



*Annual Report and Accounts*  
*30th June 1998*





# REPORT AND ACCOUNTS

*Period ended 30 June 1998*

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## REGISTERED OFFICE

**KENYA SEED CO. LTD.**

P. O. Box 553 Kitale, Kenya.

Secretary: Z. K. Cheruiyot

Auditors: Deloitte & Touche, Nairobi.

Bankers: Barclays Bank of Kenya Ltd.  
Kenya Commercial Bank Ltd.

Advocates: Daly & Figgis, Nairobi  
Kiangoi & Company, Nairobi





## NOTICE OF THE MEETING

Notice is hereby given that the forty-second Annual General Meeting of Shareholders will be held at the Registered Office of the Company on Monday 14th December, 1998 at 10.00 a.m. to conduct the following business.

### ORDINARY BUSINESS

1. To approve the minutes of the 41st Annual General Meeting held on 15th December 1997.
2. Chairman's statement.
3. To receive and consider the accounts as at 30th June 1998 and the directors' and auditors' reports thereon.
4. To approve the remuneration of the directors.
5. To authorise the directors to fix the auditors' remuneration.
6. To elect directors in accordance with the Company's Articles of Association.

Owing to retirement of several directors and the appointment of new directors in their place, it will not be practicable for the existing directors to retire by rotation.

Both Mr. W.M. Saina and Mr. K.P.A. Langat were appointed to the Board on 14th May 1998. In accordance with Article 96, they both retire but, being eligible, offer themselves for re-election.

Mr. Yahya S. Yahya was appointed to the Board on 13th October, 1997. In accordance with Article 96, he retires but, being eligible, offers himself for re-election.

Following the tragic death of Dr. W.K. Kilele on 17th September, 1998, the Government appointed Mr. Job Siror as Managing Director of ADC with effect from 1st October, 1998 and accordingly became a member of the Board with effect from that date.

In accordance with Article 96, Mr. J. Siror retires but, being eligible, offers himself for re-election.

7. To transact any other ordinary business of the Company.

A shareholder entitled to attend and vote may appoint a proxy to attend and vote for, and on behalf of, the shareholder.

A proxy need not be a member of the Company.

By Order of the Board

**Z. K. CHERUIYOT**

*Company Secretary*

P. O. Box 553, Kitale

**9th November, 1998**

A form of proxy is on page 23 which shareholders who do not propose to be at the meeting are requested to complete and return to the Registered Office of the Company so as to arrive not later than 12.00 noon on Thursday 10th December, 1998.



# BOARD OF DIRECTORS



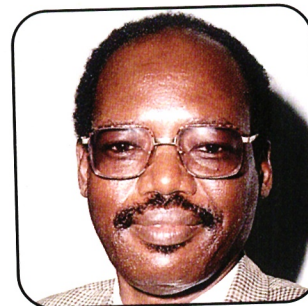
**W. M. Saina**  
Chairman



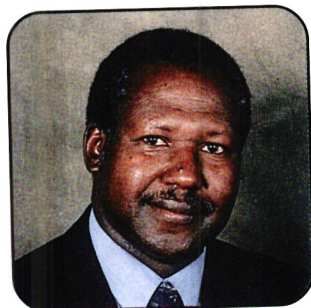
**N K Arap Tum**  
Managing Director



**E J Goes**  
Finance Director



**J. Siror**  
Director



**K. P. A. Langat**  
Director

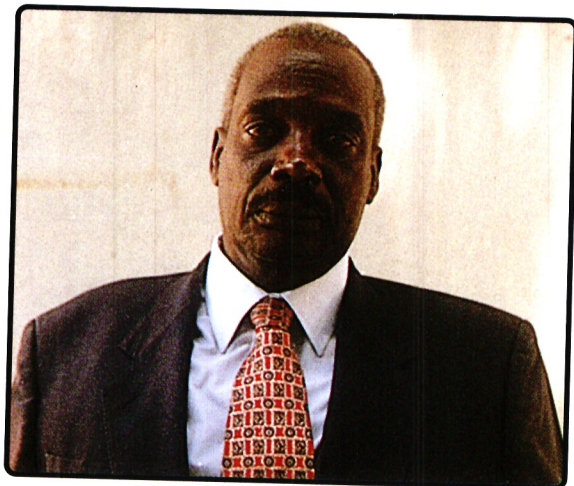


**E Bartien**  
Director



**J. O. Ndeda**  
Director





It gives me great pleasure to present to the shareholders the financial statements for the year ended 30th June, 1998 after having taken over the chairmanship of the Company from Dr. Taaita arap Toweett.

I wish to take this opportunity to thank His Excellency the President for the honour he has bestowed on me in appointing me as the Chairman of the Board.

I will do my best to uphold the reputation of the Company and to ensure that we meet the national goals that have been set for this Company. In this regard I will do my best to assist the Company to ensure that appropriate legislation is passed to seal any loophole in illegal importation of seed and the sale of bogus seed to unsuspecting Kenyan farmers.

We look forward to assistance from the provincial administration and the police force to help stamp out the problem.

