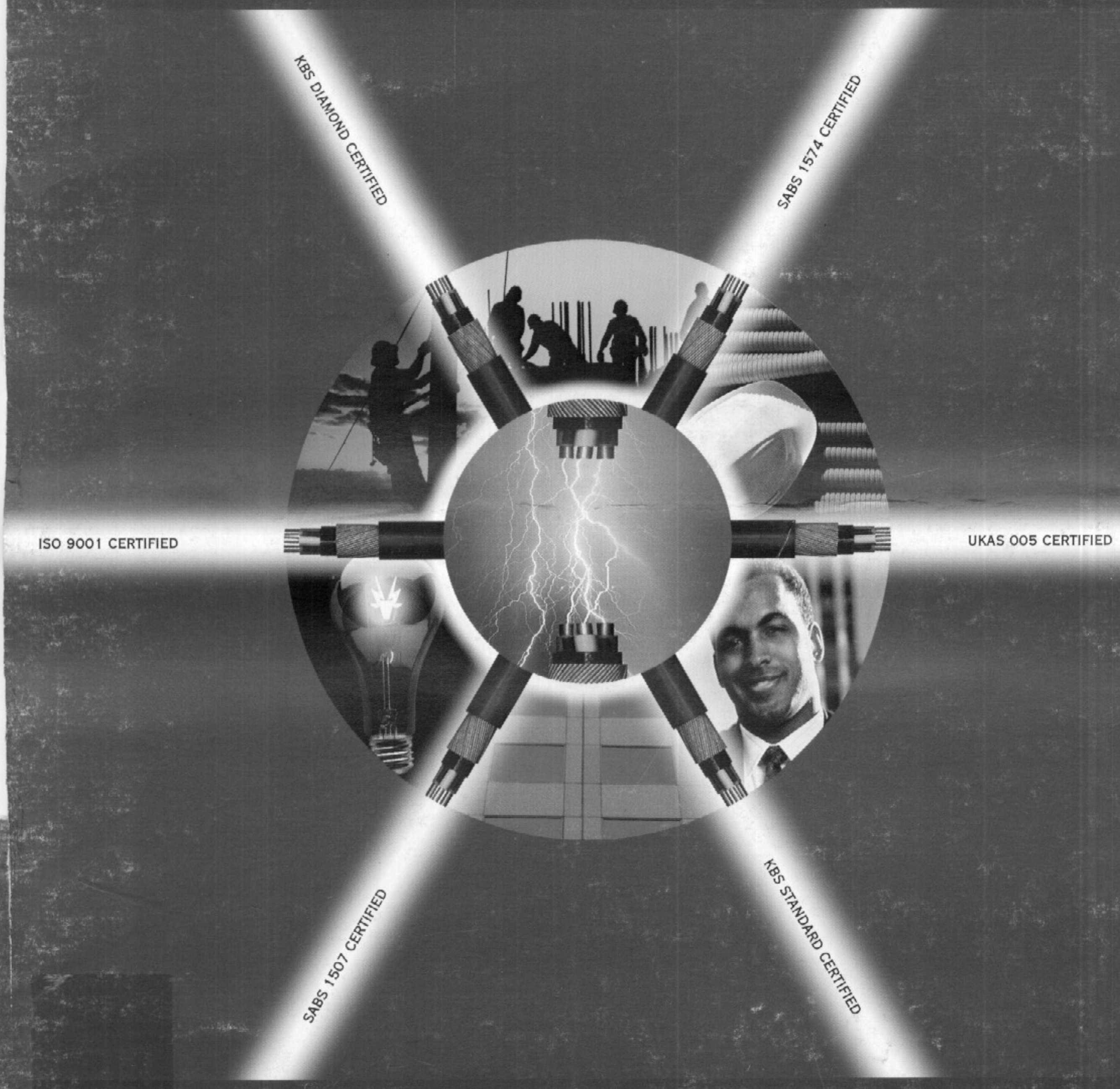
EAST AFRICAN CABLES LIMITED

A MEMBER OF THE SAMEER GROUP



ANNUAL REPORT AND ACCOUNTS 2002

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NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the thirty eighth Annual General Meeting of the shareholders will be held at The Holiday Inn, Nairobi, on 30th April, 2003 at 11:00 a.m. for the following purposes:

1. To confirm the Minutes of the thirty seventh Annual General Meeting held on 22nd March, 2002.

2. To receive the Accounts for the year ended 31st December, 2002 and the Directors' and Auditors' Reports thereon.

3. To approve the Directors' remuneration as provided in the accounts for the period ended 31st December, 2002

4. To Declare a final dividend of 10% representing fifty cents per share.

5. To elect Directors in accordance with the Company's Articles of Association.

   The following Directors retire by rotation and being eligible offer themselves for re-election.

   S.G. Smith
   F.K. Fondo

6. To appoint KPMG Kenya as auditors for the ensuing year and to authorise the Directors to fix their remuneration.

7. Special Business

   To consider and if thought fit, pass the following resolution as a Special Resolution:

   "That the existing Articles of Association of the Company be amended by the insertion of the following Articles in order to comply with the requirements of Central Depositories Act 2000:

   63(i) The provisions of the Central Depositories Act 2000 as amended or modified from time to time shall apply to the Company to the extent that any securities of the Company are in part or in whole immobilised or dematerialised, or are required by the regulations or rules issued under the Central Depositories Act to be immobilised or dematerialised in part or in whole, as the case may be. Any provisions of these Articles that are inconsistent with the Central Depositories Act or any regulations or rules issued or made pursuant thereto shall be deemed to be modified to the extent of such inconsistencies in their application to such securities. For the purposes of these Articles of Association, immobilisation and dematerialisation shall be construed in the same way as they are construed in the Central Depositories Act.

