLIGATIONS

The group operates a defined contribution pension scheme. The scheme is administered by independent fund managers and is funded from contributions from both the employer and the employees. The group's contributions to the defined contribution pension scheme are charged to the income statement in the year to which they relate.

The group also contributes to the statutory National Social Security Fund. This is a defined contribution pension scheme registered under the National Social Security Act. The group's obligations under the scheme are limited to specific obligations legislated from time to time and are currently limited to a maximum of Shs 200 per month per employee with effect from December 2001 (the maximum was Sh 80 up to November 2001). The group contributions are charged to the income statement in the year to which they relate.

Notes to the Financial Statements

(Continued)

1. **ACCOUNTING POLICIES** (Continued)

COMPUTER SOFTWARE DEVELOPMENT COSTS

Generally, costs associated with developing computer software programmes are recognised as an expense when incurred. However, costs that are clearly associated with an identifiable and unique product which will be controlled by the company and has a probable benefit exceeding the cost beyond one year, are recognised as an intangible asset.

Expenditure which enhances and extends computer software programmes beyond their original specifications and lives is recognised as a capital improvement and added to the original cost of the software.

Computer software development costs recognized as assets are stated at cost less amortisation. Amortisation is calculated on a straight line basis over the estimated useful lives not exceeding a period of 3 years.

LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight line basis over the terms of the relevant leases.

Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the group's balance sheet when the group has become a party to the contractual provisions of the instrument.

Receivables
Receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on the review of all outstanding amounts at the year end. Bad debts are written off when all reasonable steps to recover them have failed.

Bank borrowings
Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct costs. Finance charges are accounted for on an accrual basis.

Trade payables
Trade payables are stated at their nominal value.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currency are translated into Kenya shillings at the rates of exchange ruling at the balance sheet date. Transactions during the year are translated at the rates ruling on the transaction dates. Differences on exchange are dealt with in the income statement.

COMPARATIVES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In particular, comparatives have been adjusted to take into account the adoption of International Accounting Standard No. 40, Investments properties and the prior year adjustment relating to associated companies as shown in the statement of changes in equity.

2. SEGMENT INFORMATION

Primary reporting format- Business segments

	Automotive	Beverage	Financial	Agriculture	Industrial & Allied	Services	Retail	Government Services	Property	2002 Total	2001 Total
	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000	Shs' 000	**Shs' 000**	Shs' 000
INCOME											
Dividend income											
- unquoted investments	-	2,667	1,397	-	49,215	15,806	-	-	-	**69,085**	57,276
- quoted investments	-	16,780	1,142	228	2,011	596	-	-	-	**20,757**	14,524
Rent receivable	-	-	-	-	-	-	-	-	28,162	**28,162**	25,614
Interest receivable	-	-	-	-	-	-	-	7,391	-	**7,391**	3,393
Gain on disposal of investment	-	-	-	-	-	-	-	-	25,550	**25,550**	20,234
Other investment income	-	377	282	-	468	-	185	57	8	**1,377**	3,334
Share of results of associated companies (net of tax)	-	148,599	11,714	-	-	-	12,366	-	-	**172,679**	120,530
INVESTMENTS											
Associates											
Share of net assets	-	874,071	72,224	-	-	-	230,965	-	-	**1,177,260**	1,226,302
Unquoted Investments											
Directors valuation (net assets)	319,076	21,929	53,707	-	100,441	56,816	-	-	-	**551,969**	494,955
Quoted investments											
Market value	-	152,672	55,388	5,221	24,103	9,286	-	-	-	**246,670**	247,513

Notes to the Financial Statements
(Continued)