I would also like to thank my predecessor Dr. T. Toweett for having successfully chaired the Company for the last thirteen years between 9th May, 1985 and 14th of May, 1998 and to wish him the best of luck in his future undertakings.

The Kenyan economy continues to be dependant on Agriculture which produces 70% of the Gross National Product (GNP) and hence Kenya Seed Company has a very crucial role to play in ensuring that the country attains self sufficiency in food production.

I would also like to thank the Government through the Office of the President and all the related government bodies, our bankers and our seed growers. Special thanks also to ADC for allowing us to utilise their farms in growing seed maize, which will be ready for harvest towards the end of 1998.

May I also thank all other stakeholders in the seed industry who have been very co-operative and assisted in seed distribution. To my colleagues on the Board, I say thank you for your co-operation and support in the short time I have been with you. Thank You.

**WILLIAM MOROGO SAINA**  
CHAIRMAN.

**9th November, 1998**

# CHIEF EXECUTIVE'S STATEMENT



## TRADING RESULTS

The Company registered a lower turnover of K.Shs. 1.632 billion, which is a reduction of K. Shs. 202.9 million (11%) from the previous years turnover of K.Shs.1.835 billion. The reduction in turnover was mainly due to the El-Nino rains.

The company recorded a pretax profit of K.Shs. 85.1 million in 1997/98, leaving a profit after tax of K.Shs. 60.3 million, compared to K.Shs. 48.1 million for the previous year.

The Company's profitability would have been much higher were it not for finance charges of K.Shs. 177 million.

## FINANCE

Although the sales were not as high as the previous period, the company, through good financial management, reduced the overdraft from K.Shs. 84 million to K.Shs. 22 million. Out of the medium term loan balance of K.Shs.266, the company repaid K.Shs. 148 million. However, due to the additional acreage leased from ADC, the Company had to borrow K.Shs. 180 million to finance farming operations which has increased the loan balance to K.Shs. 298 million repayable in 3 years.

## RESEARCH

The Company's policy on Research has not changed. The new releases continue to receive good response from farmers. Research work on varieties which are resistant to common and head smut and trials on varieties free from grey leaf spot are to be started early in 1999.

## PRODUCTION

The weather pattern had a significant effect on the production of seed in the 1997/98 season. The erratic rainfall patterns and prolonged dry season at the time of pollination greatly affected yields. In addition to this, ADC and EATEC who have been the largest growers, reduced their acreage from 5,659 acres to 2,621 acres, and 984 acres to 121 acres respectively.

Consequently, the total yield was 11,839 tonnes compared to 16,234 tonnes produced in the 1996/97 season, a reduction of 27%. Due to the lower acreage, the Company had to contract seed production in Uasin Gishu, Baringo, West Pokot and Taita Taveta Districts.

## MARKETING

The Company registered a lower sales figure of 14,000 tonnes compared to the previous year. This was as a result of unpredictable weather patterns following the El-Nino rains which influenced farmers into planting smaller acreages of cereal grains, which would mature within a short period.





## CHIEF EXECUTIVE'S STATEMENT *(.....continued)*

### **EXPORT SALES**

The opening up of the East African market has enabled the Company to look for additional sales outlets in the Greater Lakes Region. We have established branches at Kapchorwa (Uganda) and Arusha (Tanzania). However, as indicated earlier, the El-Nino rains caused a lot of havoc to farmers who had to cut back on acreage. The Company sold 340 tonnes of seed maize compared to 536 tonnes in the previous year, representing a reduction of 36%.

### **LIBERALIZATION OF THE AGRICULTURAL SECTOR**

The Company will continue to produce top quality seed for the domestic and foreign markets, and continue with its research activities in releasing disease resistant and high yielding varieties.

We have appealed to the Government, through the relevant bodies, to ensure that a level playground is created in the seed industry. This will ensure that seed production and processing rules are applied to all the stakeholders without favour and also curb any dumping of diseased seed into the country which could have disastrous effects on the seed industry.

### **DIVIDEND POLICY**

The Company's dividend policy is to ensure that shareholders get a fair return on their investment at the end of each financial year.

The Company recorded a slightly higher pretax profit of K.Shs. 85.1 million compared to K.Shs. 82.8 million for the previous year. As a result of this, the Directors have recommended a dividend payment of 15% of the paid up capital which is K. Shs. 3/- per share.

### **FUTURE PROSPECTS**

The Company will continue to play a central role in ensuring that seed produced by the Company is suitable for every ecological zone in the country. The Company will endeavour to produce top quality seed at economical and affordable prices. In order to ensure that the National Food Policy is met, the Company, through the Government, leased 10,000 acres from ADC to produce adequate quantities of seed maize for the 1998/99 season.

### **APPRECIATION**

I wish to take this opportunity to thank the Chairman of the Board, the Directors, management and staff for their devoted service to the Company during the year under review.

It is important to mention here that our staff are our major investment without whose devotion, hardwork and commitment to duty, the Company would not have achieved such a high level of success.