   63(ii) Where any securities of the Company are forfeited pursuant to these Articles of Association after being immobilised or dematerialised, the Company shall be entitled to transfer such securities to a securities account designated by the Directors for this purpose."

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

BY ORDER OF THE BOARD

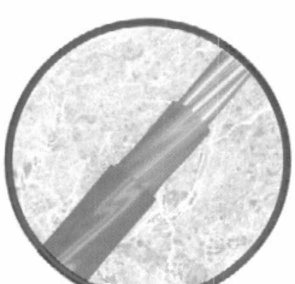
F. K. Fondo
Secretary

P.O. Box 18243
Kitui Rd Nairobi

19th March, 2003

NOTE:

A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote in his stead. Such Proxy need not be a member of the Company. To be valid, Proxy forms must be deposited at the Registered Office of the Company not less than 48 hours before the appointed time of the Meeting.



Tangazo la Mkutano

Mnatangaziwa kwamba Mkutano wa Mwaka wa thalathini na nane wa wenye hisa utafanyika Holiday Inn, Westlands, Nairobi, tarehe 30 Aprili, 2003 saa tano kamili kwa shughuli zifuatazo:

1. Kuthibitisha Taarifa za Mkutano wa thalathini na saba uliofanyika tarehe 22 Machi, 2002.

2. Kupokea Hesabu za mwaka uliomalizika tarehe 31 Desemba, 2002 pamoja na taarifa ya Wakurugenzi na Wakaguzi.

3. Kutoa idhini ya malipo ya Wakurugenzi kwa mwaka uliomalizika tarehe 31 Desemba, 2002

4. Kutangaza mgawo wa faida wa mwisho wa kiasi cha 10%, yaani senti hamsini kwa kila hisa.

5. Kuwachagua Wakurugenzi kwa kulingana na kanuni za kampuni. Wakurugenzi ambao muda wao umemalizika, lakini wamejitolea kuchaguliwa tena ni:

    S. G. Smith
    F.K. Fondo

6. Kuwachagua KPMG Kenya kama wakaguzi wa hesabu za mwaka unaofuata na kuwapa wakurugenzi idhini ya kuamua ujira wao.

7. Shughuli maalum:
    Kuchunguza na ikifikiriwa sawa, kupitisha pendekezo lifuatalo kama pendekezo maalum:
    "Kuwa ibara za uhusiano wa makampuni zilizopo zifanyiwe-marekebisho kwa kuingizwa kwa ibara zifuatazo ili kukubaliana na mahitaji ya sheria kuu ya uwekaji hazina ya 2000:
    63(i) Yaliyomo katika sheria kuu ya uwekaji hazina ya 2000 kama yanavyorekebishwa au kubadilishwa muda hadi muda yatatumika kwa kampuni kufikia kiwango kuwa dhamana zozote za kampuni kwa sehemu au zote zimezuiliwa zisitumike au zisitimizwe, kwa sehemu au zote, kama hali itakavyokuwa. Yaliyomo yoyote katika ibara hizi ambayo hayalingani na sheria kuu ya uwekaji hazina au sheria ndogo au kanuni zilizotolewa au zilizofanywa kufuatana zitachukuliwa kuwa zimebadilishwa kwa kiwango cha kuwa tofauti hizi katika utekelezaji wake kwa dhamana kama hizo. Kwa maelezo ya ibara hizo za uhusiano, uzuiliwaji wa kutotumika na kutotimizwa kutachukuliwa kwa njia ile ile kama inavyochukuliwa katika sheria kuu za uwekaji hazina.
    63(ii) Hali ambapo dhamana zozote za kampuni zinapotwaliwa kufuatana na ibara hizi za uhusiano baada ya kuzuiliwa kutumika au kutotimizwa,kampuni itakuwa na haki ya kuhamisha dhamana kama hizo katika akaunti yake ya dhamana iliyowekwa na wakurugenzi kwa lengo hili"

8. Kushughulikia jambo lingine lolote linaloweza kushughulikiwa katika mkutano mkuu wa kila mwaka.

KWA AMRI YA HALMASHAURI
F. K. Fondo
Katibu

P.O. Box 18243
Kitui Rd Nairobi
19 Marchi, 2003

Jambo Muhimu:

Mwenye hisa ambaye ana haki ya kuhudhuria Mkutano na kupiga kura, anaweza kumchagua mwakilishi ikiwa yeye mwenyewe hawezi kuhudhuria. Mwakilishi huyo si lazima awe mwenye hisa katika kampuni hii. Fomu ya uwakilishi ni lazima irudishwe kwenye Afisi kuu ya Kampuni katika muda usiopungua masaa 48 kabla ya kufanyika mkutano.

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2002

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December, 2002 which disclose the state of affairs of the company and the group.

1. ACTIVITIES

The group's principal activities are the manufacture and sale of electrical cables and conductors.

2. RESULTS

The results for the year are set out on Page 17.

3. DIVIDENDS

The directors recommend the payment of a dividend of KShs 0.50 (2001 – KShs 1.10) per share.

