

Company Information

Directors The directors of the company are as follows:

- Oliver Fowler* *Chairman* aged 49, has been a partner in Kaplan & Stratton since 1981. He has been involved in commercial legal practice for over 20 years. He is a director of Nyara Tea Estate Limited.
- Neil Cuthbert *Managing* aged 46, has been group general manager since early 1999. 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 56, 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 66, 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. He is chairman of Premier Dairy Limited.
- Fabian Tibeita Aged 58, is the director general of East African Development Bank, a post he has held since 1992. He has been with East African Development Bank for 32 years during which time he has held a number of senior positions including director of operations. He is also a director of Panafrican Paper Mills (E.A.) Limited.

* Member of the audit committee

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

PricewaterhouseCoopers
Ralli House
Nyerere Avenue
P.O. Box 81411, Mombasa

Bankers

Citibank N.A.
Barclays Bank of Kenya Limited
Commercial Bank of Africa Limited

CMA - Ke Library



Notice of meeting

Notice is hereby given that the seventh annual general meeting of the company will be held at Holiday Inn, Mayfair Court Hotel, Parklands Road, Nairobi on Friday 22 March 2002, 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 2001.
2. To elect directors.
3. To approve the directors' remuneration for the year ending 30 September 2002.
4. To note that PricewaterhouseCoopers continue as auditors under the provisions of section 159(2) of the Companies Act.
5. To authorise the directors to negotiate the auditors' remuneration.

By order of the board

I R HODSON
Secretary
28 January 2002

Note:

Election of directors
Article 82E states as follows:

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 some 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/or her willingness to be elected.

2007/0046

Chairman's statement

The year covered by this report was in many ways a much better one for the group.

Sisal fibre volumes on all four estates were higher than the previous year with total production up nearly 10% at 12,500 tons.

Vipingo and the Tanzanian estates operated to their full potential throughout the period but Dwa, the group's largest estate, although producing 6% more than the previous year, did suffer during the first quarter of the financial year from the effects of the severe drought that the hinterland of Kenya experienced during the year 2000.

The increased volumes, coupled with measures taken in the previous year to reduce operating costs, particularly in Tanzania, resulted in lower fibre production costs. Sisal fibre prices gradually improved throughout the period and by year-end were at a reasonably remunerative level.

Unfortunately, the spinning mill had a more difficult year. Sales were, at times, poor and throughout the year we were unable to increase product prices in line with the increases in sisal fibre prices. As a result, margins were tight and overall the mill posted a loss for the year. Volumes were, however, sustained at the same level as the previous year.

Despite the difficulties in selling mill product at remunerative levels, the improvement in fibre volumes and prices has meant that the group has made a very welcome return to operating profitability. An operating profit of Shs 41.4 million was achieved as compared to an operating loss of Shs 30.6 million in the previous year. Finance costs increased to Shs 43.2 million but these include exchange losses of approximately Shs 21.0 million on long term external loans in Tanzania. Excluding the exchange losses, finance costs for the group were Shs 8.2 million less than the previous period.

Turning to the current year, the sisal fibre market continues to be buoyant and the group is well sold at fair prices. With the turbulent state of the world economy, it is difficult to predict how long the situation will last but the indications at the present time are that fibre prices and sales volume will remain at, or close to, present levels for the remainder of the year. Fibre production volumes during the current year are likely to improve slightly over the levels achieved in 2000/2001.

The market for spun product has however not improved and indeed the situation is presently extremely difficult. Production output at the spinning mill has been reduced and every effort is being made to reduce costs while we actively seek new markets.

Providing the situation at the mill can be contained, sisal fibre prices remain firm and weather conditions favourable, your directors are confident that a further improvement in results will be made during the current year.

Finally, may I on behalf of the Board, convey my appreciation to all of the group's staff for their efforts and support during the year.

OLIVER FOWLER
Chairman

Review of operations

The review of operations provides information on the group's operations. Areas are given as at 30 September 2001 and crops are stated for the whole year ended on that date and referred to as the 2001 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 | 2,353 |
| Immature sisal | 998 |
| Nurseries | 47 |
| Other areas | 5,592 |
| | <hr/> |
| | 8,990 |
| | <hr/> |

The drought that affected most of the hinterland of Kenya in 2000 resulted in below budget production during the first quarter of the financial year. Fortunately, however, the estate was able to make up the shortfall during the year and finished the year with a total production of 4,815 tonnes of fibre (2000 – 4,521 tonnes).

Although Dwa has now had two consecutive years of poor rainfall, the current year has started well with fair November/December rains. The estate is therefore well set and, providing some reasonable rain falls in April, production should exceed that of last year.

Planting at Dwa is carried out prior to the November rains, the more reliable rains in this area. An area of 322 hectares was planted in October 2000 and 365 hectares in October 2001.

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 | 1,887 |
| Immature sisal | 675 |
| Nurseries | 45 |
| Other areas | 1,343 |
| | <hr/> |
| | 3,950 |
| | <hr/> |

Vipingo had a good rainfall distribution during the year and, as a result, production was consistently good throughout the period. Total fibre production was 3,948 tonnes (2000 – 3,617) and the prospects for the current financial year are encouraging.