**N.K. ARAP TUM, EBS,  
MANAGING DIRECTOR  
9th November, 1998**

# DIRECTOR'S REPORT



*Period ended 30 June 1998*

The Directors present their report and the audited financial statements for the year ended 30 June 1998.

## ACTIVITIES

The Company carries on the business of seed growers and seed merchants, operating a seed maize shelling and drying plant and a cereals drying plant. It also imports, produces and distributes vegetable seed under the trade name of "Simlaw" seeds.

## RESULTS

Profit for the year after taxation  
Less: Proposed dividend

1998  
Shs.'000  
60,360  
32,344

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28,016

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**Retained profit transferred to reserves**

## DIRECTORS

**Directors since 1 July 1997 have been:**

W.M. Saina	(Chairman - appointed 14 May 1998)
N.K. arap Tum	(Managing Director)
Dr. T. Toweett	(Retired 14 May 1998)
Dr. W.K. Kilele	(Died 17 September 1998)
J. Siror	Appointed 1 October 1998
E. Bartien	
E.J. Goes	
Dr. B.I. Muruli	(Retired 26 January 1998)
Major General R.Y. Chelagatt, CBS	(Retired 14 May 1998)
H.B. Wanjala	(Retired 13 October 1997)
J. Mbugua	(Alternate to W.K. Kilele - Appointed 26 January 1998 - Retired 17 September 1998)
Y.S. Yahya	(Appointed 13 October 1997)
K.P.A. Langat	(Representing Office of the President - Appointed 14 May 1998)

**By order of the Board**

**Z. K. CHERUIYOT**

*Secretary*

**P.o. Box 553,**

**Kitale**

9th November, 1998





# AUDITORS' REPORT

*To the Members of Kenya Seed Company Limited*

We have audited the financial statements on pages 9 to 18 and have obtained all the information and explanations considered necessary for our audit.

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

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

In our opinion, proper books of account have been kept by the Company and the financial statements, which are in agreement therewith, comply with the Companies Act and give a true and fair view of the Company's state of affairs as at 30 June 1998 and of its profit and cash flows for the year ended on that date.

## **Deloitte & Touche**



*Deloitte & Touche*

**Certified Public Accountants**

**Kirungii, Ring Road, Westlands**

**P.O. Box 40092 Nairobi Kenya**

**9th November, 1998**

# PROFIT AND LOSS ACCOUNT

Period ended 30 June 1998



	Notes	1998 Shs. '000	1997 Shs. '000
<b>TURNOVER</b>		<u>1,632,416</u>	<u>1,835,327</u>
OPERATING PROFIT	2	262,074	257,332
INTEREST EXPENSE	3	<u>(176,923)</u>	<u>(174,504)</u>
PROFIT BEFORE TAXATION		85,151	82,828
TAXATION	4	<u>(24,791)</u>	<u>(34,691)</u>
<b>PROFIT AFTER TAXATION</b>		60,360	48,137
<b>PROPOSED DIVIDEND</b>	5	<u>(32,344)</u>	<u>(32,344)</u>
RETAINED PROFIT FOR THE YEAR	12	<u>28,016</u>	<u>15,793</u>
<b>EARNINGS PER SHARE</b>	6	<u>Shs. 5.60</u>	Shs. <u>4.46</u>





# BALANCE SHEET

As at 30 June 1998

	Notes	1998 Shs. '000	1997 Shs. '000
<b>FIXED ASSETS</b>	7	<b>488,135</b>	407,201
<b>CURRENT ASSETS</b>			
Stocks	8	395,769	494,384
Debtors	9	273,422	317,351
Bank and cash balances		17,781	29,102
		<b>686,972</b>	840,837
<b>CURRENT LIABILITIES</b>			
Creditors	10	193,624	254,663
Taxation payable		7,500	15,306
Finance leases	13	6,353	8,460
Loan repayable within one year	14	178,000	133,300
Bank overdrafts - secured		22,406	84,540
Dividends - payable		11,648	1,947
- proposed		32,344	32,344
		<b>451,875</b>	530,560
<b>NET CURRENT ASSETS</b>		<b>235,097</b>	310,277
		<b>723,232</b>	717,478
<b>FINANCED BY:</b>			
Share capital	11	215,625	215,625
Reserves	12	385,260	357,244
Shareholders' funds		<b>600,885</b>	572,869
Finance leases	13	2,347	11,309
Medium term loans	14	120,000	133,300
		<b>723,232</b>	717,478

The financial statements on pages 9 to 18 were approved by the board of directors on 29th Oct., 1998 and were signed on its behalf by:

K.P.A. Langat )  
N. K. Tum ) *DIRECTORS*



# CASH FLOW STATEMENT

Period ended 30 June 1998

	Notes	1998 Shs. '000	1997 Shs. '000
NET CASH INFLOW FROM OPERATING ACTIVITIES	15(a)	<u>380,161</u>	<u>532,541</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Dividends paid		(22,643)	(32,554)
Interest paid		<u>(176,923)</u>	<u>(174,504)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		<u>(199,566)</u>	<u>(207,058)</u>
TAXATION PAID		<u>(32,597)</u>	<u>(28,748)</u>
INVESTING ACTIVITIES			
Payments to acquire fixed assets		(114,876)	(19,929)
Receipts from disposal of fixed assets		<u>2,799</u>	<u>3,696</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		<u>(112,077)</u>	<u>(16,233)</u>
NET CASH INFLOW BEFORE FINANCING		<u>35,921</u>	<u>280,502</u>
FINANCING ACTIVITIES			
Medium term loan received		180,000	400,000
Repayment of loan		(148,600)	(133,400)
Capital element of finance lease repayments		<u>(16,508)</u>	<u>(4,379)</u>
NET CASH INFLOW FROM FINANCING		<u>14,892</u>	<u>262,221</u>
INCREASE IN CASH AND CASH EQUIVALENTS	15(b)	<u><u>50,813</u></u>	<u><u>542,723</u></u>



# NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 June 1998

## 1. ACCOUNTING POLICIES

### (a) BASIS OF ACCOUNTING

The Company prepares its financial statements on the historical cost basis of accounting modified to include the revaluation of certain fixed assets.

### (b) TURNOVER

Turnover represents the value of goods invoiced to customers during the year less sales returns.

### (c) DEPRECIATION

Depreciation is calculated to write off the cost or valuation of fixed assets in equal annual instalments over their estimated useful lives. On revaluation of assets, the valuers estimate the remaining useful lives of the assets and the revalued amounts are written off over those estimated useful lives. Subsequent additions are depreciated at the following rates:

Long leasehold land	Nil
Short leasehold land	Over the period of lease
Industrial and residential buildings	2%
Farm works	4%
Plant, machinery and other equipment	10% - 20%
Furniture and fittings	20%
Motor vehicles	25%

### (d) STOCKS

Seeds and other stocks are stated at the lower of cost and net realisable value. Cost comprises expenditure directly incurred in purchasing and processing the stock, together with an appropriate allocation of processing overheads.

Livestock is stated at estimated realisable value.

### (e) FOREIGN CURRENCIES

All assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Transactions during the year are translated at the rates ruling at the dates of the transactions. Exchange differences are dealt with in the profit and loss account.

### (f) LEASED ASSETS

Assets acquired under finance leases are capitalised at the dates of the agreements. The interest element of each instalment is charged to the profit and loss account at the time each instalment falls due.



# NOTES TO THE FINANCIAL STATEMENTS (.....continued)



Period ended 30 June 1998

**(g) TAXATION**

Current taxation is provided on the basis of the results for the year as shown in the financial statements, adjusted in accordance with the tax legislation.

Deferred taxation is accounted for to the extent that it is probable that timing differences will reverse in the foreseeable future.

<b>2. OPERATING PROFIT</b>	<b>1998</b>	<b>1997</b>
	<b>Shs. '000</b>	<b>Shs. '000</b>
The operating profit is arrived at after charging:		
Depreciation	37,468	31,012
Directors' emoluments		
Fees	325	340
Other	6,053	4,062
Auditor's remuneration	2,000	1,900
Provision for bad debts	54,035	102,744
Legal and professional	3,883	12,407
and after crediting:		
Profit on disposal of fixed assets	886	1,702
Bad debts recovery	28,642	4,459
	<u>176,923</u>	<u>174,504</u>
<b>3. INTEREST EXPENSE</b>		
Bank overdrafts	82,263	112,514
Loan	92,932	59,700
Finance leases	1,728	2,290
	<u>176,923</u>	<u>174,504</u>



# NOTES TO THE FINANCIAL STATEMENTS (.....continued)

*Period ended 30 June 1998*

	1998 Shs. '000	1997 Shs. '000
<b>4. TAXATION</b>		
Income tax at 32.5% (1997 - 35%) on the chargeable profit for the year	25,000	34,691
Overprovision in prior year	<u>(209)</u>	<u>-</u>
	<u><u>24,791</u></u>	<u><u>34,691</u></u>

The chargeable profit for the year is significantly lower than the profit before taxation mainly due to excess of capital allowances over depreciation.

Deferred tax

There is a potential deferred tax debit amounting to sh. 30,358,414 (1997 - debit Sh. 36,905,175).

## 5. PROPOSED DIVIDEND

The dividend is shown gross and comprises:

First and final dividend proposed 15% (1997-15%)	<u><u>32,344</u></u>	<u><u>32,344</u></u>
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## 6. EARNING PER SHARE

Earnings per share is arrived at by dividing the profit after taxation of Sh 60,360,572 (1997 - Sh 48,136,835) by 10,781,265 ordinary shares in issue during the year.