4. DIRECTORS

The directors who served during the year are set out on page 16.

5. AUDITORS

The auditors, KPMG Kenya who changed their name from KPMG Peat Marwick during the year, have indicated their willingness to continue in office in accordance with Section 159(2) of the Companies Act.

6. APPROVAL OF FINANCIAL STATEMENTS

The financial stements were approved at a meeting of the directors held on 19th March, 2003.

BY ORDER OF THE BOARD

F. K. Fondo
Secretary

Date:19th March, 2003

Taarifa ya Wakurugenzi

Wakurugenzi wanafuraha kutoa ripoti yao pamoja na taarifa za kifedha zilizokaguliwa za mwaka uliomalizikia tarehe 31 Desemba 2002 ambazo zinaonyesha hali ya mambo ya kampuni ilivyo.

1. Shughuli

Shughuli kuu ya Kampuni ni kutengeneza na kuuza waya za stima.

2. Matokeo

Matokeo ya mwaka yanaonyeshwa katika ukurasa wa 17.

3. Mgawo wa Faida

Wakurugenzi wanapendekeza mgao mmoja wa Kshs. 0.50 (2001 - Kshs. 1.10) kwa kila hisa.

4. Wakurugenzi

Wakurugenzi waliokuwa ofisini mwaka huu ni kama inavyoonyeshwa katika ukurasa wa kumi na sita.

5. Wakaguzi

Wakaguzi wa hesabu, KPMG Kenya, waliobadilisha jina lao kutoka KPMG Peat Marwick wameonyesha nia yao yakuendelea na kazi yao kulingana na kifungu cha 159(2) cha Sheria za Makampuni.

6. Kuidhinishwa kwa Hesabu

Hesabu ziliidhinishwa katika Mkutano wa Wakurugenzi uliofanyika tarehe 19 Marchi, 2003.

KWA AMRI YA HALMASHAURI

F. K. Fondo
Katibu

Tarehe: 19 Marchi, 2003.

Corporate Governance

FOR THE YEAR ENDED 31 DECEMBER 2002

Corporate governance is the process by which companies are directed, controlled and held to account. The Board of Directors of East African Cables Limited is responsible for the governance of the company and is accountable for the governance to the shareholders for ensuring that the company complies with the law, the highest standards of corporate governance and business ethics. The directors attach great importance to the need to conduct the business and operations of the company with integrity and in accordance with the generally accepted corporate practice and endorse the internationally developed principles of good corporate governance.

Board of Directors

This Board meets at least six times a year. The directors are given appropriate and timely infomation so that they can maintain full and effective control over strategic, financial, operational and compliance issues.

Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the Managing Director. The Board nonetheless retains responsibility for establishing and maintaining the company's overall internal control on financial, operational and compliance issues.

Four out of the six members of the Board are non-executive including the chairman of the Board and all other than the Managing Director are subject to periodic reappointment in accordance with the company's Articles of Association.

Committees of The Board

The Board has three standing committees which meet regularly under the terms of reference set by the Board.

Audit Committee

The Board has constituted an audit committee which meets four times a year or as necessary. Its responsibilities include review of financial information in particular half year and annual financial statements, compliance with accounting standards, liaison with the external auditors, remuneration of external auditors and maintaining oversight on internal control systems. The Managing Director and the Finance Director attend all meetings of the committee.

Staff committee

This is a staff committee of the Board. The committee meets quarterly or as required. The committee is responsible for monitoring and appraising the performance of senior management including the Managing Director, review of all human resources policies, determining the remuneration of senior management and making recommendations to the Board on the remuneration of non-executive directors.
The Managing Director attends all the meetings of the committee.

Finance Committee

There is also a finance committee. It meets three times a year or as required. Among its responsibilities is to receive and consider the company's annual budget, to review the purchasing tender regulations and to consider recommendations for capital expenditure. It also reviews proposals involving capital expenditure and insurance renewals. The Finance Director attends the meetings of the committee.

Internal Controls

The company has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. These cover systems for obtaining authority for major transactions and for ensuring compliance with the laws and regulations that have significant financial implications. Procedures are also in place to ensure that assets are subject to proper physical controls and that the organisation remains structured to ensure appropriate segregation of duties.

In reviewing the effectiveness of the systems of internal control, the Board takes into account the results of all the work carried out to audit and review the activities of the company.

A comprehensive management accounting system is in place providing financial and operational performance measurement indicators. Weekly senior management meetings are held by the executive management to monitor performance and to agree on measures for improvement.

Directors' interests in the shares of the Company, the distribution of the Company's shareholding and analysis of the ten largest shareholders as at 31st December 2002 were as follows:

Name of Director	Number of Shares
Akif Hamid Butt	5,000
Francis Kalama Fondo	138
Steven George Smith	20,000
Geoffrey Iain Stead	10,000

Shares Range	No. of Shareholders	No. of Shares held	% Shareholding
0-500	151	39,082	0.19
501-5,000	469	919,668	4.54
5001-10,000	91	643,073	3.18
10,001-100,000	57	1,292,611	6.38
100,001-1000,000	8	2,041,504	10.08
Above 1,000,000	1	15,314,062	75.63
Total	777	20,250,000	100