Planting at Vipingo is carried out prior to the May rains and 250 hectares were planted in 2001.

Review of operations (continued)

Tanzania

Amboni Plantations Limited

The Amboni estates comprise two separate properties, 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 | 2,081 |
| Immature sisal | 847 |
| Nurseries | 55 |
| Other areas | 7,887 |

10,870

The two Tanzanian estates had a good year and produced a total of 3,801 tonnes (2000 – 3,216 tonnes).

The 2001 November short rains have been disappointing on the Tanzanian coast and, as a result, we expect to see a small drop off in volume during the current financial year.

A total of 285 hectares of new sisal was planted during the year on the two estates.

Following the reorganisation of the Tanzanian businesses in 2000, the administration of the estates has improved and costs reduced.

Amboni Spinning Mill Limited

The Tanga spinning mill, situated on the outskirts of Tanga, produced 2,082 tonnes of product during the year (2000 – 2,155 tonnes).

The mill operated at an improved efficiency throughout the year with resultant improvements in cost of production. At times, however, we were short of remunerative orders which, together with significantly higher sisal fibre input costs, resulted in the mill showing an operating loss for the year.

The order intake for mill product has not improved during the year and, as a result, management are taking active steps to reduce costs and at the same time are actively investigating new market outlets.

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 2001 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:

Madison Insurance House,
Upper Hill Road,
P.O. Box 17648,
NAIROBI.

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 loss for the year of Shs 6,688 thousand (company: net profit of Shs 173 thousand) has been deducted from retained earnings.

The directors do not recommend the payment of a dividend (2000: Shs Nil).

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 limited 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:

| | | |
|-----------------|---------|------------|
| Mr O M Fowler | Kenyan | (chairman) |
| Mr N R Cuthbert | British | (managing) |
| Mr R M Robinow | British | |
| Mr M arap Sang | Kenyan | |
| Mr F R Tibeita | Ugandan | |

Auditors

The company's auditors, PricewaterhouseCoopers, continue in office in accordance with section 159 (2) of the Companies Act.

By order of the Board

I R HODSON
Secretary
28 January 2002

REPORT OF THE AUDITORS TO THE MEMBERS OF REA VIPINGO PLANTATIONS LIMITED

We have audited the financial statements set out on pages 8 to 30. We have obtained all the information and explanations that to the best of our knowledge and belief were necessary for the purposes of our audit. The balance sheet of the company is in agreement with the books of account.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of financial statements that give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group. Our responsibility is to express an independent opinion on the 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 our audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements.

Opinion

In our opinion proper books of account have been kept and the financial statements give a true and fair view of the state of the financial affairs of the company and of the group at 30 September 2001 and of the results and cash flows of the group for the year then ended and comply with International Accounting Standards and the Kenyan Companies Act.

PRICEWATERHOUSECOOPERS 

Certified Public Accountants
Mombasa

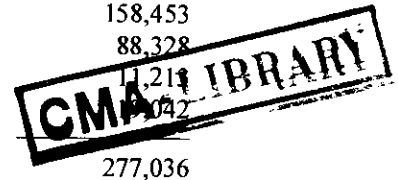
28 January 2002

Consolidated profit and loss account

| | Notes | 2001 Shs'000 | 2000 Shs'000 |
|----------------------------------|-------|-----------------|-----------------|
| Sales | 1 | 598,477 | 595,677 |
| Cost of sales | | (382,050) | (416,873) |
| Gross profit | | 216,427 | 178,804 |
| Other operating income | | 11,616 | 11,663 |
| Distribution costs | | (41,445) | (47,906) |
| Administrative expenses | | (132,929) | (153,751) |
| Other operating expenses | | (12,225) | (19,401) |
| Operating profit/(loss) | 2 | 41,444 | (30,591) |
| Finance costs | 4 | (43,173) | (35,368) |
| Profit on disposal of subsidiary | | - | 19,667 |
| Loss before tax | | (1,729) | (46,292) |
| Tax | 5 | (4,959) | 12,282 |
| Net loss | | (6,688) | (34,010) |
| Loss per share - basic | 7 | (Shs 0.11) | (Shs 0.57) |
| - diluted | 7 | (Shs 0.11) | (Shs 0.57) |

Consolidated balance sheet

| | Notes | 2001 Shs'000 | 2000 Shs'000 |
|--|-------|-----------------|-----------------|
| CAPITAL EMPLOYED | | | |
| Share capital | 8 | 300,000 | 300,000 |
| Share premium | | 84,496 | 84,496 |
| Translation reserve | | (2,703) | 268 |
| Retained earnings | | 54,329 | 61,017 |
| Shareholders' funds | | 436,122 | 445,781 |
| Non-current liabilities | | | |
| Borrowings | 9 | 133,491 | 121,848 |
| Deferred tax liabilities | 10 | 24,282 | 17,968 |
| Provisions for liabilities and charges | 11 | 18,330 | 18,150 |
| | | 176,103 | 157,966 |
| | | 612,225 | 603,747 |
| REPRESENTED BY | | | |
| Non-current assets | | | |
| Property, plant and equipment | 12 | 543,051 | 543,847 |
| Non-current receivables | 14 | - | 12,322 |
| Deferred tax assets | 10 | 19,535 | 16,341 |
| | | 562,586 | 572,510 |
| Current assets | | | |
| Inventories | 15 | 155,445 | 158,453 |
| Trade and other receivables | 16 | 116,830 | 88,328 |
| Tax recoverable | | 15,475 | 11,211 |
| Cash and cash equivalents | 17 | 2,599 | 10,422 |
| | | 290,349 | 277,036 |
| Current liabilities | | | |
| Trade and other payables | 18 | 88,323 | 111,744 |
| Current tax | | 8 | - |
| Borrowings | 9 | 152,379 | 134,055 |
| | | 240,710 | 245,799 |
| Net current assets | | 49,639 | 31,237 |
| | | 612,225 | 603,747 |