# NOTES TO THE FINANCIAL STATEMENTS (.....continued)



Period ended 30 June 1998

7. FIXED ASSETS	Leasehold land and buildings Sh'000	Plant, machinery and tractors Sh'000	Vehicles, furniture and equipment Sh' 000	Capital work in progress Sh' 000	Total Sh' 000
<b>COST OR VALUATION</b>					
At 1 July 1997	363,046	126,792	86,493	730	577,061
Additions	---	98,904	18,180	3,231	120,315
Disposals	---	---	(7,590)	---	(7,590)
At 30 June 1998	<u>363,046</u>	<u>225,696</u>	<u>97,083</u>	<u>3,961</u>	<u>689,786</u>
Comprising:					
At cost	152,178	182,198	96,077	3,961	434,414
At valuation - 1987	---	5,036	---	---	5,036
At valuation - 1990	210,868	38,462	1,006	---	250,336
	<u>363,046</u>	<u>225,696</u>	<u>97,083</u>	<u>3,961</u>	<u>689,786</u>
<b>DEPRECIATION</b>					
At 1 July 1997	51,187	72,123	46,550	---	169,860
Charge for the year	7,117	13,886	16,465	---	37,468
Eliminated on disposals	---	---	(5,677)	---	(5,677)
At 30 June 1998	<u>58,304</u>	<u>86,009</u>	<u>57,338</u>	<u>---</u>	<u>201,651</u>
<b>NET BOOK VALUE</b>					
At 30 June 1998	<u>304,742</u>	<u>139,687</u>	<u>39,745</u>	<u>3,961</u>	<u>488,135</u>
At 30 June 1997	<u>311,859</u>	<u>54,669</u>	<u>39,943</u>	<u>730</u>	<u>407,201</u>

Fixed assets with a cost of Sh 39,434,780 (1997 - Sh 38,631,317) were fully depreciated at 30 June 1998. The appropriate depreciation charge in respect of these assets for the year would have been Sh 9,459,456 (1997 - Sh 9,418,140). Included in leasehold land and buildings is 3,104 acres of land at Elgon Downs Farm at a valuation of Sh 44,226,000 (in 1987) for which the title deeds have not yet been obtained.

Assets at a cost of Sh 8,700,438 (1997 - Sh 22,367,327) were the subject of finance lease arrangements.



# NOTES TO THE FINANCIAL STATEMENTS (.....continued)

*Period ended 30 June 1998*

	1998 Shs. '000	1997 Shs. '000
<b>8. STOCKS</b>		
Seeds	281,232	367,779
Livestock	6,722	5,295
Fuel, oil and other sundry stocks	107,815	121,310
	<u>395,769</u>	<u>494,384</u>
<b>9. DEBTORS</b>		
Trade debtors	213,084	265,957
Sundry debtors	60,338	51,394
	<u>273,422</u>	<u>317,351</u>
<b>10. CREDITORS</b>		
Trade creditors	115,212	157,943
Sundry creditors	76,399	93,922
Accruals	2,013	2,798
	<u>193,624</u>	<u>254,663</u>



# NOTES TO THE FINANCIAL STATEMENTS (.....continued)



Period ended 30 June 1998

<b>11. SHARE CAPITAL</b>			<b>1998</b>	1997
Authorised:			<b>Shs. '000</b>	Shs. '000
11,000,000 ordinary shares of Sh 20 each			<b><u>220,000</u></b>	<u>220,000</u>
Issued and fully paid			<b><u>215,625</u></b>	<u>215,625</u>
10,781,265 ordinary shares of Sh 20 each				
<b>12. RESERVES</b>	<b>Revenue Sh'000</b>	<b>Share premium Sh'000</b>	<b>Capital Sh'000</b>	<b>Total Sh'000</b>
At 1 July, 1997	177,813	281	179,150	357,244
Retained profit for the year	<u>28,016</u>	<u>---</u>	<u>---</u>	<u>28,016</u>
At 30 June 1998	<u><u>205,829</u></u>	<u><u>281</u></u>	<u><u>179,150</u></u>	<u><u>385,260</u></u>
<b>13. FINANCE LEASES</b>			<b>1998</b>	1997
Secured obligations under finance			<b>Shs. '000</b>	Shs. '000
leases repayable in monthly instalments by:			<b>110</b>	1,540
1998			<b>1,489</b>	6,180
1999			<b>7,101</b>	12,049
2000			<u>8,700</u>	19,769
Less: repayable within one year			<u>6,353</u>	8,460
			<u><u>2,347</u></u>	<u><u>11,309</u></u>
<b>14. MEDIUM TERM LOANS</b>			<b>118,000</b>	266,600
Secured by a debenture over company assets repayable by 1999			<b>180,000</b>	--
Secured by a debenture over company assets repayable by 2001			<u>298,000</u>	266,600
Less: repayable within one year			<u>178,000</u>	133,300
Repayable over one year			<u><u>120,000</u></u>	<u><u>133,300</u></u>