No.	Name(s)	No. of Shares	% Shareholding
1.	Cable Holdings (Kenya) Ltd	15,314,062	75.62
2.	Swani Coffee Estate Limited	628,126	3.10
3.	Provincial Insurance Co. of East Africa Ltd	600,643	2.96
4.	Chandulal Shah & Mrs Shantaben Shah	190,228	0.93
5.	Ali Mohamed Adam	166,745	0.82
6.	Ali Mohammed Adam	140,980	0.69
7.	Chandubhai Bhikhabhai Patel C/o Filmico Agencies Ltd	113,557	0.56
8.	Kamlesh Raichand Shah	101,000	0.49
9.	Barclays (Kenya) Nominees Ltd	100,225	0.49
10.	Ketan Lalitchandra Doshi	63,281	0.31

Uthibiti wa Shirika

KWA MWAKA ULIOMALIZIKIA 31 DESEMBA, 2002

Uthibiti wa shirika ni njia zinazoongoza utawala na uwajibishaji. Bodi ya wakurugenzi wa East African Cables Limited ina jukumu la kuongoza kampuni na inawajibika katika uongozi huo kwa wana hisa; kuhakikisha kwamba kampuni inazingatia sheria na mbinu za hali ya juu kabisa za uongozi wa mashirika na maadili ya biashara. Wakurugenzi wanaweka maanani sana haja ya kuendesha biashara kwa uaminifu na wanakubaliana na mienendo ya uongozi inayokubalika na kuungwa mkono kimataifa ya jinsi uongozi wa mashirika ulivyo.

Bodi ya Wakurugenzi

Bodi hukutana sio chini ya mara sita kwa mwaka. Wakurugenzi wanapewa taarifa mwafaka kwa wakati wake ili waweze kudumisha uongozi unaofaa katika mipango ya fedha, utendaji na uzingatifu.

Bodi imemkabidhi Meneja Mkurugenzi mamlaka ya kuendesha shughuli za kawaida za kampuni isipokuwa maelekezo na sera za kampuni. Hata hivyo, Bodi inawajibu wa kuweka na kudumisha usimamizi wa kampuni juu ya fedha, utendaji na uzingatifu.

Wanne kati ya wakurugenzi sita wa Bodi sio watendaji akiwapo na mwenyekiti wa Bodi na wote isipokuwa Meneja Mkurugenzi huchaguliwa baada ya kila muda fulani kulingana na mkataba wa muundo wa kampuni.

Kamati za Bodi

Bodi ina kamati tatu za kudumu ambazo hukutana mara kwa mara jinsi Bodi inavyoamuru.

Kamati ya Uhasibu

Bodi imeunda kamati ya uhasibu ambayo hukutana mara nne kwa mwaka au inavyolazimu. Jukumu lake nikukagua taarifa zote za kifedha hususan zile za katikati ya mwaka na mwisho wa mwaka. Kamati hii pia huhakikisha uwekaji wa daftari za mahesabu unafanywa vilivyo na huwasiliana na wahasibu wa kutoka nje na kuweka ada yao pamoja na kuangalia usimamizi wa ndani ya kampuni. Meneja Mkurugenzi na Mkurugenzi wa Fedha wanahudhuria mikutano ya kamati hii.

Kamati ya Watumishi

Hii ni kamati ya Bodi inayohusu watumishi. Kamati hii hukutana baada ya kila miezi mitatu au inavyohitajika. Kamati hii inajukumu la kuangalia na kuchunguza utekelezaji wa viongozi wakuu pamoja na Meneja Mkurugenzi. Pia huangalia mahitaji ya nguvu kazi na kuweka viwango vya mishahara na marupurupu ya viongozi wakuu na kupendekeza kwa Bodi malipo ya wakurugenzi wasio watendaji. Meneja Mkurugenzi anahudhuria mikutano ya kamati hii.

Kamati ya Fedha

Kamati hii hukutana mara tatu kwa mwaka au inavyohitajika. Baadhi ya majukumu yake ni kupokea na kuangalia makisio ya kila mwaka,kukagua mikataba ya tenda za ununuzi na kupima na kupendekeza matumizi juu ya mtaji pamoja na kufanya bima upya. Mkurugenzi wa Fedha anahudhuria mikutano ya kamati hii.

Usimamizi wa Ndani

Kampuni ina utaratibu dhahiri wa usimamizi wa fedha kuhakikisha kuwa taarifa za kifedha ni sahihi. Utaratibu huu unahusu kupata kibali cha kutumia kiasi kikubwa cha fedha ili ulingane na sheria na taratibu zinazohusu matumizi kama hayo. Pia kuna utaratibu wa kuhakikisha kuwa mali ya kampuni inawekwa salama na kwamba kampuni ina vitengo vyenye wajibu tofauti tofauti.

Kutaka kuhakikisha kwamba utaratibu huu unafaa, Bodi huangalia matokeo ya kazi iliyofanywa ili kukagua na kuweka miongozo ya shughuli za kampuni.

Kuna utaratibu kamili wa jinsi ya kufahamisha uongozi hali ya fedha na maendeleo ya kampuni. Kila wiki kuna mkutano wa meneja viongozi watekelezaji kukagua maendeleo ya kazi na kuweka malengo bora.