		2002 Shs'000	2001 Shs'000
3.	**INVESTMENT INCOME**		
	Dividends receivable	**89,842**	71,800
	Interest receivable	**7,391**	3,393
	Rent receivable	**28,162**	25,614
	Gain on disposal of investments	**25,550**	20,234
	Other investment income	**1,377**	3,334
		152,322	124,375
4.	**OPERATING PROFIT**		
	The operating profit is arrived at after charging:		
	Directors' emoluments:		
	Non-executive -fees	**1,355**	1,230
	-other	**2,145**	2,161
	Executive remuneration	**7,045**	7,363
	Auditors' remuneration	**1,497**	1,520
	Depreciation and amortisation	**2,591**	1,866
	Provision for diminution in value of investments	**135**	17,795
	Provision for bad and doubtful debts	**5,800**	-
	Staff costs (Note 6)	**11,605**	6,032
	and after crediting:		
	Dividend income (gross) - quoted investments	**20,757**	57,276
	- unquoted investments	**69,085**	14,524
	Rent receivable	**28,162**	25,614
5.	**FINANCE COSTS**		
	Interest on borrowings	**10,263**	12,269
6.	**STAFF COSTS**		
	Salaries	**9,865**	4,778
	National Social Security Fund Contributions (NSSF)	**16**	6
	Retirement benefit scheme contributions	**970**	775
	Leave pay provision	**754**	473
		11,605	6,032

The average number of staff employed by the group was 8 (2001 – 6).

Notes to the Financial Statements
(Continued)

		2002 Shs'000	2001 (Restated) Shs'000
7.	**(a) TAX EXPENSE**		
	Current taxation based on adjusted profit for the year	**4,690**	2,771
	Deferred tax (credit) / charge (note 23)	**(216)**	2,133
		4,474	4,904
	Share of associated companies' taxation:		
	Current taxation	**49,487**	76,261
	Prior year under / (over) provision	**3,661**	(1,213)
	Deferred taxation charge	**2,467**	(7,126)
		55,615	67,922
		60,089	72,826
	(b) Reconciliation of taxation expense to expected tax based on accounting profit;		
	Accounting profit before taxation	**306,611**	227,160
	Tax at the applicable rate of 30%	**91,983**	68,148
	Tax effect of concessions on dividend income	**(49,021)**	(53,819)
	Tax effect of income not taxable	**(31,053)**	(6,070)
	Tax effect of expenses not deductible for tax purposes	**44,519**	65,780
	Adjustment in respect of prior year	**3,661**	(1,213)
		60,089	72,826

Notes to the Financial Statements
(Continued)

8 PROFIT AFTER TAXATION NET PROFIT FOR THE YEAR

A profit after taxation of Shs 246,522,000 (2001-Shs 155,046,000) has been dealt with in the books of ICDC Investment Company Limited.

9 EARNINGS PER SHARE

The earnings per share has been calculated on the profit after taxation of Shs 246,522,000 (2001-Shs 154,334,000) and on the weighted average number of ordinary shares in issue during the year of 51,008,253 (2001 – 46,031,291).

Diluted earnings per share is the same as the basic earnings per share.

10 PROPOSED DIVIDEND

At the annual general meeting to be held on 18th December, 2002, a dividend in respect of 2002 of Shs 2.00 per share (2001- Shs 2 per share) amounting to a total of Shs 109,960,000 (2001-Shs 92,063,000) will be proposed. The proposed amount has been provided for in accordance with International Accounting Standard 10.

	GROUP		COMPANY	
	2002	2001	**2002**	2001
	Shs'000	Shs'000	**Shs'000**	Shs'000
11 INVESTMENT PROPERTIES				
At 1 July	**325,000**	325,000	**125,000**	125,000
Additions	**12,175**	-	**-**	-
At 30 June	**337,175**	325,000	**125,000**	125,000
Comprising:				
At valuation – 2001	**325,000**	325,000	**125,000**	125,000
Additions	**12,175**	-	**-**	-
	337,175	325,000	**125,000**	125,000
Original cost	**99,987**	87,812	**60,206**	60,206

The group's investment properties were revalued on an open market valuation basis as at 30 June 2001 by Lloyd Masika Limited, Registered Valuers and Estate Agents, and the valuation department of Industrial and Commercial Development Corporation (ICDC).

Investment property with a value of Sh 200,000,000 has been charged to secure banking facilities granted to the group (see note 25).