# NOTES TO THE FINANCIAL STATEMENTS (.....continued)

*Period ended 30 June 1998*

15. (a)	Reconciliation of operating profit to net cash inflow from operating activities	1998 Shs. '000	1997 Shs. '000	
	Operating profit	262,074	257,332	
	Depreciation	37,468	31,012	
	Profit on disposal of fixed assets	(886)	(1,702)	
	Decrease in stocks	98,615	292,286	
	Decrease/(increase) in debtors	43,929	(117,904)	
	(Decrease)/increase in creditors	(61,039)	71,517	
	Net cash inflow from operating activities	<u>380,161</u>	<u>532,541</u>	
(b)	Analysis of changes in cash and cash equivalents during the year	1998 Shs. '000	1997 Shs. '000	Change in the year Sh'000
	Bank and cash balances	17,781	29,102	(11,321)
	Bank overdrafts	<u>(22,406)</u>	<u>(84,540)</u>	62,134
(c)	Major non-cash transactions			<u>50,813</u>

During the year the company entered into finance lease arrangements in respect of assets with a total capital cost at the inception of the lease of Sh 5,439,000 (1997 - Sh 15,369,000).

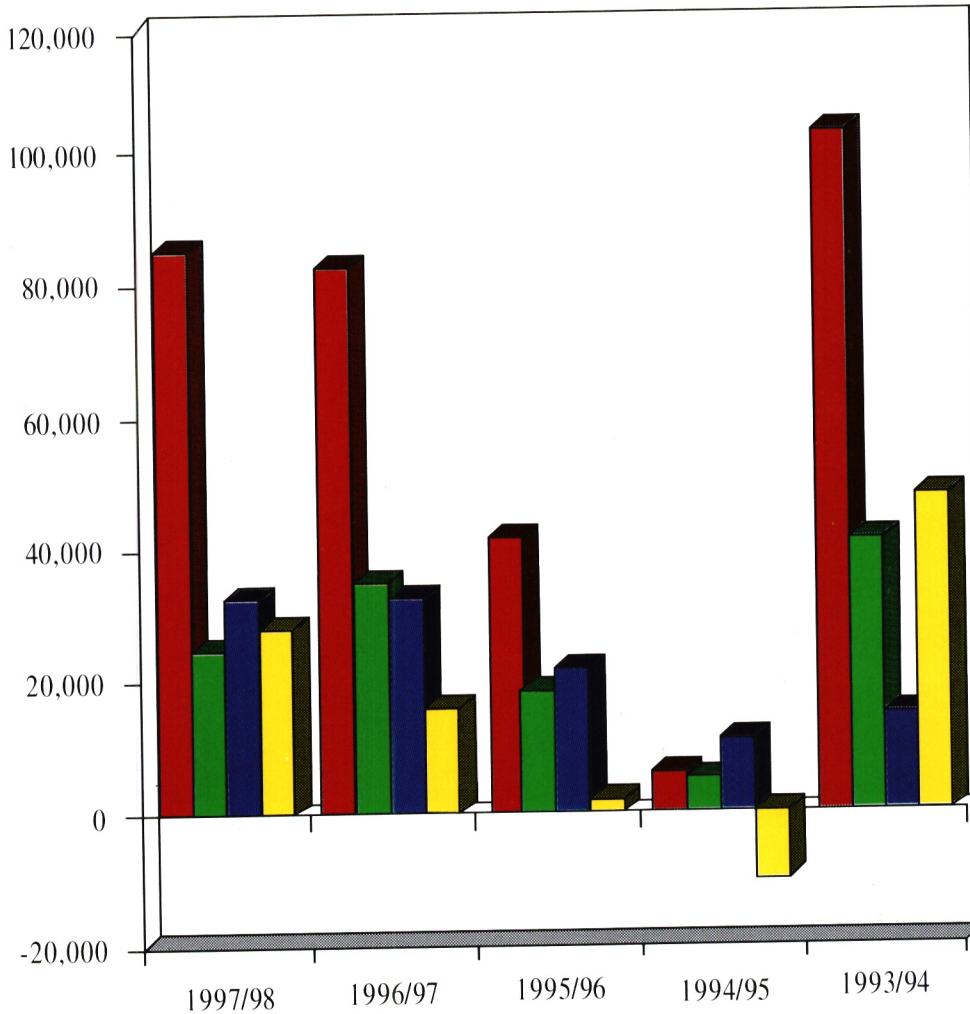
16.	<b>CAPITAL COMMITMENTS</b>	1998 Shs. '000	1997 Shs. '000
	Authorised by the board of directors but not contracted for	<u>94,080</u>	<u>50,244</u>