Wakurugenzi wenye hisa katika kampuni, mgawanyiko wa umilikaji wa hisa na orodha ya wenye hisa kumi wenye idadi ya hisa za kiwango cha juu ni kama ifuatavyo:-

Jina la Mkurugenzi	**Idadi ya hisa**
Akif Hamid Butt	5,000
Francis Kalama Fondo	138
Steven George Smith	20,000
Geoffrey Iain Stead	10,000

Safu ya hisa	**Idadi ya wenye hisa**	**Idadi ya hisa**	**Asilimia ya Umilikaji**
0-500	151	39,082	0.19
501-5,000	469	919,668	4.54
5001-10,000	91	643,073	3.18
10,001-100,000	57	1,292,611	6.38
100,001-1000,000	8	2,041,504	10.08
Zaidi ya 1,000,000	1	15,314,062	75.63
Jumla	777	20,250,000	100

Majina ya wenye hisa	**Idadi ya hisa**	**Asilimia ya Umilikaji**
1. Cable Holdings (Kenya) Ltd	15,314,062	75.62
2. Swani Coffee Estate Limited	628,126	3.10
3. Provincial Insurance Co. of East Africa Ltd	600,643	2.96
4. Chandulal Shah & Mrs Shantaben Shah	190,228	0.93
5. Ali Mohamed Adam	166,745	0.82
6. Ali Mohammed Adam	140,980	0.69
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8. Kamlesh Raichand Shah	101,000	0.49
9. Barclays (Kenya) Nominees Ltd	100,225	0.49
10. Ketan Lalitchandra Doshi	63,281	0.31

Statement of Directors' Resposibilities

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 affairs of the group and the company as at the end of the financial year and of the operating results of the group for that year. It also requires the directors to ensure the group and the company keep proper accounting records which disclose with reasonable accuracy the financial position of the group and the company. They are also responsible for safeguarding the assets of the group.

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 accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board and in the manner required by 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 operating results of the group. The directors further accept responsibility for the maintainance 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 company and its subsidiary will not remain a going concern for at least the next twelve months from the date of this statement.

Steven G. Smith	**Geoff I. Stead**
(Chairman)	(Managing Director)

Date: 19th March, 2003.

Taarifa ya Majukumu ya Wakurugenzi

Sheria ya Makampuni inawataka wakurugenzi watengeneze orodha ya hesabu ya kila mwaka inayoonyesha ukweli na usawa wa hali ya Kampuni kila mwisho wa mwaka wa kampuni. Sheria hiyo inawataka wakurugenzi wahakikishe ya kuwa vitabu vya hesabu vinavyoonyesha kwa usahihi unaoaminika wakati wote vinaandikwa vikionyesha hali ya kifedha ya kampuni. Wakurugenzi wanapaswa pia kulinda na kutunza mali ya kampuni.

Wakurugenzi wanawajibika kwa hesabu za mwaka ambazo zimeandikwa kwa mtindo unaofaa zikishuhudiwa na maamuzi na makadirio yanayoaminika kulingana na sera za hesabu zinazokubalika na inavyotakikana na Sheria ya Kampuni.

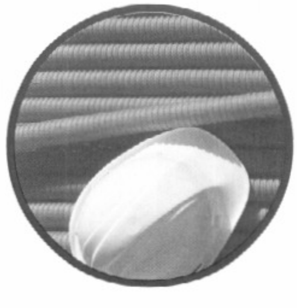
Wakurugenzi wanahisi kwamba hesabu zilizoandikwa zinaonyesha ukweli na usawa wa hali ya kifedha ya Kampuni na matokeo ya biashara yake. Pia wakurugenzi wanawajibika kuweka vitabu vinavyoweza kutegemewa ili kuandika hesabu ya kampuni na vile vile kuweka usimamizi mzuri wa fedha.

Hakuna dokezo lolote lililowafikia wakurugenzi kuonyesha kwamba kampuni haitaendelea na shughuli zake kwa kipindi cha miezi kumi na mbili ijayo kuanzia tarehe ya taarifa hii.

Steven G. Smith
(Chairman)

Geoff I. Stead
(Managing Director)

Tarehe: 19 Marchi, 2003.



CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2002

Steven G. Smith - *Chairman*

The 2002 performance again underlined the downturn in the construction industry in Kenya ahead of the year-end general elections. However, there was a gain in market share in the informal sector with the sale of house wire. This gain resulted in a 20% increase in copper rod processed during the year raising the annual sales to 906 metric tonnes. Unfortunately the profit margin in the house wire sector is low and there was fierce competition from local and imported products.

The copper margins were also eroded by an increase in the London Metal Exchange prices from US$1431 in January 2002 to a peak of US$1670 in June 2002, easing slightly to US$1536 in December. The increases could not be passed onto the customer in the light of the prevailing economic conditions. The annual sales of aluminium cables and conductors increased to 231 metric tonnes from 120 metric tonnes in 2001. This figure remains well below the annual production capacity of the aluminium plant.

Export market development efforts were undertaken in 2002 in Ethiopia, Rwanda, South Africa,Tanzania and Uganda and ongoing relationships are being maintained with customers in these countries.International public utility tenders were completed and supported by the ISO Certificate that has become a pre-qualifying condition but without much success. We are hopeful that our export promotion efforts will yield positive results in future years.

The projects set out in last year's report were completed during the year and weighed heavily on financial and personnel resources. The in-house cable drum fabrication unit provided the needs of production and realised significant savings. The ISO 9001:2000 Certification, undertaken by SGS, was successfully completed in August 2002 with the issue of the official certificates. The cash van sales operation servicing the informal sector in Nairobi commenced in March while the Mombasa sales and distribution facility was opened in July stocking armoured cables and a range of house wire. The two South African Bureau of Standards certificates of approval and safety were also issued during the first half of the year and we sent out the first bulk consignment to South Africa in September 2002. Our product was well received but the market is very price sensitive with thin margins.