The financial statements on pages 8 to 30 were approved for issue by the board of directors on 28 January 2002 and signed on its behalf by:

N R Cuthbert

Director

R M Robinow

Director

Company balance sheet

| | Notes | 2001 Shs'000 | 2000 Shs'000 |
|--|-------|-----------------|-----------------|
| CAPITAL EMPLOYED | | | |
| Share capital | 8 | 300,000 | 300,000 |
| Share premium | | 84,496 | 84,496 |
| Retained earnings | | 99,347 | 99,174 |
| Shareholders' funds | | 483,843 | 483,670 |
| Non-current liabilities | | | |
| Borrowings | 9 | 15,533 | - |
| Deferred tax | 10 | 19,015 | 17,968 |
| Provisions for liabilities and charges | 11 | 9,026 | 8,269 |
| | | 43,574 | 26,237 |
| | | 527,417 | 509,907 |
| REPRESENTED BY | | | |
| Non-current assets | | | |
| Property, plant and equipment | 12 | 174,067 | 172,784 |
| Investments in subsidiaries | 13 | 134,175 | 134,175 |
| Non-current receivables | 14 | 284,510 | 284,523 |
| | | 592,752 | 591,482 |
| Current assets | | | |
| Inventories | 15 | 22,268 | 19,743 |
| Trade and other receivables | 16 | 32,613 | 48,895 |
| Tax recoverable | | 13,459 | 11,172 |
| Cash and cash equivalents | 17 | 1,329 | 1,833 |
| | | 69,669 | 81,643 |
| Current liabilities | | | |
| Trade and other payables | 18 | 52,578 | 70,557 |
| Borrowings | 9 | 82,426 | 92,661 |
| | | 135,004 | 163,218 |
| Net current liabilities | | (65,335) | (81,575) |
| | | 527,417 | 509,907 |

The financial statements on pages 8 to 30 were approved for issue by the board of directors on 28 January 2002 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 | Retained earnings Shs'000 | Total Shs'000 |
|-------------------------------------|-----------------------------|--------------------------|-----------------------------------|---------------------------------|------------------|
| Year ended 30 September 2000 | | | | | |
| At start of year | 300,000 | 84,496 | 4,935 | 90,072 | 479,503 |
| Foreign exchange translation | - | - | 288 | - | 288 |
| Disposal of subsidiary | - | - | (4,955) | 4,955 | - |
| Net loss | - | - | - | (34,010) | (34,010) |
| At end of year | 300,000 | 84,496 | 268 | 61,017 | 445,781 |
| Year ended 30 September 2001 | | | | | |
| At start of year | 300,000 | 84,496 | 268 | 61,017 | 445,781 |
| Foreign exchange translation | - | - | (2,971) | - | (2,971) |
| Net loss | - | - | - | (6,688) | (6,688) |
| At end of year | 300,000 | 84,496 | (2,703) | 54,329 | 436,122 |

Company statement of changes in equity

| | Share capital Shs'000 | Share premium Shs'000 | Retained earnings Shs'000 | Total Shs'000 |
|-------------------------------------|--------------------------------------|--------------------------------------|--|--------------------------|
| Year ended 30 September 2000 | | | | |
| At start of year | 300,000 | 84,496 | 3,532 | 388,028 |
| Net profit | - | - | 95,642 | 95,642 |
| <hr/> | | | | |
| At end of year | 300,000 | 84,496 | 99,174 | 483,670 |
| <hr/> | | | | |
| Year ended 30 September 2001 | | | | |
| At start of year | 300,000 | 84,496 | 99,174 | 483,670 |
| Net profit | - | - | 173 | 173 |
| <hr/> | | | | |
| At end of year | 300,000 | 84,496 | 99,347 | 483,843 |
| <hr/> | | | | |