Notes to the Financial Statements
(Continued)

12. MOTOR VEHICLE AND EQUIPMENT

GROUP AND COMPANY

COST	Motor vehicle and motor cycle Shs' 000	Furniture and fittings Shs' 000	Computer Shs' 000	Office equipment Shs' 000	**Total Shs' 000**
At 1 July 2001	3,943	4,514	1,802	1,045	**11,304**
Transfer to intangible assets	-	-	(233)	-	**(233)**
Additions	176	82	748	192	**1,198**
Disposals	-	(61)	-	-	**(61)**
At 30 June 2002	4,119	4,535	2,317	1,237	**12,208**
DEPRECIATION					
At 1 July 2001	1,512	532	733	165	**2,942**
Transfer to intangible assets	-	-	(50)	-	**(50)**
Charge for the year	818	454	632	128	**2,032**
Eliminated on disposal	-	(14)	-	-	**(14)**
At 30 June 2002	2,330	972	1,315	293	**4,910**
NET BOOK VALUE					
At 30 June 2002	1,789	3,563	1,002	944	**7,298**
At 30 June 2001	2,431	3,982	1,069	880	**8,362**

13. INTANGIBLE ASSETS

	Computer software Sh'000
GROUP AND COMPANY	
COST	
Transfer from motor vehicle and equipment	233
Additions	2,132
	2,365
AMORTISATION	
Transfer from motor vehicle and equipment	50
Charge for the year	559
	609
NET BOOK VALUE	
At 30 June 2002	1,756
At 30 June 2001	-

	COMPANY	
	2002 Shs'000	2001 Shs'000
14. INVESTMENT IN SUBSIDIARY		
Unquoted: At directors' valuation		
Kenya National Properties Limited 100% owned (Cost Shs 114,735,000)	**202,247**	262,717

15. INVESTMENT IN ASSOCIATES

(a) GROUP

	Number of shares at						Share of net assets	
	30.6.02	30.6.01	**% owned 30.6.02**	% owned 30.6.01	**Cost at 30.6.02**	Cost at 30.6.01	**30.6.02**	30.6.01 Restated
UNQUOTED					**Shs' 000**	Shs' 000	**Shs' 000**	Shs' 000
Aon Minet Insurance Brokers Ltd	**132,932**	132,932	**21.5**	21.5	**12,298**	12,298	**72,224**	73,775
KWA Holdings Ltd	**25,373,936**	25,373,936	**26.4**	26.4	**17,235**	17,235	**370,627**	397,825
Mt Kenya Bottlers Ltd	**1,250,695**	1,250,695	**28.6**	28.6	**10,005**	10,005	**137,674**	133,184
Nairobi Bottlers Ltd	**878,286**	878,286	**27.6**	27.6	**56,895**	56,895	**313,483**	285,785
Rift Valley Bottlers Ltd	**2,656,412**	2,638,912	**46.1**	46.1	**61,965**	61,397	**52,287**	39,132
Minken Properties Ltd	**-**	10,406,000	**-**	20.6	**-**	5,500	**-**	41,493
					158,398	163,330	**946,295**	971,194
QUOTED								
Uchumi Supermarkets Ltd	**14,993,317**	14,933,317	**24.99**	24.89	**322,987**	320,559	**230,965**	255,108
							1,177,260	1,226,302

The market value of Uchumi Supermarkets Limited as quoted on the Nairobi Stock Exchange as at 30 June 2002 was Shs 248,889,000 (2001 –Shs 679,466,000).

Shares in Uchumi Supermarkets Limited with a market value of Sh 140,663,000 (2001 – Sh 261,441,000) are held as security for banking facilities granted to the group (see note 25).

15. INVESTMENT IN ASSOCIATES

(b) COMPANY

	Number of shares at 30.6.02	Number of shares at 30.6.01	% owned 30.6.02	% owned 30.6.01	Cost at 30.6.02	Cost at 30.6.01	Share of net assets 30.6.02	Share of net assets 30.6.01 Restated
UNQUOTED					Shs' 000	Shs' 000	Shs' 000	Shs' 000
Aon Minet Insurance Brokers Ltd	**132,932**	132,932	**21.5**	21,5	**12,298**	12,298	**72,224**	73,775
KWA Holdings Ltd	**25,373,936**	25,373,936	**26.4**	26.4	**17,235**	17,235	**370,627**	397,825
Mt Kenya Bottlers Ltd	**1,250,695**	1,250,695	**28.6**	28.6	**10,005**	10,005	**137,674**	133,184
Nairobi Bottlers Ltd	**878,286**	878,286	**27.6**	27.6	**56,895**	56,895	**313,483**	285,785
Rift Valley Bottlers Ltd	**2,656,412**	2,638,912	**46.1**	46.1	**61,965**	61,397	**52,287**	39,132
					158,398	157,830	**946,295**	929,701
QUOTED								
Uchumi Supermarkets Ltd	**14,993,317**	14,933,317	**24.99**	24.89	**322,987**	320,559	**230,965**	255,108
							1,177,260	1,184,809

The value of Uchumi Supermarkets Limited as quoted on the Nairobi Stock Exchange as at 30 June 2002 was Shs 248,889,000 (2001 -Shs 679,466,000).