The total turnover for the year amounted to KShs 388 million compared with KShs 358 million in 2001. The effect of the high material costs, depressed margins, low interest income, competition, quality standards certification and the set up of the branch in Mombasa and the subsidiary in South Africa resulted in a loss after tax of KShs 5.9 million compared to a profit of KShs 15.9 million for the year 2001.

DIVIDEND

It is the wish of the directors to propose a dividend at KShs 0.50 per share for the year 2002 amounting to KShs 10,125,000 to be paid to all shareholders immediately following adoption at the Annual General Meeting.

FUTURE

The company is now in a position to take advantage of the upturn predicted in the economy with the resouces,equipment and certification in place. It is hoped that the Kenya Power and Lighting Company Limited and construction companies will look to local manufacturers for sourcing their cable and conductor requirements to assist in the promotion of job opportunities and the growth of the local industry.

I would like to express the Board's appreciation and gratitude to all our staff for the continued commitment and dedication throughout a very difficult year.

Finally, I would like to thank my fellow directors for the co-operation extended to me during this challenging year as we positioned our company to compete in a highly competitive market.

Steven.G.Smith
Chairman.

Taarifa ya Mwenyekiti

KWA MWAKA ULIOMALIZIKIA 31 DESEMBA, 2002

Steven G. Smith - *Chairman*

Kwa mara nyingine tena matokeo ya mwaka wa 2002 yanaonyesha upungufu wa shughuli za ujenzi katika Kenya kuelekea siku za uchaguzi uliotarajiwa mwisho wa mwaka. Hata hivyo kulikuweko na ongezeko la mauzo ya waya za nyumba ambayo ni nyanja isiyo ya kawaida. Ongezeko hili lilituwezesha kuzidisha kiasi cha nyaya za shaba zilizotengenezwa kwa kiasi cha 20% katika mwaka huu kufikia tani 906. Walakini, faida katika mauzo ya waya za nyumba ni kidogo na kulikuwepo na ushindani mkubwa wa bei za hapa nchini na zile za bidhaa za kutoka nje.

Faida katika nyaya za shaba kadhalika ilipunguka kutokana na ongezeko la bei za madini (London Metal Exchange) kutoka US$1431 mwezi Januari 2002 hadi kufikia US$ 1670 mnamo Juni 2002. Kuelekea Decemba 2002 bei iliteremka kidogo ikawa US$1536. Haikuwezekana kuwaongezea bei wateja kutokana na hali ya uchumi ilivyokuwa. Mauzo ya mwaka ya nyaya za alumini yaliongezeka kufikia tani 231 kutoka tani 120 katika mwaka wa 2001. Kiasi hiki bado kiko chini ya uwezo wa kitengo cha alumini cha kiwanda chetu.

Harakati za kupata soko la nje zilifanywa mwaka huu wa 2002 zikilenga Ethiopia, Rwanda, Afrika Kusini, Tanzania na Uganda. Uhusiano mzuri na wateja wa nchi hizi unaendelea. Tenda za kimataifa zimefanywa zikitegemezwa na itibathi ya ISO ambayo ni kigezo kinachohitajika katika mchujo wa kuwania tenda. Tuna matumaini kwamba juhudi zetu za kupata soko la nje zitaleta matokeo mazuri miaka ijayo.

Miradi iliyopangwa mwaka uliopita ilikamilishwa katika kipindi cha mwaka huu na iligharimu kifedha na utekelezaji. Mtambo wa kutengenezea mapipa ya kubeba nyaya uliongeza uzalishaji na kupunguza gharama. Itibathi ya ISO 9001: 2000 iliyofanywa na SGS ilikamilika mwezi Agosti na vyeti rasmi vikatolewa. Mpango wa kuwauzia wateja wasio wa kawaida kutoka kwenye gari mjini Nairobi ulianza mwezi Machi. Kituo cha mauzo na usambazaji huko Mombasa kilifunguliwa mwezi wa Julai kikiwa na bohari la nyaya zilizofunikwa na nyingine za mjengo. Itibathi mbili za Afrika Kusini zenye kuidhinisha ubora na usalama zilipatikana katika kipindi cha nusu ya kwanza ya mwaka na tukapeleka shehena kubwa ya kwanza mwezi Septemba huko Afrika Kusini. Bidhaa zetu zilipokelewa vizuri lakini soko lenyewe si rahisi katika kutaka faida kubwa.

Mauzo kwa ujumla yalifikia shilingi milioni 388 yakilinganishwa na shilingi milioni 358 za mwaka wa 2001. Kutokana na gharama kubwa ya mali ghafi, faida finyu, riba ya chini katika mapato, ushindani katika soko, gharama ya kupata itibathi za ubora kuanzisha kituo cha Mombasa na tawi la Afrika Kusini, tulipata hasara ya shilingi milioni 5.9 baada ya kodi ikilinganishwa na faida ya shilingi milioni 15.9 katika mwaka wa 2001.