Consolidated cash flow statement

| | Notes | 2001 Shs'000 | 2000 Shs'000 |
|--|-------|-----------------|-----------------|
| Operating activities | | | |
| Cash generated from operations | 22 | 36,157 | 134,971 |
| Interest received | 4 | 65 | 435 |
| Interest paid | 4 | (23,574) | (32,192) |
| Tax paid | | (4,428) | (5,786) |
| Net cash from operating activities | | 8,220 | 97,428 |
| Investing activities | | | |
| Purchase of property, plant and equipment | 12 | (80,447) | (60,546) |
| Proceeds from disposals of property, plant and equipment | | 4,077 | 2,993 |
| Net cash outflow on acquisition of subsidiary | 23 | (2,576) | - |
| Proceeds from disposal of investment in subsidiary | | - | 28,736 |
| Net cash used in investing activities | | (78,946) | (28,817) |
| Financing activities | | | |
| Proceeds from long-term borrowings | | 33,576 | - |
| Repayment of long-term borrowings | | (5,000) | (5,000) |
| Group companies | | - | 65,021 |
| Lease financing received | | 8,715 | - |
| Finance lease principal payments | | (4,160) | (8,343) |
| Non-current receivables | | 12,322 | - |
| Net cash from financing activities | | 45,453 | 51,678 |
| (Decrease)/increase in cash and cash equivalents | | (25,273) | 120,289 |
| Movement in cash and cash equivalents | | | |
| At start of year | 17 | (107,741) | (228,030) |
| (Decrease)/increase | | (25,273) | 120,289 |
| Effects of exchange rate changes | | (667) | - |
| At end of year | | (133,681) | (107,741) |

Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of preparation

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

(b) Consolidation

Subsidiary undertakings, 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 have been 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.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is 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.

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 |

Land is not depreciated as it is deemed to have an indefinite life.

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 all the risks and benefits 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 a weighted average cost. Provision is made for obsolete stocks.

(j) Trade receivables

Trade receivables are carried at original invoiced amounts less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off in the year in which they are identified.

Accounting policies (continued)

(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) Deferred tax

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.

(m) Retirement benefit obligations

The group participates in a multi-employer 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.

(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.

Notes forming part of the financial statements

1 Segment information
Year ended 30 September 2001

| | Kenya Shs'000 | Tanzania Shs'000 | Total Shs'000 |
|---------------------|------------------|---------------------|------------------|
| Sales revenue | 343,690 | 254,787 | 598,477 |
| Operating profit | 27,483 | 13,961 | 41,444 |
| Segment assets | 564,310 | 288,626 | 852,936 |
| Segment liabilities | 265,698 | 151,115 | 416,813 |

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

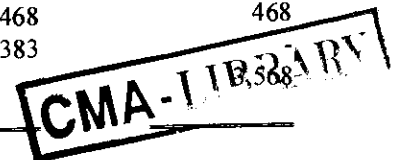
- Kenya
- Tanzania

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

2 Operating profit/(loss)

The following items have been charged in arriving at operating profit/(loss):

| | Group | |
|---|-----------------|-----------------|
| | 2001 Shs'000 | 2000 Shs'000 |
| Depreciation on property, plant and equipment (Note 12) | 65,208 | 64,768 |
| Operating lease rentals | 4,050 | 1,367 |
| Staff costs (Note 3) | 194,701 | 223,690 |
| Auditors' remuneration - current year | 3,986 | 2,621 |
| - prior year | 192 | - |
| Directors' remuneration - fees | 468 | 468 |
| - for management | 6,383 | 568 |
| Related party balance written off | | |



3 Staff costs

The following items are included within staff costs:

| | | |
|---|-------|-------|
| Termination benefits | 3,853 | 5,848 |
| Pension costs – defined benefit plans (Note 19) | 2,129 | 2,115 |

The number of persons employed by the group at the year end was 2,511 (2000: 2,433)

Notes forming part of the financial statements (continued)

4 Finance costs

| | Group | |
|-----------------------------|----------------|----------------|
| | 2001 | 2000 |
| | Shs'000 | Shs'000 |
| Interest income | 65 | 435 |
| Net foreign exchange losses | (19,664) | (3,611) |
| Interest expense | (23,574) | (32,192) |
| | (43,173) | (35,368) |
| | (43,173) | (35,368) |

5 Tax

| | | |
|---|-------|----------|
| Current tax | 1,401 | 2,043 |
| Deferred tax (Note 10) | 2,800 | (14,325) |
| Underprovision of current tax in prior year | 758 | - |
| | 4,959 | (12,282) |
| | 4,959 | (12,282) |

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

| | Group | |
|---|----------------|----------------|
| | 2001 | 2000 |
| | Shs'000 | Shs'000 |
| Loss before tax | (1,729) | (46,292) |
| | (1,729) | (46,292) |
| Tax calculated at the domestic rates applicable to profits in the countries concerned | 41 | (13,927) |
| Tax effect of: | | |
| Income not subject to tax | (2,344) | (7,611) |
| Expenses not deductible for tax purposes | 9,527 | 9,256 |
| Underprovision of current tax in prior year | 758 | - |
| Deferred tax asset previously not recognised | (3,023) | - |
| | 4,959 | (12,282) |
| Tax charge | 4,959 | (12,282) |

6 Dividend per share

No dividends will be proposed in respect of the year ended 30 September 2001 (2000: nil).

Notes forming part of the financial statements (continued)

7 Loss per share

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

| | 2001 | 2000 |
|--|---------|----------|
| Net loss (Shs '000) | (6,688) | (34,010) |
| Weighted average number of ordinary shares (thousands) | 60,000 | 60,000 |
| Basic loss per share (Shs) | (0.11) | (0.57) |

There were no potentially dilutive ordinary shares outstanding at 30 September 2001 or 2000.