Shares in Uchumi Supermarkets Limited with a market value of Sh 140,663,000 (2001 – Sh 261,441,000) are held as security for banking facilities granted to the group (see note 25).

16. UNQUOTED INVESTMENTS

GROUP AND COMPANY

	Number of shares at 01.7.01	Additions in the year Shs.	Number of shares at 30.6.02	Cost at 1.7.01 Shs'000	Additions in the year Shs'000	Cost at 30.6.02 Shs'000	Directors' valuation 30.6.02 Shs'000	Directors' valuation 30.6.01 Shs'000
Dawa Pharmaceuticals Ltd	250,000	-	**250,000**	5,000	-	**5,000**	**-**	-
Eveready Batteries (Kenya) Ltd	21,259	-	**21,259**	4,030	-	**4,030**	**71,409**	79,465
Eslon Plastics of Kenya Ltd	146,561	-	**146,561**	427	-	**427**	**9,319**	9,256
General Motors Kenya Ltd	279,300	-	**279,300**	184,536	-	**184,536**	**319,076**	299,049
Heritage Woollen Mills (K) Ltd	72,249	-	**72,249**	6,387	-	**6,387**	**-**	-
Kisii Bottlers Ltd	666,664	-	**666,664**	5,333	-	**5,333**	**21,929**	19,700
Mather & Platt (Kenya) Ltd	10,139	-	**10,139**	2,119	-	**2,119**	**1,730**	1,774
Nas Airport Services Ltd	73,056	-	**73,056**	7,397	-	**7,397**	**55,086**	43,031
UAP Provincial Insurance Co. Ltd	2,721,300	1,179,941	**3,901,241**	18,636	17,876	**36,512**	**53,707**	42,680
Total				233,865	17,876	**251,741**	**532,256**	494,955
OFFSHORE INVESTMENTS								
Wildlife Works	-	52,632	**52,632**	-	19,713	**19,713**	**19,713**	-
							551,969	494,955

17. QUOTED INVESTMENTS

GROUP AND COMPANY

	Number of shares at 1.7.01	Additions / (disposals) in the year	**Number of shares at 30.6.02**	Cost at 1.7.01 Shs'000	Additions / (disposals) in the year Shs'000	**Cost at 30.6.02 Shs'000**	**Market value at 30.6.02 Shs'000**	Market value at 30.6.01 Shs'000
Barclays Bank of Kenya Ltd	70,134	-	**70,134**	1,477	-	**1,477**	**5,961**	5,751
Brooke Bond Kenya Ltd	28,970	*(143)	**28,827**	5,428	-	**5,428**	**1,629**	5,428
British American Tobacco Kenya Ltd	6,419	-	**6,419**	170	-	**170**	**305**	350
BOC Kenya Ltd	18,000	-	**18,000**	272	-	**272**	**486**	558
Carbacid Investment Company Limited	-	248,859	**248,859**	-	8,998	**8,998**	**8,959**	-
CFC Bank Ltd	36,000	-	**36,000**	4	-	**4**	**324**	304
Crown Berger Kenya Ltd	83,600	-	**83,600**	1,370	-	**1,370**	**418**	1,370
East African Cables Ltd	45,000	-	**45,000**	155	-	**155**	**322**	450
East African Breweries Ltd	1,800,568	50,000	**1,850,568**	128,478	3,743	**132,221**	**152,672**	143,145
Firestone East Africa (1969) Ltd	420,000	-	**420,000**	5,446	-	**5,446**	**3,423**	5,446
Housing Finance Co. of Kenya Ltd	122,291	-	**122,291**	1,625	-	**1,625**	**452**	1,625
The Kenya Power and Lighting Co. Ltd	137,126	-	**137,126**	11,367	-	**11,367**	**1,186**	11,367
Kenya National Mills Ltd	79,180	-	**79,180**	899	-	**899**	**194**	899
Kenya Commercial Bank Ltd	1,785,740	2,832,868	**4,618,608**	42,820	49,764	**92,584**	**46,879**	42,820
Kenya Airways Ltd	484,218	250,000	**734,218**	4,492	1,785	**6,277**	**5,323**	4,492
Kenya Oil Ltd	18,453	-	**18,453**	1,098	-	**1,098**	**1,347**	1,356
National Bank of Kenya Ltd	351,835	875	**352,710**	7,395	-	**7,395**	**917**	1,056
Nation Media Group Ltd	68,000	*31,075	**99,075**	4,534	-	**4,534**	**3,963**	4,534
Rea Vipingo Plantations Ltd	9,600	-	**9,600**	94	-	**94**	**29**	26
Sasini Tea & Coffee Ltd	224,684	-	**224,684**	912	-	**912**	**3,370**	6,010
Standard Chartered Bank Kenya Ltd	19,437	*(3,000)	**16,437**	441	*589	**1,030**	**855**	1,108
Total Kenya Ltd	19,500	-	**19,500**	303	-	**303**	**202**	527
Williamson Tea Kenya Ltd	4,675	-	**4,675**	1,308	-	**1,308**	**193**	1,308
				220,088	64,879	**284,967**	**239,409**	239,930
REGIONAL								
British American Tobacco Uganda Ltd	140,000	-	**140,000**	7,000	-	**7,000**	**7,261**	7,583
Total				227,088	64,879	**291,967**	**246,670**	247,513