Gawio

Wakurugenzi wanapendekeza kwamba gawio liwe Ksh. 0.50 kwa hisa mwaka huu wa 2002. Pendekezo hili litafikia shilingi 10,125,000 na wakurugenzi wangetaka wanahisa walipwe mara tu pendekezo hili litakapoidhinishwa na mkutano wa mwaka.

Siku za usoni

Kampuni iko katika hali ya kuweza kufaidika vile uchumi unavyotegemewa kuimarika. Kampuni ina uwezo, zana na itibathi zinazohitajika. Ni matumaini yetu kwamba Kampuni ya Kenya Power and Lighting Company Limited na kampuni nyingine za ujenzi wataamua kununua mahitaji yao ya nyaya na mengineyo kutoka kwa watengenezaji wa hapa nchini ili kuongeza nafasi za kazi na kukuza viwanda vya humu nchini.

Ningependa kutoa shukrani za wakurugenzi kwa wafanyakazi wote kwa bidii na kujitoa kwao katika kipindi hiki kigumu. Mwisho ningependa kuwashukuru wakurugenzi wenzangu kwa ushirikiano walionipa katika mwaka wa mapambano wakati tunaiweka kampuni yetu katika hali imara ya kuweza kuthibiti mapambano hayo katika soko hili.

Steven G Smith
Mwenyekiti

Report of the Auditors

TO THE MEMBERS OF EAST AFRICAN CABLES LIMITED

We have audited the financial statements set out on pages 17 to 33 which have been prepared on the basis of the accounting policies set out in Note 1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and to provide a reasonable basis for our opinion. The balance sheet of the company is in agreement with the books of account.

Respective Responsibilities of Directors and Independent Auditors

As stated on page 10, the directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the company and the group and of the operating results of the group. Our responsibility is to express an independent opinion on the financial statements based on our audit and to report our opinion to you.

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. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

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 the group at 31st December, 2002 and of the group's operating results and cash flows for the year then ended in accordance with International Financial Reporting Standards promulgated by the International Accounting Standards Board and comply with the requirements of the Companies Act.

KPMG Kenya
Certified Public Accountants
PO Box 40612
00100 Nairobi GPO
Kenya

Date: 19th March,2003.

Taarifa ya Wakaguzi

KWA WANAHISA WA EAST AFRICAN CABLES LIMITED

Tumekagua taarifa za fedha na rasilmali jinsi zilivyoandikwa kutoka ukurasa wa 17 hadi wa 33 na ambazo zimetayarishwa kwa mujibu wa mwongozo wa Kifungu cha Kwanza. Tumepata habari na maelezo yote ambayo kwa ujuzi na imani yetu yalikuwa ni ya lazima kwa ukaguzi wetu na ambayo yametuwezesha kutoa kauli yetu. Taarifa za fedha na rasilmali zinalingana na vitabu vya hesabu.

Majukumu Mbalimbali ya Wakurugenzi na Wakuguzi

Wakurugenzi wana jukumu la kutayarisha taarifa za fedha na rasilmali za Kampuni zinazoonyesha ukweli na usawa wa hali ya mambo yalivyo na matokeo ya shughuli za Kampuni. Jukumu letu ni kutoa kauli isiyopendelea juu ya taarifa hizo kutokana na uhasibu wetu na kuwaarifu maoni yetu.

Msingi wa Kauli

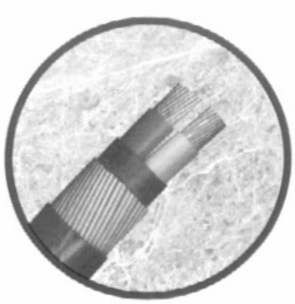
Tulifanya ukaguzi wetu kulingana na Kanuni za Uhasibu za kimataifa (International Standards on Auditing). Kanuni hizo zinatuagiza tupange na kufanya uhasibu ili tupate uhakika wa kutosha kwamba taarifa hizo hazina dosari kubwa. Ukaguzi unaangalia na kuthibitisha uhakika wa taarifa hizo za fedha na rasilmali. Ukaguzi unaangalia kanuni za uwekaji wa hesabu, makadirio yaliyowekwa na wakurugenzi na pia ustadi wa jinsi taarifa hizo zilivyotayarishwa. Tunaamini kwamba ukaguzi wetu umetupatia msingi bora wa kutoa kauli yetu.

Kauli

Kwa maoni yetu, vitabu vya hesabu viliandikwa vilivyo na taarifa za fedha na rasilmali zinaonyesha ukweli na usawa wa hali ya Kampuni ilivyokuwa hadi tarehe 31 Desemba, 2002. Pia taarifa zinaonyesha matokeo ya shughuli za Kampuni na mapato na matumizi ya fedha mpaka tarehe hiyo kwa mujibu wa Kanuni za Uhasibu za Kimataifa. Pia taarifa zinaambatana na matakwa ya Sheria za Kampuni.

KPMG Kenya
Certified Public Accountants
PO Box 40612
00100 Nairobi GPO
Kenya

Tarehe: 19 Marchi, 2003.



