

Company Information

Directors

The directors of the company are as follows:

Oliver Fowler

Chairman, aged 51, has been a partner in Kaplan & Stratton since 1981. He has been involved in commercial legal practice for over 25 years. He is a director of Nyara Tea Estate Limited.

Neil Cuthbert

Managing, aged 48, has been managing director since late 2000 having previously been group general manager. He has had overall responsibility for the Kenya estates since the formation of the company and has worked for the REA group in Kenya since 1979.

Richard Robinow

Aged 58, has been a director of R.E.A. Holdings plc since 1978 and chairman since 1984. After an initial career in merchant banking, he has been involved in the plantation business since 1974. He is a non-executive director of Sipef SA and Rowe Evans Investment plc which are listed on stock exchanges in, respectively, Belgium and London, and own and operate plantations in various parts of the world.

Musa Sang

Aged 68, formerly assistant managing director of Brooke Bond Kenya Limited. Having joined that company in 1955, he rose to group manager, tea estates in 1973 and was appointed to the board in 1977.

Vivienne Apopo

Aged 39, has been secretary to the board and director of legal affairs of East African Development Bank since early 2003. She was previously principal counsel of African Development Bank in Abidjan, Cote d'Ivoire.

Secretary and registered office

Ian Hodson,
Certified Public Secretary,
Madison Insurance House, Upper Hill Road,
P.O. Box 17648, Nairobi

Registrars and transfer office

Barclays Advisory and Registrar Services Limited,
Bank House, Moi Avenue,
P.O. Box 30120, Nairobi

Auditors

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

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1. Resolving Dividend - 2003
2. First Dividend - 2004

Notice of meeting

Notice is hereby given that the ninth annual general meeting of the company will be held at Holiday Inn, Mayfair Court Hotel, Parklands Road, Nairobi on Friday 19 March 2004, at 10.00 a.m. for the following purposes:

As ordinary business:

1. To receive and consider the company's annual report for the year ended 30 September 2003.
2. To approve the payment of a first and final dividend for the year ended 30 September 2003 of shs 0.40 per share payable on or about 14 June 2004 to shareholders registered at the close of business on 31 March 2004.
3. To elect directors.
4. To approve the directors' remuneration for the year ending 30 September 2004.
5. To consider the following resolution, special notice having been received under sections 142 and 160(1) of the Companies Act (Cap 486) of the intention to propose the resolution as an ordinary resolution.

"That following the appointment by the directors of Deloitte & Touche as auditors of the company on 7 August 2003 under the provisions of Section 159 (6) of the Companies Act (Cap 486), Deloitte & Touche be re-appointed as auditors of the company to hold office until the conclusion of the next annual general meeting and that their remuneration be fixed by the directors".

By order of the board

I R HODSON
Secretary
14 January 2004

2003/0041

2007/0041

Note:

Election of directors

Article 82E states as follows:

0041

No person, other than a Director retiring at the meeting, shall, unless recommended by the Directors for election, be eligible for appointment as a Director at any General Meeting unless, not less than seven nor more than twenty-one days before the day appointed for the meeting, there shall have been delivered to the Secretary a notice in writing signed by same Member, duly qualified to attend and vote at the meeting for which notice has been given, of his intention to propose such person for election and notice in writing, signed by the person to be proposed, of his/her willingness to be elected.

Corporate Governance

The board is committed to ensuring compliance with all of those guidelines on corporate governance practices that are appropriate to the circumstances of the group and adherence generally to best practice in corporate governance. The directors acknowledge their responsibility for maintaining appropriate internal control systems to safeguard the assets of the group and ensure the reliability of financial information.

Composition of the Board

The composition of the board is given on page 1 of this report. The majority of directors, including the chairman, are non-executive. This ensures that the decision making process is objective and takes into account the rights and expectations of the body of shareholders as a whole. Directors, other than the managing director, are required to seek re-election once every three years.

Responsibilities of the Board

The principal responsibilities of the directors are to define the mission and strategy of the company, to review the operations of the company and to ensure that the company complies with its responsibilities to its shareholders.

A detailed budget for the coming financial year is presented to the board for approval at the beginning of that year. Management accounts comparing actual results against budget and revised forecasts for the remainder of the financial year are produced each month. Significant variances from budget are highlighted and explained and, where appropriate, corrective action is taken.

Committees of the Board

There are three standing committees of the board with written terms of reference:

The audit committee comprises of Oliver Fowler, Richard Robinow and Musa Sang. Its principal responsibilities include reviewing of financial and other reports, agreeing the scope of the audit and subsequently reviewing the results of the audit; ensuring the independence of the auditor and reviewing the audit fee. The audit committee normally holds two formal meetings in each year, to which the auditor is invited. In addition, the committee consults by electronic means as may be necessary.

The nomination committee comprises of Oliver Fowler, Richard Robinow and Neil Cuthbert. It is responsible for the nomination of board candidates. The committee meets as required.

The remuneration committee comprises of Richard Robinow and Musa Sang. It is responsible for the determination of the executive director's remuneration. It meets annually or as may be required.

Communication with shareholders

The company provides appropriate information to shareholders by means of an annual report, an interim report and other communications as may be necessary.

Directors emoluments and loans

The aggregate amount of emoluments paid to directors for services rendered during the financial year are disclosed in Note 2 to the financial statements. There were no directors' loans at any time during the financial year.

Neither at the end of the financial year, nor at any time during the year did there exist any arrangement to which the company is a party whereby directors might acquire benefits by means of the acquisition of shares in the company.

Chairman's Statement

I am very pleased to be able to report a further significant improvement in the fortunes of the company with profit before tax increasing to shs 64.37 million from shs 47.11 million during the previous year.

Sisal fibre volumes which, as you will recall, have progressively increased in recent years, increased by a further 6% during the period under review to a total of 14,038 tonnes. This represents a 26% increase in volume in five years. This major increase in volume is the result of the significant capital expenditure made some years ago, and to major improvements in efficiencies.