* Note: These are corrections arising from the reconciliation of brokers' statements. The Nation Media Group Ltd. figure includes the bonus issue of 33,025 shares.

Notes to the Financial Statements
(Continued)

		GROUP		COMPANY	
		2002	2001	**2002**	2001
		Shs'000	Shs'000	**Shs'000**	Shs'000
18.	**RELATED PARTY BALANCES**				
	a) Due from a related party Funguo Investment Services	**11,514**	-	**-**	-
	b) Due to a related party Funguo Corporate Services (2001 – ICDC)	**2,657**	2,354	**929**	626
19.	**RECEIVABLES AND PREPAYMENTS**				
	Dividends receivable	**6,901**	18,996	**17,032**	18,996
	Interest receivable	**2,438**	111	**2,438**	111
	Sundry receivables and prepayments	**41,241**	14,450	**843**	12,661
	Rent debtors	**14,758**	6,602	**754**	743
	Recoverable expenses (service charges)	**750**	5,873	**7,626**	399
		66,088	46,032	**28,693**	32,910
20.	**BONDS**				
	Treasury bonds				
	At cost maturing 2002	**10,000**	-	**10,000**	-
	At cost maturing 2003	**21,000**	-	**21,000**	-
	At cost maturing 2005	**76,000**	-	**76,000**	-
	At cost maturing 2007	**20,000**	-	**20,000**	-
		127,000	-	**127,000**	-
	East African Development Bank bonds				
	At cost maturing 2002	**2,250**	4,500	**2,250**	4,500
		129,250	4,500	**129,250**	4,500

The average effective interest rate on bonds at 30 June 2002 was 13.6% (2001 – 13.3%).

21.	**SHORT TERM DEPOSITS**				
	Commercial Bank of Africa Limited	**892**	10,000	**892**	10,000
	Barclays Bank of Kenya Limited	**3,610**	10,000	**-**	-
		4,502	20,000	**892**	10,000

The average effective interest rate on short term deposits at 30 June 2002 was 7.5% (2001 – 6.7%).

Notes to the Financial Statements
(Continued)

		2002 Shs'000	2001 Shs'000
22.	**SHARE CAPITAL**		
	GROUP AND COMPANY		
	Authorised:		
	60,000,000 Ordinary shares of Shs 5 each	**300,000**	300,000
	Issued and fully paid:		
	54,980,016 (2001 – 46,031,291) ordinary shares of Shs 5 each	**274,900**	230,156

The company had a public share issue in October 2001 in which 8,948,725 shares were issued to the public at a price of Sh 37 per share raising Sh 299,911,000 net of expenses.