8 Share capital

| | Number of shares (Thousands) | Ordinary shares Shs'000 |
|--|------------------------------------|-------------------------------|
| Authorised, issued and fully paid | | |
| Balance at 1 October 1999, 30 September 2000 and 30 September 2001 | 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.

9 Borrowings

| | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2001 Shs'000 | 2000 Shs'000 | 2001 Shs'000 | 2000 Shs'000 |
| Total borrowings | 285,870 | 255,903 | 97,959 | 92,661 |
| Less: current portion | (152,379) | (134,055) | (82,426) | (92,661) |
| Non-current portion | 133,491 | 121,848 | 15,533 | - |
| The borrowings are made up as follows: | | | | |
| Non-current | | | | |
| Bank borrowings | 13,063 | 3,750 | 13,063 | - |
| Related companies (Note 24) | 114,088 | 118,098 | - | - |
| Lease liabilities | 6,340 | - | 2,470 | - |
| | 133,491 | 121,848 | 15,533 | - |
| Current | | | | |
| Bank overdrafts | 136,280 | 126,783 | 73,130 | 91,958 |
| Bank borrowings | 10,564 | 5,000 | 6,814 | - |
| Lease liabilities | 5,535 | 2,272 | 2,482 | 703 |
| | 152,379 | 134,055 | 82,426 | 92,661 |
| Total borrowings | 285,870 | 255,903 | 97,959 | 92,661 |

Notes forming part of the financial statements (continued)

9 Borrowings (continued)

The borrowings include secured liabilities (lease liabilities and bank borrowings) in a total amount of Shs 134.3 million (2000 Shs 105.2 million). 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 | |
|--|-------|-------|---------|-------|
| | 2001 | 2000 | 2001 | 2000 |
| Weighted average effective rates at the year end were: | | | | |
| -bank overdrafts – Kshs | 17.5% | 18.5% | 17.5% | 18.0% |
| -bank overdrafts - Tshs | 14.8% | - | - | - |
| -bank borrowings – Kshs | 18.5% | 19.0% | 18.5% | - |
| -bank overdrafts – US\$ | 4.8% | 8.8% | 4.5% | 8.8% |
| -bank borrowings – US\$ | 4.8% | - | 4.5% | - |
| -lease liabilities | 19.4% | 21.0% | 19.0% | 27.0% |

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

Maturity of non-current borrowings (excluding finance liabilities):

| | Shs'000 | Shs'000 | Shs'000 | Shs'000 |
|-----------------------|----------------|----------------|---------------|----------|
| Between 1 and 2 years | 13,063 | 3,750 | 13,063 | - |
| Unspecified | 114,088 | 118,098 | - | - |
| | <u>127,151</u> | <u>121,848</u> | <u>13,063</u> | <u>-</u> |

Finance lease liabilities – minimum lease payments:

| | | | | |
|--|-------|-------|-------|-----|
| Not later than 1 year | 7,412 | 2,534 | 3,231 | 743 |
| Later than 1 year and not later than 5 years | 7,124 | - | 2,710 | - |

| | | | | |
|----------------------------------|-------------------|----------------|----------------|-------------|
| Future finance charges on leases | 14,536 (2,661) | 2,534 (262) | 5,941 (989) | 743 (40) |
|----------------------------------|-------------------|----------------|----------------|-------------|

| | | | | |
|--|---------------|--------------|--------------|------------|
| Present value of finance lease liabilities | <u>11,875</u> | <u>2,272</u> | <u>4,952</u> | <u>703</u> |
|--|---------------|--------------|--------------|------------|

Representing lease liabilities:

| | | | | |
|---------------|-------|-------|-------|-----|
| - current | 5,535 | 2,272 | 2,482 | 703 |
| - non-current | 6,340 | - | 2,470 | - |

| | | | | |
|--|---------------|--------------|--------------|------------|
| | <u>11,875</u> | <u>2,272</u> | <u>4,952</u> | <u>703</u> |
|--|---------------|--------------|--------------|------------|

The present value of finance lease liabilities may be analysed as:

| | | | | |
|-----------------------|---------------|--------------|--------------|------------|
| Not later than 1 year | 5,535 | 2,272 | 2,482 | 703 |
| 1-5 years | 6,340 | - | 2,470 | - |
| | <u>11,875</u> | <u>2,272</u> | <u>4,952</u> | <u>703</u> |

Notes forming part of the financial statements (continued)

10 Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2000: 30%). The movement on the deferred tax account is as follows:

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2001 Shs'000 | 2000 Shs'000 | 2001 Shs'000 | 2000 Shs'000 |
| At start of year | 1,627 | 16,039 | 17,968 | 17,670 |
| Profit and loss account charge/(credit) (Note 5) | 2,800 | (14,325) | 1,047 | 298 |
| Translation adjustment | 320 | (87) | - | - |
| At end of year | 4,747 | 1,627 | 19,015 | 17,968 |

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

| | Group | | Company | |
|--------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2001 Shs'000 | 2000 Shs'000 | 2001 Shs'000 | 2000 Shs'000 |
| Deferred tax assets | (19,535) | (16,341) | - | - |
| Deferred tax liabilities | 24,282 | 17,968 | 19,015 | 17,968 |
| | 4,747 | 1,627 | 19,015 | 17,968 |