Sisal fibre prices strengthened during the year under review and sales have been excellent, largely thanks to our strong marketing arrangements. The group worked, and continues to work, with virtually no unshipped fibre stock.

The Tanga spinning mill also enjoyed a much improved year and returned a useful operating profit. Significant success was achieved in securing increased sales of our spun product into non traditional markets and we now have a more healthy spread of buyers. Some investment was made in the mill in machinery to enable us to produce a wider range of products for our new developing export markets.

Despite a stronger than anticipated Kenya shilling, turnover increased by 4.74% to shs 697 million as a result of the increased fibre volumes, and improved fibre prices. Finance expenses increased marginally, to an extent the result of continued exchange losses caused by the depreciation of the Tanzanian shilling. Operating profits increased by nearly 25% to shs 93.99 million.

In view of the continued improvement in results, your board recommends the payment of a first and final dividend of shs 0.40 per share.

Turning to the current year, the sisal fibre market has moved up further and the indications are that it will remain firm, barring unforeseen circumstances, for the immediate term. The group continues to be well sold at good dollar prices but the weakness of the dollar, particularly relative to the Kenya shilling, does pose some concerns.

Fibre volumes this year will depend, as they always do, upon climatic conditions. I regret to report that the current short rains have, unfortunately, not been satisfactory so far and all the estates have, as at the time of writing, received below average rainfall for the season.

As a result of the continued rise in sisal fibre prices, margins for spun product are under pressure as consumers of spun product are resisting corresponding increases in yarn prices.

Provided the April rains are satisfactory enough to enable fibre volumes to be sustained at current levels, and our large scale customers of sisal fibre are able to absorb the increased price of fibre, your directors are confident that the group will continue to progress. Both factors do, however, hold some uncertainties.

Finally, may I on behalf of the board, convey my appreciation to all of the group staff for their efforts and support throughout the year under review.

OLIVER FOWLER
CHAIRMAN

Review of operations

The review of operations provides information on the group's operations. Areas are given as at 30 September 2003 and crops are stated for the whole year ended on that date and referred to as the 2003 crop year.

Dwa

The Dwa estate is situated at Kibwezi, some 200 kilometres from Nairobi, just north of the Nairobi/Mombasa highway. The estate covers an area of 8,990 hectares made up as follows:

Mature sisal	2,743
Immature sisal	1,131
Nurseries	45
Other areas	5,071
	<hr/>
	8,990

The production of sisal fibre at Dwa was slightly disappointing during the year at 5,043 tonnes (2002 – 5,350 tonnes). The late arrival of the November/December 2002 rains resulted in less leaf availability during the first quarter of 2003 and unfortunately, the April rains were also below expectations.

Providing the estate receives a reasonable rainfall distribution this year, it is expected that production will continue in the 5,000 tonne range.

Planting is carried out at Dwa prior to the November rains, historically the more reliable in the area, and a total of 376 ha was planted in October 2002 and 390 ha in October 2003.

Vipingo

The Vipingo estate is situated on the Kenya coast, some 30 kilometres north of Mombasa. The estate covers an area of 3,950 hectares made up as follows:

Mature sisal	1,788
Immature sisal	663
Nurseries	49
Other areas	1,450
	<hr/>
	3,950

Vipingo had a most satisfactory year with a production of 4,875 tonnes (2002 – 4,346 tonnes) which is the highest volume achieved on this estate since the formation of the company. In addition, the estate achieved a significant improvement in output of high grade fibre during the period.

The improved volumes and grades at Vipingo are a result of investments made in recent years in soil improvements and machinery upgrades as well as a good rainfall distribution over the whole period.

Current projections indicate that, subject to normal climatic conditions prevailing, Vipingo volumes will continue at current levels.

Planting at Vipingo is carried out prior to the May rains and some 182 hectares were planted in 2003.

Review of operations continued

Amboni Plantations Limited

The Amboni estates comprise two separate properties, Mwera and Sakura estates, situated adjacent to each other on the Tanzanian coast some 60 kms south of Tanga. The estates cover an area of 10,870 hectares made up as follows:

Mature sisal	1,940
Immature sisal	906
Nurseries	63
Other areas	7,955
	<hr/>
	10,870

Production on the Tanzanian estates was good during the year with both estates achieving an output of just over 2,000 tonnes of fibre. The total volume from the two estates was 4,120 tonnes (2002 – 3,639 tonnes). Mwera estate showed a particularly good improvement in both volume and grade mix.

Provided the estates receive adequate rainfall during the current year, a similar performance can be expected.

Planting in Tanzania is carried out prior to the May rains and a total of 314 hectares (2002 – 307 hectares) was planted. It is planned that this level of replanting will continue and, as a result, volumes will continue to slowly increase.

Amboni Spinning Mill Limited

The Tanga spinning mill, situated on the outskirts of Tanga, had a much improved year. Sales were satisfactory throughout most of the year and a number of new customers secured.

Despite rising sisal fibre prices, the mill operated profitably during the period largely as a result of improved efficiencies, tight management control and aggressive marketing.

With sisal fibre prices continuing to rise during the current year, and a reluctance from buyers of spun product to pay higher prices, margins in the mill are again under pressure and the prospects for the remainder of the year are less encouraging.

Overall production from the mill was 2,198 tonnes (2002 – 1,779 tonnes).

Marketing

Exported sisal fibre and products from the group's estates and the Tanga spinning mill have, since the formation of the group, been sold through a related company, Wigglesworth & Co and this arrangement continued through the year to 30 September 2003. Wigglesworth & Co, which is a leading international sisal merchant, continued to develop the existing traditional markets for the group products and to exploit further the developing niche markets for the quality fibre and yarns that the group is able to produce.

Directors' report

The directors present their report together with the audited financial statements of the company and its subsidiaries for the year ended 30 September 2003 which disclose the state of affairs of the group and the company.