# FIVE YEAR REVIEW OF PROFITS AND EARNINGS

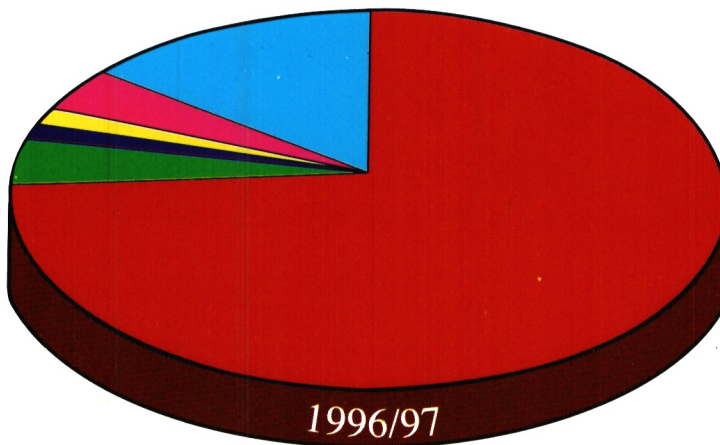
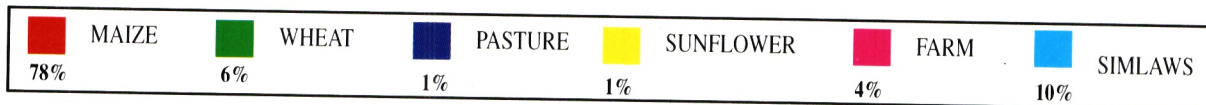
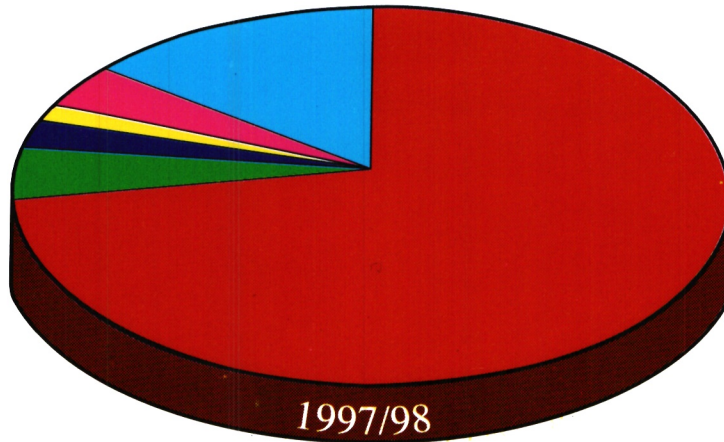
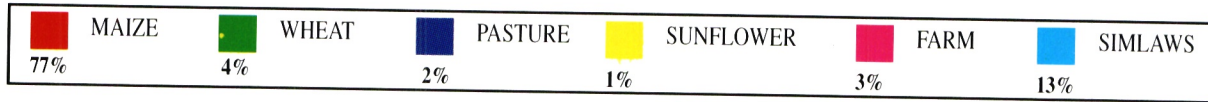