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

| Group | 1.10.2000 Shs'000 | Charged/ (credited) to P/L Shs'000 | Translation adjustment Shs'000 | 30.9.2001 Shs'000 |
|---------------------------------|----------------------|---|--------------------------------------|----------------------|
| Deferred tax liabilities | | | | |
| Accelerated tax depreciation | 90,092 | 4,447 | (4,353) | 90,186 |
| Deferred tax assets | | | | |
| Provisions | (7,512) | (406) | 192 | (7,726) |
| Tax losses carried forward | (80,953) | (1,241) | 4,481 | (77,713) |
| | (88,465) | (1,647) | 4,673 | (85,439) |
| Net deferred tax liability | 1,627 | 2,800 | 320 | 4,747 |

Notes forming part of the financial statements (continued)

10 Deferred tax (continued)

Company

| | 1.10.2000 | Charged/ (credited) to P/L | 30.9.2001 |
|---------------------------------|-----------|----------------------------------|-----------|
| | Shs'000 | Shs'000 | Shs'000 |
| Deferred tax liabilities | | | |
| Accelerated tax depreciation | 21,288 | 1,410 | 22,698 |
| Deferred tax assets | | | |
| Provisions | (3,320) | (363) | (3,683) |
| Net deferred tax liability | 17,968 | 1,047 | 19,015 |

11 Provisions for liabilities and charges

| | Group | | Company | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2001 Shs'000 | 2000 Shs'000 | 2001 Shs'000 | 2000 Shs'000 |
| Staff retirement gratuity | | | | |
| At start of year | 18,150 | 19,303 | 8,269 | 7,529 |
| Charged to profit and loss account | 1,542 | 3,133 | 1,046 | 1,775 |
| Disposal of subsidiary | - | (1,970) | - | - |
| Exchange translation | (422) | (34) | - | - |
| Utilised during year | (940) | (2,282) | (289) | (1,035) |
| At end of year | 18,330 | 18,150 | 9,026 | 8,269 |
| Less: current portion | - | - | - | - |
| Non-current portion | 18,330 | 18,150 | 9,026 | 8,269 |

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

Notes forming part of the financial statements (continued)

12 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 | 194,272 | 256,276 | 254,765 | 705,313 |
| Acquisition of subsidiary | - | - | 7,775 | 7,775 |
| Additions | 10,271 | 43,599 | 26,577 | 80,447 |
| Disposals | - | (1,207) | (8,724) | (9,931) |
| Translation adjustment | (764) | (10,702) | (7,546) | (19,012) |
| At end of year | 203,779 | 287,966 | 272,847 | 764,592 |
| Depreciation | | | | |
| At start of year | 3,983 | 64,208 | 93,275 | 161,466 |
| Acquisition of subsidiary | - | - | 6,910 | 6,910 |
| Charge for the year | 820 | 25,833 | 38,555 | 65,208 |
| On disposals | - | (1,207) | (7,191) | (8,398) |
| Translation adjustment | (4) | (3,032) | (609) | (3,645) |
| At end of year | 4,799 | 85,802 | 130,940 | 221,541 |
| Net book amount | | | | |
| At 30 September 2001 | 198,980 | 202,164 | 141,907 | 543,051 |
| At 30 September 2000 | 190,289 | 192,068 | 161,490 | 543,847 |

Notes forming part of the financial statements (continued)

12 Property, plant and equipment (continued)

| Company | Land and Buildings Shs'000 | Sisal Development Shs'000 | Plant and Machinery Shs'000 | Total Shs'000 |
|------------------------|---|--|--|--------------------------|
| Cost | | | | |
| At start of year | 84,725 | 62,309 | 79,329 | 226,363 |
| Additions | 105 | 13,147 | 7,803 | 21,055 |
| Disposals | - | - | (2,200) | (2,200) |
| At end of year | 84,830 | 75,456 | 84,932 | 245,218 |
| Depreciation | | | | |
| At start of year | 2,313 | 11,522 | 39,744 | 53,579 |
| Charge for the year | 443 | 5,959 | 12,980 | 19,382 |
| On disposals | - | - | (1,810) | (1,810) |
| At end of year | 2,756 | 17,481 | 50,914 | 71,151 |
| Net book amount | | | | |
| At 30 September 2001 | 82,074 | 57,975 | 34,018 | 174,067 |
| At 30 September 2000 | 82,412 | 50,787 | 39,585 | 172,784 |

Notes forming part of the financial statements (continued)

12 Property, plant and equipment (continued)

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

| | Group | | Company | |
|-----------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2001 Shs'000 | 2000 Shs'000 | 2001 Shs'000 | 2000 Shs'000 |
| Cost – capitalised finance leases | 14,086 | 12,527 | 5,315 | 4,526 |
| Accumulated depreciation | - | (2,996) | - | (1,128) |
| Net book amount | 14,086 | 9,531 | 5,315 | 3,398 |

In the opinion of the directors, there is no impairment of property, plant and equipment.