Incorporation and registered office

The company is incorporated in Kenya under the Companies Act and is domiciled in Kenya. The address of the registered office is shown on page 1.

Principal activities

The company is engaged in the cultivation of sisal and the production of sisal fibre and also acts as a holding company. The principal businesses of the subsidiary companies comprise the cultivation of sisal and the production of sisal fibre and twines.

Results and dividend

The group net profit for the year of Shs 40,685,000 has been added to revenue reserves.

The directors recommend the payment of a dividend amounting to Shs 24,000,000 (2002: Shs 15,000,000).

Financial risk management objectives and policies

The group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance within the options available in Kenya to hedge against such risks.

Directors

The directors who held office during the year and to the date of this report were:

O M Fowler	Kenyan	(chairman)
N R Cuthbert	British	(managing)
R M Robinow	British	
M arap Sang	Kenyan	
F R Tibeita	Ugandan	(resigned 21 March 2003)
V A Y Apopo	Kenyan	(appointed 8 December 2003)

Auditors

PricewaterhouseCoopers resigned as auditors on 1 August 2003. In accordance with Section 159 (6) of the Companies Act, the directors appointed Deloitte & Touche to fill the vacancy. A resolution to propose the re-appointment of Deloitte & Touche will be presented to the Annual General Meeting.

By order of the Board

I R HODSON
Secretary
14 January 2004

Statement of directors' responsibilities

The Companies Act requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of the financial affairs of the group and the company as at the end of the financial year and of the group's operating results for that year. It also requires the directors to ensure the group companies keep proper accounting records which disclose with reasonable accuracy the financial position of the companies. They are also responsible for safeguarding the assets of the companies.

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

Nothing has come to the attention of the directors to indicate that the group companies will not remain going concerns for at least the next twelve months from the date of this statement.

N R Cuthbert

Director

R M Robinow

Director

14 January 2004

Certified Public Accountants (Kenya)
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Deloitte & Touche

INDEPENDENT AUDITORS'S REPORT TO THE MEMBERS OF REA VIPINGO PLANTATIONS LIMITED

We have audited the financial statements on pages 11 to 36, for the year ended 30 September 2003 and have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

Respective responsibilities of the directors and auditors

As described on page 9, 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 that the financial statements are free from 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion:

- (a) Proper books of accounts 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 September 2003 and of the profit and cash flows of the group for the year then ended in accordance with International Financing Reporting Standards and comply with the Kenyan Companies Act.

DELOITTE & TOUCHE

Nairobi
14 January 2004

Consolidated profit and loss account

	Notes	2003 Shs'000	2002 Shs'000
Sales	2	697,391	665,830
Cost of sales		(398,659)	(387,456)
Gross profit		298,732	278,374
Other operating income		11,405	12,511
Distribution costs		(43,324)	(44,648)
Administrative expenses		(163,921)	(155,601)
Other operating expenses		(8,913)	(15,266)
Operating profit	3	93,979	75,370
Finance costs - net	5	(29,606)	(28,262)
Profit before tax		64,373	47,108
Tax	6	(23,688)	(22,299)
Net profit for the year		40,685	24,809
Earnings per share - basic and diluted	7	Shs 0.68	Shs 0.41
Proposed dividend per share	8	Shs 0.40	Shs 0.25

Consolidated balance sheet

	Notes	2003 Shs'000	2002 Shs'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	480,743	445,782
Prepaid operating lease rentals	10	102,693	102,866
Deferred tax assets	17	2,828	9,338
		586,264	557,986
Current assets			
Inventories	12	139,433	137,751
Trade and other receivables	13	125,814	101,797
Tax recoverable		17,914	17,890
Cash and cash equivalents	14	9,358	7,629
		292,519	265,067
Total assets		878,783	823,053
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	300,000	300,000
Share premium		84,496	84,496
Translation reserve		(30,690)	(21,867)
Revenue reserve		90,447	73,762
Proposed dividend	8	24,000	15,000
Shareholders' funds		468,253	451,391
Non-current liabilities			
Borrowings	16	116,003	139,937
Deferred tax liabilities	17	52,503	36,217
Provisions for liabilities and charges	18	27,968	26,432
		196,474	202,586
Current liabilities			
Trade and other payables	19	60,686	72,538
Tax payable		67	66
Borrowings	16	153,303	96,472
		214,056	169,076
Total equity and liabilities		878,783	823,053

The financial statements on pages 11 to 36 were approved by the board of directors on 14 January 2004 and signed on its behalf by:

N R Cuthbert

Director

R M Robinow

Director

Company balance sheet

	Notes	2003 Shs'000	2002 Shs'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	175,698	158,850
Prepaid operating lease rentals	10	17,400	17,419
Investments in subsidiaries	11	229,842	234,516
		422,940	410,785
Current assets			
Inventories	12	23,670	21,120
Trade and other receivables	13	110,248	155,003
Tax recoverable		15,909	15,881
Cash and cash equivalents	14	2,290	4,602
		152,117	196,606
Total assets		575,057	607,391
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	15	300,000	300,000
Share premium		84,496	84,496
Revenue reserve		39,779	63,376
Proposed dividend		24,000	15,000
Shareholders' funds		448,275	462,872
Non-current liabilities			
Borrowings	16	7,654	12,551
Deferred tax	17	14,169	11,782
Provisions for liabilities and charges	18	15,541	13,666
		37,364	37,999
Current liabilities			
Trade and other payables	19	21,286	45,069
Borrowings	16	68,132	61,451
		89,418	106,520
Total equity and liabilities		575,057	607,391

The financial statements on pages 11 to 36 were approved by the board of directors on 14 January 2004 and signed on its behalf by:

N R Cuthbert

Director

R M Robinow

Director

Consolidated statement of changes in equity

	Share Capital Shs'000	Share premium Shs'000	Translation reserve Shs'000	Revenue reserve Shs'000	Proposed dividends Shs'000	Total Shs'000
Year ended 30 September 2002						
At start of year	300,000	84,496	(12,327)	63,953	-	436,122
Foreign exchange translation	-	-	(9,540)	-	-	(9,540)
Net profit for the year	-	-	-	24,809	-	24,809
Proposed dividend for 2002	-	-	-	(15,000)	15,000	-
At end of year	300,000	84,496	(21,867)	73,762	15,000	451,391
Year ended 30 September 2003						
At start of year	300,000	84,496	(21,867)	73,762	15,000	451,391
Foreign exchange translation	-	-	(8,823)	-	-	(8,823)
Net profit for the year	-	-	-	40,685	-	40,685
Dividends						
- paid for 2002	-	-	-	-	(15,000)	(15,000)
- proposed for 2003	-	-	-	(24,000)	24,000	-
At end of year	300,000	84,496	(30,690)	90,447	24,000	468,253

Company statement of changes in equity

	Share Capital Shs'000	Share premium Shs'000	Revenue reserve Shs'000	Proposed dividends Shs'000	Total Shs'000
Year ended 30 September 2002					
At start of year	300,000	84,496	99,347	-	483,843
Net loss for the year	-	-	(20,971)	-	(20,971)
Proposed dividend for 2002	-	-	(15,000)	15,000	-
At end of year	300,000	84,496	63,376	15,000	462,872
Year ended 30 September 2003					
At start of year	300,000	84,496	63,376	15,000	462,872
Net profit for the year	-	-	403	-	403
Dividends:					
- paid for 2002	-	-	-	(15,000)	(15,000)
- proposed for 2003	-	-	(24,000)	24,000	-
At end of year	300,000	84,496	39,779	24,000	448,275

Consolidated cash flow statement

	Notes	2003 Shs'000	2002 Shs'000
Operating activities			
Cash generated from operations	23	102,172	146,493
Interest received		20	86
Interest paid		(19,755)	(18,084)
Tax paid		(127)	(2,468)
Net cash generated from operating activities		<u>82,310</u>	<u>126,027</u>
Investing activities			
Purchase of property, plant and equipment		(88,305)	(69,176)
Proceeds from disposals of property, plant and equipment		5,407	2,474
Net cash used in investing activities		<u>(82,898)</u>	<u>(66,702)</u>
Financing activities			
Proceeds from long-term borrowings		3,990	33,273
Repayment of long-term borrowings		(31,695)	(15,035)
Finance lease principal payments		(15,134)	(7,535)
Dividend paid		(15,000)	-
Net cash (used in)/generated from financing activities		<u>(57,839)</u>	<u>10,703</u>
(Decrease)/increase in cash and cash equivalents		(58,427)	70,028
At start of year	14	(63,378)	(133,681)
Effects of exchange rate changes		8,085	275
At end of year	14	<u>(113,720)</u>	<u>(63,378)</u>

Notes forming part of the financial statements

1 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are unchanged from the previous year and are set out below:

(a) Basis of preparation

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards. The financial statements are presented in Kenya Shillings Thousands (Shs'000) and prepared under the historical cost convention.

(b) Consolidation

Subsidiaries, which are those companies in which the group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the group and consolidation ceases from the date of disposal.

The income statements of subsidiaries are translated at average exchange rates for the year and balance sheets at the year end rates. The resulting differences from translation are dealt with in reserves. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between group companies are eliminated.

(c) Revenue recognition

Sales are recognised upon delivery of products to customers and performance of services, and are stated net of VAT, where applicable, and of discounts.

(d) Translation of foreign currencies

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

(e) Investments in subsidiaries

Investments in subsidiary companies are shown at cost less provision for impairment losses. Where, in the opinion of the Directors, there has been an impairment of the value of an investment, the loss is recognised as an expense in the period in which the impairment is identified.

Long-term loans to subsidiaries, settlement of which has not been planned for the foreseeable future, are regarded as part of the net investment in the subsidiaries. In accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates, the exchange differences arising on such loans are dealt with in reserves.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount, and the cumulative related exchange differences dealt with in the translation reserve, are charged or credited to the profit and loss account.

(f) Sisal development

Sisal is planted, cultivated and harvested over an approximate eleven year cycle for each field. Development costs are capitalised and included in property, plant and equipment as sisal development. These are amortised over the harvesting cycle of the sisal, which is normally eight years.

Notes forming part of the financial statements continued

1 Accounting policies (continued)

(g) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation.

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

Buildings	50 years
Sisal development	8 years
Plant and machinery (including vehicles and equipment)	5 – 10 years

Freehold land is not depreciated.

Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profits or losses.

(h) Accounting for leases

Leases of property, plant and equipment where the company assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance charge is charged to the profit and loss account over the lease period. The property, plant and equipment acquired under finance leasing contracts is depreciated over the useful life of the asset.

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(i) Inventories

Stocks of processed sisal are valued at the lower of factory production cost and net realisable value. Cost comprises direct factory labour, other direct costs and related production overheads but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and applicable selling expenses. Spares, lubricants, chemicals and stores are valued at weighted average cost. Provision is made for obsolete stocks.

Notes forming part of the financial statements continued

1 Accounting policies (continued)

(j) Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are stated at their nominal value and reduced by appropriate allowances for estimated irrecoverable amounts.

Investments

Investments are recognised on a trade date basis and are initially measured at cost, including transaction costs.

Quoted investments are stated at market value. Unquoted investments are stated at cost less provision for impairment.

Bank Borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct costs. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are stated at their nominal value.

(k) Employee entitlements

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

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

(l) Taxation

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

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

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

Notes forming part of the financial statements continued

1 Accounting policies (continued)

(m) Retirement benefit obligations

The group operates a defined retirement benefit scheme for certain employees. The scheme's assets are held in a separate trustee-administered fund which is funded by contributions from both the group and employees.