KShs.'000





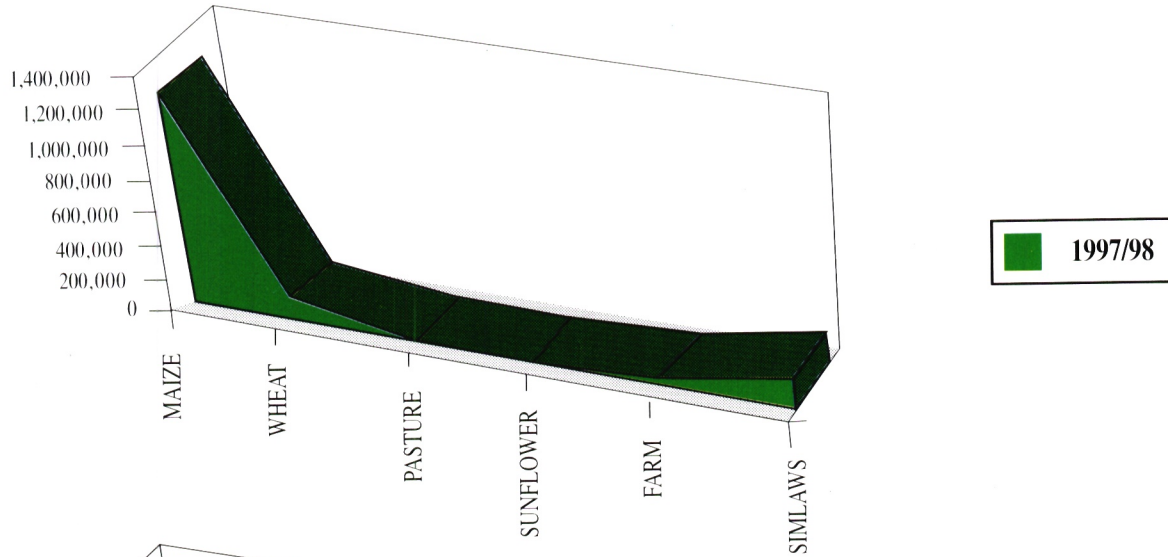
# DEPARTMENTAL SALES RATIOS



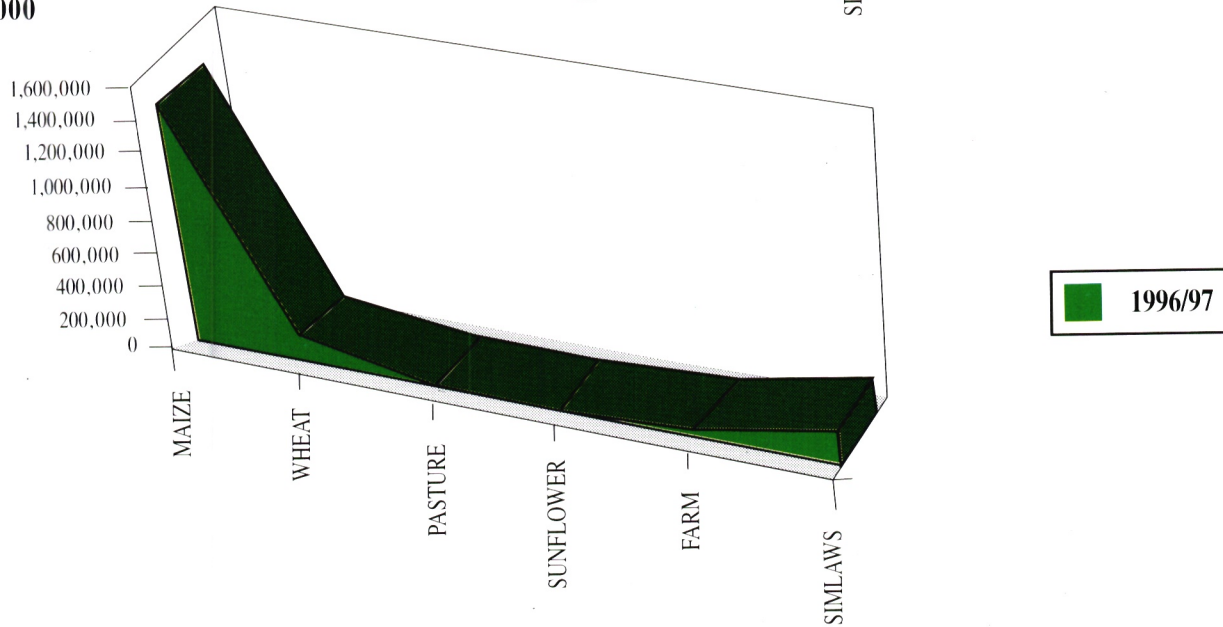
# DEPARTMENTAL SALES TURNOVER



KShs.'000



KShs.'000







## FIVE YEAR PERFORMANCE REVIEW

	1997/98	1996/97	1995/96	1994/95	1993/94
<b>CROP PRODUCTION (TONNES)</b>					
Maize	<b>11,839</b>	16,234	26,571	19,537	15,983
Wheat	<b>1,789</b>	3,721	3,942	2,793	2,076
Barley	---	---	---	25	1,885
Pasture	<b>227</b>	210	86	158	2,053
Oil Crops	<b>471</b>	749	1,527	299	1,696
	<u><b>14,326</b></u>	<u>19,914</u>	<u>32,126</u>	<u>22,812</u>	<u>23,693</u>
<b>TOTAL TURNOVER (Shs. '000)</b>	<u><b>1,632,416</b></u>	<u>1,835,327</u>	<u>1,248,527</u>	<u>1,170,882</u>	<u>1,352,234</u>
<b>Profit (Shs. '000)</b>					
Profit before taxation	<b>85,151</b>	82,828	41,742	5,883	102,734
Taxation	<b>24,791</b>	34,691	18,393	5,245	40,768
Profit after taxation	<b>60,360</b>	48,137	23,349	638	61,966
Dividends	<b>32,344</b>	32,344	21,562	10,781	14,375
Retained profits	<u><b>28,016</b></u>	<u>15,793</u>	<u>1,787</u>	<u>(10,143)</u>	<u>47,591</u>
<b>ASSETS EMPLOYED (Shs. '000)</b>					
Fixed Assets	<b>488,135</b>	407,201	404,909	410,449	368,771
Current Assets	<b>686,972</b>	840,837	1,004,443	697,335	499,200
Current Liabilities	<b>(451,875)</b>	(530,560)	(846,790)	(552,495)	(300,639)
	<u><b>723,232</b></u>	<u>717,478</u>	<u>562,562</u>	<u>555,289</u>	<u>567,332</u>
Financed by:					
Share Capital	<b>215,625</b>	215,625	215,625	215,625	143,750
Reserves	<b>385,260</b>	357,244	341,451	339,664	421,682
Finance Leases	<b>2,347</b>	11,309	5,486	---	---
Bank loans	<b>120,000</b>	133,300	---	---	1,900
	<u><b>723,232</b></u>	<u>717,478</u>	<u>562,562</u>	<u>555,289</u>	<u>567,332</u>

# PROXY

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I/We, ..... (BLOCK LETTERS)

being a member (s) of the above named Company hereby appoint .....

of .....

or failing him, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the 42nd Annual General Meeting of the Company to be held on 14th December, 1998 at 10.00 a.m., or at any adjournment thereof.

AS WITNESS MY/OUR HAND/S THIS ..... DAY OF ..... 1998

.....  
Signature of Shareholder/s

- Notes:
1. This proxy is to be delivered to the Company's Registered Office not later than 12 noon on Thursday 10th December, 1998 failing which it will be invalid.
  2. In the case of a Corporation, the proxy must be under its common seal.