13 Investment in subsidiaries

| | Company | |
|--------------------------------|-----------------|-----------------|
| | 2001 Shs'000 | 2000 Shs'000 |
| Shares in subsidiaries at cost | 134,175 | 134,175 |

The subsidiaries are Dwa Estate Limited and Wigglesworth Exporters Limited which are incorporated in Kenya and Amboni Plantations Limited and Amboni Spinning Mill Limited which are incorporated in Tanzania. All companies are wholly owned. The effective date of acquisition of Wigglesworth Exporters Limited, the consideration for which was Shs 100, was 31 December 2000 (Note 23).

14 Non-current receivables

| | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2001 Shs'000 | 2000 Shs'000 | 2001 Shs'000 | 2000 Shs'000 |
| Amounts due from group companies | - | - | 284,510 | 272,201 |
| Amount receivable from disposal of former subsidiary | - | 12,322 | - | 12,322 |
| | - | 12,322 | 284,510 | 284,523 |

15 Inventories

| | | | | |
|--|---------|---------|--------|--------|
| Raw materials at cost | 9,293 | 11,184 | - | - |
| Sisal fibre at cost | 40,046 | 32,186 | 12,238 | 9,835 |
| Sisal fibre at net realisable value | 79 | 352 | - | - |
| Finished goods at cost | 19,998 | 13,124 | - | - |
| Finished goods at net realisable value | 4,345 | 17,984 | - | - |
| Stores at cost less provision | 81,684 | 83,623 | 10,030 | 9,908 |
| | 155,445 | 158,453 | 22,268 | 19,743 |

Notes forming part of the financial statements (continued)

16 Trade and other receivables

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2001 Shs'000 | 2000 Shs'000 | 2001 Shs'000 | 2000 Shs'000 |
| Trade receivables | 15,663 | 13,624 | 859 | 591 |
| Prepayments | 3,806 | 2,965 | 1,122 | 1,316 |
| Amounts due from related companies (Note 24) | 67,098 | 34,042 | 19,591 | 12,956 |
| VAT refunds | 30,263 | 10,998 | 11,041 | 7,333 |
| Amount receivable from disposal of former subsidiary | - | 26,699 | - | 26,699 |
| | <u>116,830</u> | <u>88,328</u> | <u>32,613</u> | <u>48,895</u> |

17 Cash and cash equivalents

| | Group | | Company | |
|--------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2001 Shs'000 | 2000 Shs'000 | 2001 Shs'000 | 2000 Shs'000 |
| Cash at bank and in hand | 2,599 | 19,042 | 1,329 | 1,833 |
| | <u>2,599</u> | <u>19,042</u> | <u>1,329</u> | <u>1,833</u> |

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

| | Group | |
|---------------------------------|------------------|------------------|
| | 2001 Shs'000 | 2000 Shs'000 |
| Cash and bank balances as above | 2,599 | 19,042 |
| Bank overdrafts (Note 9) | (136,280) | (126,783) |
| | <u>(133,681)</u> | <u>(107,741)</u> |

18 Trade and other payables

| | Group | | Company | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2001 Shs'000 | 2000 Shs'000 | 2001 Shs'000 | 2000 Shs'000 |
| Trade payables | 39,048 | 38,940 | 9,106 | 9,887 |
| Amounts due to related companies (Note 24) | 30,423 | 23,657 | 37,133 | 21,014 |
| Accrued expenses | 18,852 | 18,119 | 6,339 | 8,628 |
| Amount due to former subsidiary | - | 31,028 | - | 31,028 |
| | <u>88,323</u> | <u>111,744</u> | <u>52,578</u> | <u>70,557</u> |

Notes forming part of the financial statements (continued)

19 Retirement benefit obligations

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

| | 2001 Shs'000 | 2000 Shs'000 |
|--------------------------------------|-------------------------------|-------------------------------|
| Present value of funded obligations | 22,198 | 21,201 |
| Fair value of scheme assets | (21,230) | (19,653) |
| | <hr/> | <hr/> |
| Net under funding in funded plan | 968 | 1,548 |
| Unrecognised actuarial losses | (968) | (1,548) |
| | <hr/> | <hr/> |
| Liability/asset in the balance sheet | - | - |
| | <hr/> | <hr/> |

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

| | 2001 Shs'000 | 2000 Shs'000 |
|---|-------------------------------|-------------------------------|
| Current service cost | 1,809 | 1,795 |
| Interest cost | 2,088 | 1,908 |
| Expected return on plan assets | (1,947) | (1,670) |
| Net actuarial losses recognised in the year | 179 | 82 |
| | <hr/> | <hr/> |
| Net charge for the year included in staff costs | 2,129 | 2,115 |
| Contributions paid | (2,129) | (2,115) |
| | <hr/> | <hr/> |
| Movement in the liability/asset recognised in the balance sheet | - | - |
| | <hr/> | <hr/> |

The actual return on scheme assets was Shs 1,947,000 (2000: Shs 1,802,000).

The principal actuarial assumptions used were as follows:

| | 2001 | 2000 |
|------------------------------------|-------------|-------------|
| - discount rate | 10% | 10% |
| - expected return on scheme assets | 10% | 10% |
| - future salary increases | 8% | 8% |
| - future pension increases | 0% | 0% |
| | <hr/> | <hr/> |

20 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.