The pension costs are assessed using the projected unit credit method. Under this method the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of actuaries who carry out a full valuation of the plan every three years. The pension obligation is measured as the present value of the estimated future cash outflows. Actuarial gains and losses are recognised over the average remaining service lives of employees.

The group makes contributions to the National Social Security Fund, a statutory defined contribution scheme. The group's obligations under the scheme are limited to specific contributions as legislated from time to time. The group's contributions are charged to the income statement in the year to which they relate.

(n) Dividends

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

(o) Comparatives

Certain prior year balances have been reclassified to conform with current year presentation.

Notes forming part of the financial statements *continued***2 Segment information**

	Kenya Shs'000	Tanzania Shs'000	Total Shs'000
Year ended 30 September 2003			
Sales revenue	411,548	285,843	697,391
Operating profit	49,967	44,012	93,979
Segment assets	580,926	297,857	878,783
Segment liabilities	236,778	173,752	410,530
Year ended 30 September 2002			
Sales revenue	423,608	242,222	665,830
Operating profit	37,895	37,475	75,370
Segment assets	539,261	283,792	823,053
Segment liabilities	214,732	156,930	371,662

The group is organised on a regional basis into two main geographical segments:

- Kenya
- Tanzania

Both segments are involved in agricultural activities only. Hence the above geographical analysis is the primary and sole segmental reporting format.

3 Operating profit

The operating profit is arrived at after charging:

	Group	
	2003 Shs'000	2002 Shs'000
Depreciation on property, plant and equipment (Note 9)	65,642	64,494
Amortisation of leasehold land (Note 10)	122	843
Operating lease rentals	4,939	5,081
Staff costs (Note 4)	249,513	228,156
Auditors' remuneration		3,889
- current year	2,888	
- prior year		428
Directors' remuneration		468
- fees		468
- for management	10,414	8,637
and after crediting:		
Profit on disposal of property, plant and equipment	4,512	1,260

4 Staff costs

The following items are included within staff costs:

Termination benefits		3,269	2,151
Pension costs		2,731	2,599
- defined benefit plans (Note 20)		2,731	
- national social security fund (Note 20)		8,137	6,738

The number of persons employed by the group at the year end was 2,384 (2001: 2,442).

Notes forming part of the financial statements continued

	Group	
	2003	2002
	Shs'000	Shs'000
5 Finance costs - net		
Interest income	(20)	(86)
Net foreign exchange losses	9,871	10,264
Interest expense	19,755	18,084
	<u>29,606</u>	<u>28,262</u>
6 Tax		
Current tax	110	110
Deferred tax (Note 17)	23,578	22,183
Underprovision of current tax in prior year	-	6
	<u>23,688</u>	<u>22,299</u>

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

	Group	
	2003	2002
	Shs'000	Shs'000
Profit before tax	64,373	47,108
Tax calculated at the domestic rates applicable to profits in the countries concerned	19,232	14,027
Tax effect of:		
Income not subject to tax	(573)	(873)
Expenses not deductible for tax purposes	4,528	7,447
Underprovision of current tax in prior year	-	6
Underprovision of deferred tax in prior year	501	1,692
Tax charge	<u>23,688</u>	<u>22,299</u>

Notes forming part of the financial statements continued

7 Earnings per share

Basic earnings per share is calculated by dividing the net profit by the weighted average number of ordinary shares in issue during the year.

	2003	2002
Net profit (Shs '000)	40,685	24,809
Weighted average number of ordinary shares (thousands)	60,000	60,000
Basic earnings per share (Shs)	0.68	0.41

There were no potentially dilutive ordinary shares outstanding at 30 September 2003 or 2002. Diluted earnings per share is therefore the same as basic earnings per share.

8 Dividends

Proposed dividends are accounted for as a separate component of equity until they have been ratified at a general meeting. At the annual general meeting to be held on 19 March 2004, a final dividend in respect of the year ended 30 September 2003 of shs 0.40 (2002: shs 0.25) per share amounting to a total of shs 24,000,000 (2002: shs 15,000,000) is to be proposed. Payment of dividends is subject to withholding tax at the rate of 5% for Kenyan residents and 10% for non-residents.

Notes forming part of the financial statements continued

9 Property, plant and equipment

Group

	Land and Buildings Shs'000	Sisal Development Shs'000	Plant and Machinery Shs'000	Total Shs'000
Cost				
At start of year	103,261	326,183	291,690	721,134
Additions	5,301	55,167	52,422	112,890
Disposals	(341)	(16,412)	(14,607)	(31,360)
Translation adjustment	(946)	(8,739)	(6,367)	(16,052)
Transfer	528	-	(528)	-
At end of year	107,803	356,199	322,610	786,612
Depreciation				
At start of year	5,809	107,898	161,645	275,352
Charge for the year	1,041	31,633	32,968	65,642
On disposals	(14)	(16,412)	(14,039)	(30,465)
Translation adjustment	(21)	(3,148)	(1,491)	(4,660)
At end of year	6,815	119,971	179,083	305,869
Net book amount				
At 30 September 2003	100,988	236,228	143,527	480,743
At 30 September 2002	97,452	218,285	130,045	445,782

Included in property, plant and equipment are assets with an original cost of shs 46,127,000 (2002: shs 43,152,000) which are fully depreciated and whose normal depreciation charge for the year would have been shs 9,087,000 (2002: shs 8,399,000).

Notes forming part of the financial statements *continued***9 Property, plant and equipment (continued)**

(b) Company	Land & buildings Shs'000	Sisal development Shs'000	Plant and machinery Shs'000	Total Shs'000
Cost				
At start of year	67,273	92,413	90,414	250,100
Additions	975	16,120	17,624	34,719
Disposals	-	-	(9,172)	(9,172)
Transfer	57	-	(57)	-
At end of year	68,305	108,533	98,809	275,647
Depreciation				
At start of year	3,202	25,076	62,972	91,250
Charge for the year	446	8,867	8,318	17,631
On disposals	-	-	(8,932)	(8,932)
At end of year	3,648	33,943	62,358	99,949
Net book amount				
At 30 September 2003	64,657	74,590	36,451	175,698
At 30 September 2002	64,071	67,337	27,442	158,850

Included in property, plant and equipment are assets with an original cost of shs 16,733,000 (2002: shs 11,890,000) which are fully depreciated and whose normal depreciation charge for the year would have been shs 3,347,000 (2002: shs 2,378,000).