23. DEFERRED TAX LIABILITY

Deferred income taxes are calculated on all temporary differences under the liability method using the enacted tax rate of 30%

The net deferred tax liability is attributable to the following items:

	GROUP		COMPANY	
	2002 Shs'000	2001 Shs'000	**2002 Shs'000**	2001 Shs'000
Accelerated capital allowances	**208**	198	**208**	198
Leave pay provision	**(367)**	(141)	**(367)**	(141)
Revaluation surplus	**69,844**	69,844	**19,438**	19,438
	69,685	69,901	**19,279**	19,495
The movement on the deferred tax account is as follows:				
At 1 July	**69,901**	84,268	**19,495**	36,148
Income statement (credit)/charge	**(216)**	2,133	**(216)**	(153)
Revaluation reserve credit	**-**	(16,500)	**-**	(16,500)
At 30 June	**69,685**	69,901	**19,279**	19,495

24. PAYABLES AND ACCRUALS

Rent deposits	**4,775**	5,446	**551**	587
Rent paid in advance	**1,157**	832	**935**	606
Sundry payables and accruals	**46,500**	9,533	**44,159**	5,897
	52,432	15,811	**45,645**	7,090

Notes to the Financial Statements
(Continued)

		2002 Shs'000	2001 Shs'000
25	**BORROWINGS**		
	GROUP AND COMPANY		
	Bank overdrafts	-	73,333
	Short term loans	-	59,000
		-	132,333

The maturity period of the short term loans was 30 days. The bank overdrafts and short term loans are secured by 8,473,680 (2001 – 5,745,956) shares in Uchumi Supermarkets Limited, and a legal charge over Kimathi house, one of the group's properties. The market value of the shares held as security at 30 June 2002 was Shs 140,663,000 (2001 – Shs 261,441,000).

The effective interest rate on borrowings at 30 June 2001 was:

Bank overdrafts	15.5%
Short term loans	12.9%

The group has undrawn committed borrowing facilities amounting to Shs 110,000,000 (2001 – Shs 170,000,000).

		2002 Shs'000	2001 Shs'000
26	**NOTES TO THE CASH FLOW STATEMENT**		
(a)	Reconciliation of operating profit to net cash generated from operations		
	Operating profit	**88,580**	50,977
	Adjustments for:		
	Depreciation	**2,032**	1,866
	Amortisation	**559**	-
	(Profit) / loss on disposal of equipment	**(8)**	79
	Provision for diminution in value of investments	**135**	17,795
	Gain on disposal of investments	**(25,550)**	(20,234)
	Operating profit before working capital changes:	**65,748**	50,483
	Increase in receivables and prepayments	**(20,056)**	(13,846)
	(Increase) / decrease in related party balances	**(11,211)**	51,403
	Increase in payables and accruals	**36,621**	6,623
	Net cash generated from operations	**71,102**	94,663
(b)	Analysis of balances of cash and cash equivalents		
	Short term deposits	**4,502**	20,000
	Bank balances	**11,070**	6,705
	Borrowings	-	(132,333)
		15,572	(105,628)

For the purposes of the cash flow 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 and borrowings.

Notes to the Financial Statements
(Continued)

		GROUP		COMPANY	
		2002	2001	**2002**	2001
		Shs'000	Shs'000	**Shs'000**	Shs'000
27	**CAPITAL COMMITMENTS**				
	Authorised but not contracted for	**11,239**	27,996	**889**	2,996
	Authorised and contracted for	**11,500**	225	**-**	-
	Share of associated companies' capital commitments				
	Authorised and contracted for	**-**	79,958	**-**	79,958
	Authorised but not contracted for	**87,620**	5,197	**87,620**	5,197
28	**CONTINGENT LIABILITY**				
	Share of associated companies' contingent liabilities	**35,813**	24,801	**35,813**	24,801

29 **RELATED PARTIES**

The group transacts with companies related by virtue of common shareholding and also by virtue of common directors. These transactions are at arm's length and in the normal course of business. Amounts not settled as at balance sheet date are disclosed in note 18.

During the year the following transactions were entered into with related parties.

	2002	2001
	Shs'000	Shs'000
Purchase of goods / services		
Rent and service charge	**2,316**	2,092
Legal fees	**142**	1,077
Management fees	**202**	529
Share registration services	**1,886**	5,286

30 **RETIREMENT BENEFIT OBLIGATIONS**

The group makes contributions to a defined contribution scheme and to a statutory defined pension scheme, the National Social Security Fund. Contributions to the plan are determined by the rules of the plan and totaled Sh 970,000 (2001 - Sh 775,000) in the year. Contributions to the statutory scheme are determined by local statute. The group contributed Sh 16,000 (2001 - Sh 6,000) to the statutory scheme.