Notes forming part of the financial statements (continued)

21 Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

| | Group | | Company | |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2001 Shs'000 | 2000 Shs'000 | 2001 Shs'000 | 2000 Shs'000 |
| Property, plant and equipment | - | 6,164 | - | - |

Operating lease commitments

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

| | Group | | Company | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2001 Shs'000 | 2000 Shs'000 | 2001 Shs'000 | 2000 Shs'000 |
| Not later than 1 year | 3,306 | - | - | - |
| Later than 1 year and not later than 5 years | 9,691 | - | - | - |
| Later than 5 years | 1,009 | - | - | - |
| | 14,006 | - | - | - |

22 Cash generated from operations

**2001
Shs'000** **2000
Shs'000**

Reconciliation of loss before tax to cash generated from operations:

| | | |
|---|----------|----------|
| Loss before tax | (1,729) | (46,292) |
| Adjustment for: | | |
| Profit on disposal of subsidiary | - | (19,667) |
| Depreciation (Note 12) | 65,208 | 64,768 |
| Unrealised exchange differences | 12,066 | - |
| Profit on sale of property, plant and equipment | (2,544) | (533) |
| Interest income (Note 4) | (65) | (435) |
| Interest expense (Note 4) | 23,574 | 32,192 |
| Changes in: | | |
| - trade and other receivables | (29,827) | 37,930 |
| - inventories | (7,254) | 65,562 |
| - trade and other payables | (23,874) | 2,599 |
| - provisions for liabilities and charges | 602 | (1,153) |
| Cash generated from operations | 36,157 | 134,971 |

Non-cash transactions

The principal non-cash transactions are the acquisition of property, plant and equipment using finance leases (Note 12).

Notes forming part of the financial statements (continued)

23 Acquisition of subsidiary

On 31 December 2000 the group acquired the entire share capital of Wigglesworth Exporters Limited, a sisal commission agent, from Wigglesworth & Co. Limited for consideration of Shs 100. The acquired business contributed revenues of Shs 11,794,000 and operating profit of Shs 1,445,000 for the period 1 January 2001 to 30 September 2001.

The assets and liabilities acquired were as follows:

| | Shs'000 |
|--|----------------|
| Cash and cash equivalents | 3,989 |
| Bank overdrafts | (6,565) |
| Property, plant and equipment | 865 |
| Trade debtors and other receivables | 4,981 |
| Taxation recoverable | 1,991 |
| Inventories | 1,124 |
| Due from REA Vipingo Plantations Limited | 5,239 |
| Due from other group companies | 3 |
| Trade creditors and other liabilities | (7,325) |
| Due to group companies | (4,302) |
| | <hr/> |
| Carrying value of net assets | - |
| | <hr/> |
| Total purchase consideration (Shs 100) | - |
| Cash and cash equivalents acquired | 3,989 |
| Bank overdrafts acquired | (6,565) |
| | <hr/> |
| Cash outflow on acquisition | (2,576) |
| | <hr/> |

24 Related party transactions

At the year end companies controlled by the Robinow family and their subsidiary and associated companies, owned 57% of the company's shares.

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

Wigglesworth Exporters Limited, which was a related party in prior years, became a subsidiary of the group on 31 December 2000.

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.

Vipingo Estate Limited ceased to be a related party on 31 December 2000.

Notes forming part of the financial statements (continued)

24 Related party transactions (continued)

The following transactions were carried out with related parties:

| | Group | |
|---|----------------|----------------|
| | 2001 | 2000 |
| | Shs'000 | Shs'000 |
| i) Sales of goods and services | | |
| Sisal fibre and yarns | 575,858 | 548,185 |
| | <hr/> | <hr/> |
| Management services | 924 | 3,206 |
| | <hr/> | <hr/> |
| ii) Purchase of goods and services | | |
| Purchase of goods | - | 13,996 |
| | <hr/> | <hr/> |
| Purchase of services | 12,395 | 15,728 |
| | <hr/> | <hr/> |
| iii) Outstanding balances | | |
| Non-current related party borrowings | 114,088 | 118,098 |
| | <hr/> | <hr/> |
| Related company receivables | 67,098 | 34,042 |
| | <hr/> | <hr/> |
| Related company payables | 30,423 | 23,657 |
| | <hr/> | <hr/> |

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

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FORM OF PROXY

ANNUAL GENERAL MEETING

22 MARCH 2002

I/We _____

of _____

being a Member/Members of the above named company, hereby appoint _____

or failing him the Chairman of the meeting as 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 22nd of March 2002 and at any adjournment thereof.

Unless otherwise instructed, the proxy will vote as he thinks fit.

Signature _____

Date _____ 2002

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

* Strike out whichever is not desired.

Notes:

1. To be valid this proxy must be returned to The Secretary, REA Vipingo Plantations Limited, Madison Insurance House, Upper Hill Road, P.O. Box 17648, Nairobi so as to arrive no later than 10.00 a.m. on Thursday 21st March 2002.
2. In the case of a corporation this proxy must be under its common seal or under the hand of an officer duly authorised in writing.

Cut here

First fold

Second fold

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

Third fold and tuck in edge

First fold