Assets include plant and machinery leased under finance leases as follows:

	Group		Company	
	2003 Shs'000	2002 Shs'000	2003 Shs'000	2002 Shs'000
Cost - capitalised finance leases	47,481	31,471	16,478	10,041
Accumulated depreciation	(4,840)	(2,889)	(560)	(1,448)
Net book amount	42,641	28,582	15,918	8,593

In the opinion of the directors, there was no impairment of property, plant and equipment during the year.

Notes forming part of the financial statements continued

10 Prepaid operating lease rentals

	Group		Company	
	2003 Shs'000	2002 Shs'000	2003 Shs'000	2002 Shs'000
At beginning of year	102,866	103,765	17,419	17,557
Amortisation	(122)	(843)	(19)	(138)
Translation adjustment	(51)	(56)	-	-
At end of year	102,693	102,866	17,400	17,419

The group holds various leasehold land titles which are amortised over the period of the lease, the remaining periods of which range from 58 years to over 900 years.

11 Investment in subsidiaries

	Company	
	2003 Shs'000	2002 Shs'000
Shares in subsidiaries at cost	134,175	134,175
Long term receivable from subsidiary	95,667	100,341
	229,842	234,516

The subsidiary companies, which are all wholly owned and unquoted are:

Company	Share capital Shs'000	Country of Incorporation	Principal activity
Amboni Plantations Limited	Tshs 250,000	Tanzania	Cultivation of sisal and sale of sisal fibre
Amboni Spinning Mill Limited	Tshs 250,000	Tanzania	Manufacture and sale of sisal twine and yarn
Dwa Estate Limited	Kshs 2,000	Kenya	Cultivation of sisal and sale of sisal fibre
Wigglesworth Exporters Limited	Kshs 1,000	Kenya	Export of sisal fibre

The long term receivable is in respect of a loan due from Amboni Spinning Mill Limited. The original amount of the loan was shs 100,341,000. As settlement of the balance of the loan is not anticipated in the foreseeable future, it has been accounted for as part of the net investment in the subsidiary. Exchange differences on the unpaid portion of the loan are included in reserves.

Notes forming part of the financial statements continued

	Group		Company	
	2003 Shs'000	2002 Shs'000	2003 Shs'000	2002 Shs'000
12 Inventories				
Raw materials at cost	10,468	9,118	-	-
Sisal fibre at cost	28,566	28,582	11,230	9,037
Sisal fibre at net realisable value	2,585	2,783	2,235	1,026
Finished goods at cost	16,475	5,835	-	-
Finished goods at net realisable value	408	17,260	-	-
Stores at cost less provision	80,931	74,173	10,205	11,057
	139,433	137,751	23,670	21,120
13 Trade and other receivables				
Trade receivables	12,784	9,335	904	621
Prepayments	7,130	5,369	894	675
Amounts due from related companies (Note 24)	61,470	59,708	20,748	20,539
Amounts due from group companies	-	-	75,041	127,088
VAT refunds	40,411	22,883	12,151	5,707
Other receivables	4,019	4,502	510	373
	125,814	101,797	110,248	155,003
14 Cash and cash equivalents				
Cash at bank and in hand	9,358	7,629	2,290	4,602

For the purposes of the cash flow statement, the year-end cash and cash equivalents comprise the following:

	Group	
	2003 Shs'000	2002 Shs'000
Cash and bank balances as above	9,358	7,629
Bank overdrafts (Note 16)	(123,078)	(71,007)
	(113,720)	(63,378)

Notes forming part of the financial statements continued**15 Share capital**

Authorised, issued and fully paid	Number of shares (Thousands)	Ordinary shares Shs'000
Balance at 1 October 2001, 1 October 2002 and 30 September 2003	60,000	300,000

The total authorised number of ordinary shares is 60 million with a par value of shs 5 per share. All issued shares are fully paid.

16 Borrowings

	Group		Company	
	2003 Shs'000	2002 Shs'000	2003 Shs'000	2002 Shs'000
Total borrowings	269,306	236,409	75,786	74,002
Less: current portion	(153,303)	(96,472)	(68,132)	(61,451)
Non-current portion	116,003	139,937	7,654	12,551

The borrowings are made up as follows:

Non-current

Bank borrowings	8,447	21,720	3,125	11,873
Related companies (Note 24)	97,100	111,322	-	-
Lease liabilities	10,456	6,895	4,529	678
	116,003	139,937	7,654	12,551

Current

Bank overdrafts	123,078	71,007	52,351	48,242
Bank borrowings	13,089	13,639	8,724	9,315
Lease liabilities	17,136	11,826	7,057	3,894
	153,303	96,472	68,132	61,451
Total borrowings	269,306	236,409	75,786	74,002

Notes forming part of the financial statements *continued***16 Borrowing (continued)**

Analysis of borrowings by currency – Group

	Borrowings in Kshs Shs'000	Borrowings in Tshs Shs'000	Borrowings in USD Shs'000	Borrowings in GBP Shs'000	Total Shs'000
2003					
Bank overdrafts	66,368	11,327	45,383	-	123,078
Bank borrowings	12,852	1,499	7,185	-	21,536
Lease liabilities	24,527	3,065	-	-	27,592
Related parties	-	-	81,290	15,810	97,100
	103,747	15,891	133,858	15,810	269,306
2002					
Bank overdrafts	24,122	(1,029)	47,914	-	71,007
Bank borrowings	20,530	2,429	12,400	-	35,359
Lease liabilities	11,360	7,361	-	-	18,721
Related parties	-	-	99,307	12,015	111,322
	56,012	8,761	159,621	12,015	236,409

The borrowings include secured liabilities (lease liabilities and bank borrowings) in a total amount of shs 158,393,000 (2002 shs 102,560,000). The bank borrowings are secured by first legal charges and debentures over certain of the group's immovable properties and other assets. Lease liabilities are effectively secured on the assets acquired.