Notes to the Financial Statements
Continued

31 OPERATING LEASE ARRANGEMENTS

The group as a lessor

Property rental income earned during the year was Sh 28,162,000 (2001 – Sh 25,614,000). At the balance sheet date, the group had contracted with tenants for the following future lease receivables.

	2002 **Sh'000**	2001 Sh'000
Within one year	**26,577**	28,162
In the second to fifth years inclusive	**69,286**	85,720
After five years	**13,209**	23,352
	109,072	137,234

Leases are negotiated for an average term of six years and rentals are reviewed annually. The leases are cancelable with no penalty when the tenants give three months notice to vacate the premises.

The group as a lessee

At the balance sheet date, the company had outstanding commitments under operating leases, which fall due as follows:

	2002 **Sh'000**	2001 Sh'000
Within one year	**2,074**	2,074
In the second to fifth year inclusive	**5,512**	7,586
	7,586	9,660

Operating lease payments represent rentals payable by the group for its office premises. Leases are negotiated for an average term of 5 years.

32 COUNTRY OF INCORPORATION

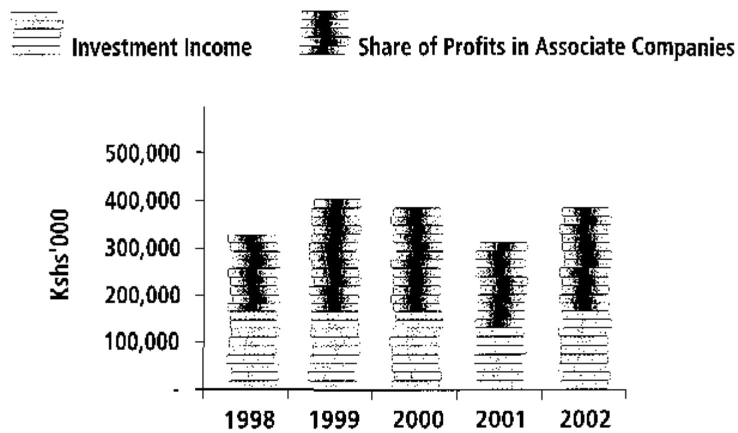
The group is incorporated in Kenya under the Companies Act.

33 CURRENCY

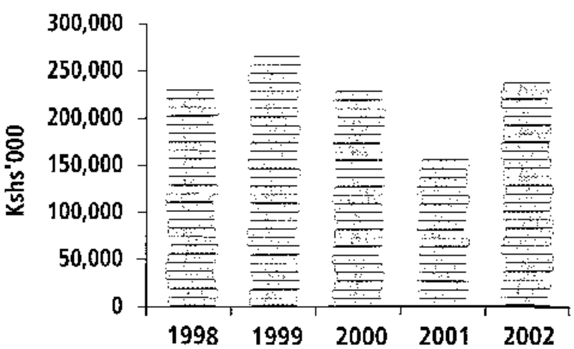
The financial statements are presented in Kenya Shillings thousands (Sh'000).

Financial Highlights

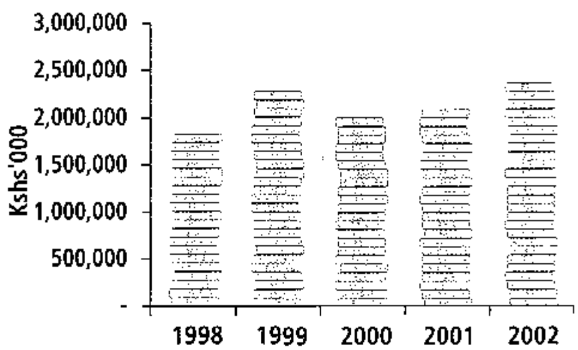
GROUP'S INCOME



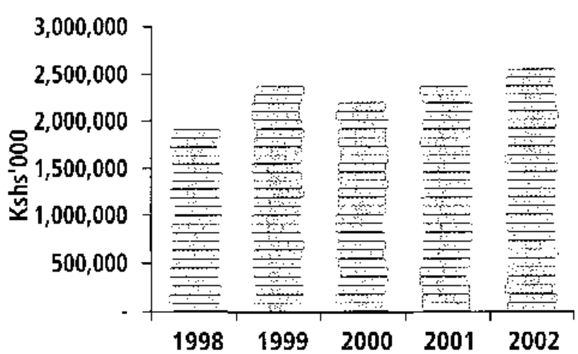
PROFIT AFTER TAX



SHAREHOLDERS' FUNDS



TOTAL ASSETS EMPLOYED



Top Ten Shareholders

The top 10 shareholders on the company's share register as at 30 June 2002 were as follows:

		Number of shares	Percentage holding
1.	Industrial and Commercial Development Corporation (ICDC)	12,930,413	23.52%
2.	Mr. Christopher Kirubi	7,509,909	13.66%
3.	UAP Provincial Insurance Co. Ltd.	5,878,305	10.69%
4.	Kiruma International Co. Ltd.	3,309,909	6.02%
5.	International House Ltd.	2,899,560	5.27%
6.	Barclays (K) Nominees Ltd.	1,131,665	2.06%
7.	Old Mutual Life Assurance Co. Ltd.	717,513	1.31%
8.	Stanbic Nominees Kenya Ltd.	347,704	0.63%
9.	Funguo Investments Ltd.	288,905	0.53%
10.	M/S Ekco Investments Ltd.	196,526	0.36%

ICDC INVESTMENT COMPANY LIMITED

INTERNATIONAL HOUSE, P.O. BOX 10518, 00100 - NAIROBI, KENYA

Proxy Form

I / We ____

of ____

being member(s) of ICDC Investment Company Limited, hereby appoint ______________________

____

of ____

or failing him / her the duly appointed Chairman of the meeting to be my / our proxy, to vote for me / us and on my / our behalf at the 35th Annual General Meeting of the Company, to be held on Wednesday 18th December, 2002 at 11.00 a.m. or at any adjournment thereof.

As witness I / We lay my / our hand(s) this ______________ day of ______________ 2002.

Signature ______________________

Notes:

1. This proxy form is to be delivered to the Secretary's office not later than 11.00 a.m. on Monday, 16th December, 2002.
2. In case of a corporation the proxy must be under the Common Seal or under the hand of an Officer or Attorney duly authorised.

Fomu ya Mwakilishi

Mimi / Sisi ____

wa ____

kwa kuwa mwanachama / wanachama wa ICDC Investment Company Limited ninamteua / tunamteua

____

wa ____

na kama hayuko, Mwenyekiti wa mkutano huu aliyeteuliwa kama ipasavyo awe mwakilishi wangu / wetu, anipigie kura kwa niaba yangu / yetu katika Mkutano Mkuu wa Thelathini na Tano wa Kampuni hii utakaofanywa mnamo Jumatano tarehe 18 Decemba, 2002 saa tano kamili asubuhi au tarehe yoyote nyingine itakayoahirishwa.

Kama ilivyoshuhudiwa kwa sahihi yangu / yetu siku hii ya ______________ *mwezi wa* ______________ *2002.*

Sahihi ______________________

Maelezo:

1. *Uwakilishi huu upelekwe kwenye afisi ya Katibu kabla ya saa tano kamili asubuhi, Jumatatu tarehe 16 Decemba, 2002. Ukikosekana hautakuwa na haki yoyote.*
2. *Kwa Shirika, lazima uwakilishi uwe na Muhuri wa Kawaida wa Shirika hilo au uwe na sahihi ya Afisa au Mwakilishi aliyeidhinishwa.*

CUT ALONG THIS LINE

FOLD 2
PILI KUNJA HAPA

AFFIX
STAMP
HERE

FOLD 1
KWANZA KUNJA HAPA

FUNGUA UCHUMI
ICDC

THE COMPANY SECRETARY,
ICDC INVESTMENT COMPANY LIMITED,

INTERNATIONAL HOUSE,
P.O. BOX 10518,
00100 - NAIROBI,
KENYA

FOLD 3
HALAFU KUNJA HAPA

INSERT FLAP INSIDE
SASA INGIZA KARATASI HII NDANI YA MKUNJO KAMA BAHASHA

CUT ALONG THIS LINE