	Group		Company	
	2003	2002	2003	2002
Weighted average effective rates at the year end were:				
- bank overdrafts – Kshs	6.3%	15.3%	10.5%	15.5%
- bank borrowings – Kshs	11.9%	16.5%	12.6%	16.5%
- bank overdrafts – Tshs	14.8%	-	-	-
- bank borrowings – Tshs	14.8%	14.8%	-	-
- bank overdrafts – US\$	3.7%	3.8%	3.1%	3.8%
- bank borrowings – US\$	3.1%	3.8%	3.1%	3.8%
- lease liabilities	12.5%	16.2%	12.5%	17.0%

In the opinion of the directors, the carrying amounts of borrowings and lease obligations approximate to their fair value.

Notes forming part of the financial statements continued**16 Borrowings (continued)**

	Group		Company	
	2003 Shs'000	2002 Shs'000	2003 Shs'000	2002 Shs'000
Maturity of non-current borrowings (excluding finance lease liabilities):				
Between 1 and 2 years	8,447	13,199	3,125	8,748
Between 2 and 5 years	-	8,521	-	3,125
Unspecified	97,100	111,322	-	-
	<u>105,547</u>	<u>133,042</u>	<u>3,125</u>	<u>11,873</u>
Finance lease liabilities – minimum lease payments:				
Not later than 1 year	19,987	14,217	8,230	4,419
Later than 1 year and not later than 5 years	11,417	7,443	4,792	713
	<u>31,404</u>	<u>21,660</u>	<u>13,022</u>	<u>5,132</u>
Future finance charges on leases	(3,812)	(2,938)	(1,436)	(560)
Present value of finance lease liabilities	<u>27,592</u>	<u>18,722</u>	<u>11,586</u>	<u>4,572</u>
Representing lease liabilities:				
- current	17,136	11,827	7,057	3,894
- non-current	10,456	6,895	4,529	678
	<u>27,592</u>	<u>18,722</u>	<u>11,586</u>	<u>4,572</u>
The present value of finance lease liabilities may be analysed as:				
Not later than 1 year	17,136	11,827	7,057	3,894
Later than 1 year and not later than 5 years	10,456	6,895	4,529	678
	<u>27,592</u>	<u>18,722</u>	<u>11,586</u>	<u>4,572</u>

17 Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2002: 30%). The movement on the deferred tax account is as follows:

	Group		Company	
	2003 Shs'000	2002 Shs'000	2003 Shs'000	2002 Shs'000
At start of year	26,879	4,747	11,782	19,015
Profit and loss account charge/(credit) (Note 6)	23,578	22,183	2,387	(7,233)
Translation adjustment	(782)	(51)	-	-
At end of year	<u>49,675</u>	<u>26,879</u>	<u>14,169</u>	<u>11,782</u>

Notes forming part of the financial statements continued**17 Deferred tax (continued)**

The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

Group	Group		Company	
	2003 Shs'000	2002 Shs'000	2003 Shs'000	2002 Shs'000
Deferred tax assets	(2,828)	(9,338)	-	-
Deferred tax liabilities	52,503	36,217	14,169	11,782
	<u>49,675</u>	<u>26,879</u>	<u>14,169</u>	<u>11,782</u>

Deferred tax assets and liabilities and deferred tax charge/(credit) in the profit and loss account, are attributable to the following items:

Group	1.10.2002	Charged/ (credited) to P/L	Translation adjustment	30.9.2003
	Shs'000	Shs'000	Shs'000	Shs'000
Deferred tax liabilities				
Property, plant and equipment	90,155	7,879	(2,957)	95,077
Deferred tax assets				
Provisions	(10,620)	(569)	103	(11,086)
Tax losses carried forward	(52,656)	16,268	2,072	(34,316)
	<u>(63,276)</u>	<u>15,699</u>	<u>2,175</u>	<u>(45,402)</u>
Net deferred tax liability	<u>26,879</u>	<u>23,578</u>	<u>(782)</u>	<u>49,675</u>
Company	1.10.2002	Charged/ (credited) to P/L	30.9.2003	
	Shs'000	Shs'000	Shs'000	
Deferred tax liabilities				
Property, plant and equipment	24,139	2,738	26,877	
Deferred tax assets				
Provisions	(5,378)	(509)	(5,887)	
Tax losses carried forward	(6,979)	158	(6,821)	
	<u>(12,357)</u>	<u>(351)</u>	<u>(12,708)</u>	
Net deferred tax liability	<u>11,782</u>	<u>2,387</u>	<u>14,169</u>	

Notes forming part of the financial statements continued

18 Provisions for liabilities and charges	Group		Company	
	2003 Shs'000	2002 Shs'000	2003 Shs'000	2002 Shs'000
Staff retirement gratuity				
At start of year	26,432	18,330	13,666	9,026
Charged to profit and loss account	2,934	9,260	2,439	4,995
Utilised during year	(1,167)	(880)	(564)	(355)
Translation adjustment	(231)	(278)	-	-
At end of year	27,968	26,432	15,541	13,666
Less: current portion	-	-	-	-
Non-current portion	27,968	26,432	15,541	13,666

Retirement gratuity is awarded to unionised employees after the completion of two years of service and on termination of such services.

19 Trade and other payables	Group		Company	
	2003 Shs'000	2002 Shs'000	2003 Shs'000	2002 Shs'000
Trade payables	26,942	26,596	6,838	6,949
Amounts due to related companies (Note 24)	6,612	21,484	4,889	29,666
Accrued expenses	21,453	19,668	7,523	7,258
Current VAT	221	190	-	-
Other payables	5,458	4,600	2,036	1,196
	60,686	72,538	21,286	45,069

Notes forming part of the financial statements continued**20 Retirement benefit obligations**

The amounts recognised in the balance sheet are determined as follows:

	2003	2002
	Shs'000	Shs'000
Present value of funded obligations	34,551	28,161
Fair value of scheme assets	(31,231)	(27,496)
	<hr/>	<hr/>
Net under funding in funded plan	3,320	665
Unrecognised actuarial losses	(3,320)	(665)
	<hr/>	<hr/>
Liability/asset in the balance sheet	-	-

The amounts recognised in the profit and loss account for the year are as follows:

	2003	2002
	Shs'000	Shs'000
Current service cost	2,366	1,992
Interest cost	2,633	2,368
Expected return on plan assets	(2,576)	(2,326)
Net actuarial losses recognised in the year	308	565
	<hr/>	<hr/>
Net charge for the year included in staff costs	2,731	2,599
Contributions paid	(2,731)	(2,599)
	<hr/>	<hr/>
Movement in the liability/asset recognised in the balance sheet	-	-

The principal actuarial assumptions used were as follows:

	2003	2002
- discount rate	9%	10%
- expected rate of return on scheme assets	9%	10%
- future salary increases	7%	8%
- future pension increases	0%	0%

The group also makes contributions to a statutory provident fund, the National Social Security Fund. Contributions are determined by local statute and are shared between the employer and employee. For the year ended 30 September 2003, the group contributed shs 8,137,000 (2002: shs 6,738,000) which has been charged to the profit and loss account.

Notes forming part of the financial statements continued**21 Contingent liabilities**

The group companies are defendants in various legal actions relating to industrial accidents. In the opinion of the directors, the outcome of such actions will not give rise to any significant loss as appropriate insurance is in place.

22 Commitments**Capital commitments**

Commitments for capital expenditure at the balance sheet date which were not recognised in the financial statements were:

	Group		Company	
	2003	2002	2003	2002
	Shs'000	Shs'000	Shs'000	Shs'000
Authorised and contracted for	1,597	-	-	-

Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2003	2002	2003	2002
	Shs'000	Shs'000	Shs'000	Shs'000
Not later than 1 year	4,389	3,693	1,966	1,270
Between 2 and 5 years	12,755	11,638	6,900	3,360
Later than 5 years	1,568	2,370	1,568	2,370
	<u>18,712</u>	<u>17,701</u>	<u>10,434</u>	<u>7,000</u>

Notes forming part of the financial statements continued

23 Cash generated from operations	2003 Shs'000	2002 Shs'000
Reconciliation of operating profit to cash generated from operations:		
Operating profit	93,979	75,370
Adjustments for:		
Depreciation (Note 9)	65,642	64,494
Amortisation of prepaid operating lease rentals (Note 10)	122	843
Profit on sale of property, plant and equipment	(4,512)	(1,260)
Net foreign exchange losses (Note 5)	(9,871)	(10,264)
	<hr/>	<hr/>
Operating profit before working capital changes	145,360	129,183
- receivables and prepayments	(24,019)	16,847
- inventories	(9,082)	9,770
- payables and accrued expenses	(11,854)	(17,687)
- provisions for liabilities and charges	1,767	8,380
	<hr/>	<hr/>
Cash generated from operations	102,172	146,493

Non-cash transactions

The principal non-cash transactions are the acquisition of property, plant and equipment using finance leases (Note 9).

24 Related party transactions

At the year end, companies controlled by the Robinow family and their subsidiary and associated companies owned 58% of the company's shares.

Afchem Limited, REA Trading Limited, Unitbuckle Holdings Limited and Wigglesworth & Co Limited are related parties by virtue of their connection with the Robinow family.

Sales of sisal fibre and yarns to Wigglesworth & Co. Limited are contracted at market prices for East African fibres and yarns.

Mr. Oliver Fowler is a partner of Kaplan & Stratton. The fees paid to that firm in respect of legal work were calculated at standard charging rates.

Notes forming part of the financial statements continued**24 Related party transactions (continued)**

The following transactions were carried out with related parties:

i) Sales of goods and services	2003 Shs'000	2002 Shs'000
Sisal fibre and yarns	625,221	595,216
Management services	924	924
ii) Purchase of services		
Purchase of services	2,904	12,337
Interest	4,651	-
iii) Outstanding balances		
Non-current related company borrowings	97,100	111,322
Related company receivables	61,470	59,708
Related company payables	6,612	21,484

The outstanding balances arise from services and goods received and rendered, temporary advances and expenses paid by related parties on behalf of each other.

25 Country of incorporation

The company is incorporated in Kenya under the Companies Act and is domiciled in Kenya.

Form of Proxy

REA VIPINGO PLANTATIONS
ANNUAL GENERAL MEETING
19 MARCH 2004

I/We _____

of _____

being (o) Member/Members of Reo Vipingo Plontations Limited, hereby oppoint

_____ or foiling him/her,

the Choirman of the meeting to be my/our Proxy, to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 19th of Morch 2004 ond ot ony adjournment thereaf.

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

Signature _____ Date _____ 2004

This form is to be used * in favour of/against the resolutions. Unless otherwise instructed the proxy will vote as he/she thinks fit.

* Strike out whichever is not desired.

Notes:

1. To be valid this proxy must be returned to The Secretary, Rea Vipingo Plantotions Limited, Madison Insuronce House, Upper Hill Road, P.O.Box 17648, Nairobi so as to arrive no later than 10.00 a.m on Thursday 18th Morch 2004.
2. If the cose of o corporation, this proxy must be under its common seal or under the honds of an officer duly authorised in writing.

First fold

Second fold

The Secretary
REA Vipingo Plantations Limited
P.O.Box 17648
Nairobi
Kenya

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First fold