Directors, Officers and Administration

FOR THE YEAR ENDED 31 DECEMBER 2002

Directors

S.G. Smith*

(Chairman)

G.I. Stead**

(Managing Director)

J. Schwartzman***

A.H. Butt

J. Munge

(Resigned on 18th October 2002)

F.K. Fondo

*American **South African *** Israeli

Secretary

Mr. Francis K Fondo

East African Cables Limited, P. O. Box 18243 - 00500, Nairobi

Auditors

KPMG Kenya

16th Floor, Lonrho Hse, Standard St, P. O. Box 40612 - 00100, Nairobi

Regitered Office & principal place of business

East African Cables Limited

Industrial Area, Kitui Road, P. O. Box 18243 - 00500, Nairobi

Bankers

Standard Chartered Bank Kenya Limited

Kenyatta Avenue Branch, P. O. Box 30001, Nairobi

Citibank, Upperhill Branch P.O. Box 30711, Nairobi

First American Bank of Kenya Ltd, Nyerere Road, P.O. Box 30691-00100 Nairobi.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002	2001 Restated
		KShs '000	KShs '000
Revenue		**388,008**	**358,161**
Cost of sales		(259,174)	(226,835)
Gross profit		128,834	131,326
Other Income		707	271
Factory expenses		(31,732)	(29,017)
Administrative expenses		(56,966)	(51,447)
Distribution costs		(34,231)	(25,833)
Other operating expenses	3	(14,874)	(10,217)
(Loss) / Profit from operations		(8,262)	15,083
Net finance income	4	3,308	9,029
Profit before tax	5	**(4,954)**	**24,112**
Income tax	6	(992)	(8,176)
Net (loss)/profit for the year		**(5,946)**	**15,936**
Basic and dilutive(Loss) /earnings per share	7	**KShs (0.29)**	**KShs 0.79**
Dividend per share		**KShs 0.50**	**KShs 1.10**

The notes set out on pages 23 to 33 form an integral part of these financial statements.

Consolidated Balance Sheet

AS AT 31 DECEMBER 2002

ASSETS	Notes	2002	2001 Restated
		KShs '000	KShs '000
Non current assets			
Property, plant and equipment	8	90,644	86,353
Prepaid operating lease rentals	9	331	338
		90,975	**86,691**
Current assets			
Stocks	11	87,042	62,786
Debtors	12	70,854	73,814
Related party balances	18(e)	1,927	2,335
Tax recoverable		61	2,165
Investment in Treasury Bills		-	29,570
Short term deposits		56,466	56,045
Cash and bank balances		23,214	14,908
		239,564	**241,623**
TOTAL ASSETS		**330,539**	**328,314**
EQUITY AND LIABILITIES			
Capital and Reserves			
Issued capital	13	101,250	101,250
Share premium		545	545
Revaluation reserve		36,208	36,844
Revenue reserves		97,889	113,521
Proposed dividends		10,125	22,275
		246,017	**274,435**
Non current liabilities			
Deferred tax liability	14	13,311	14,840
Provision for staff gratuity		8,555	7,689
		21,866	**22,529**
Current liabilities			
Creditors	15	62,656	31,350
Tax payable		-	-
		62,656	**31,350**
TOTAL EQUITY AND LIABILITIES		**330,539**	**328,314**

The financial statements on pages 17 to 33 were approved by the Board of Directors on 19th March, 2003 and were signed on its behalf by:

Steven G. Smith (Chairman) **G. I. Stead** (Managing Director)

The notes set out on pages 23 to 33 form an integral part of these financial statements.

COMPANY BALANCE SHEET

AS AT 31 DECEMBER 2002

ASSETS	Notes	2002	2001
			Restated
		KShs '000	KShs '000
Non current assets			
Property, plant and equipment	8	90,644	86,353
Prepaid operating rentals	9	331	338
Investment in subsidiary company	10	-	-
		90,975	**86,691**
Current assets			
Stocks	11	71,561	62,786
Debtors	12	65,266	73,814
Related party balances	18(e)	18,299	2,335
Tax recoverable		61	2,165
Investment in Treasury Bills		-	29,570
Short term deposits		56,466	56,045
Cash and bank balances		19,943	14,908
		231,596	**241,623**
TOTAL ASSETS		**322,571**	**328,314**
EQUITY AND LIABILITIES			
Capital and Reserves			
Issued capital	13	101,250	101,250
Share premium		545	545
Revaluation reserve		36,208	36,844
Revenue reserves		103,102	113,521
Proposed dividends		10,125	22,275
		251,230	**274,435**
Non current liabilities			
Deferred tax liability	14	13,311	14,840
Provision for staff gratuity		8,555	7,689
		21,866	**22,529**
Current liabilities			
Creditors	15	49,475	31,350
Tax payable		-	-
		49,475	**31,350**
TOTAL EQUITY AND LIABILITIES		**322,571**	**328,314**

The financial statements on pages 17 to 33 were approved by the Board of Directors on 19th March, 2003 and were signed on its behalf by:

Steven G. Smith (Chairman) **G. I. Stead** (Managing Director)

The notes set out on pages 23 to 33 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002 KShs '000	2001 KShs '000
Cash flows from operating activities	17(a)	10,699	(10,467)
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		422	271
Interest received		3,644	8,845
Purchase of plant and equipment		(13,333)	(5,297)
Cash flows from investing activities		**(9,267)**	**3,819**
FINANCING ACTIVITIES			
Dividends paid		(22,275)	(22,275)
Cash flows from financing activities		**(22,275)**	**(22,275)**
Net decrease in cash and cash equivalents	17(b)	(20,843)	(28,923)

The notes set out on pages 23 to 33 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2002

	Share capital	Share premium	Revaluation reserve	Proposed dividends	Revenue reserve	Total
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Balance at 1st January, 2001 (as previously stated)	**101,250**	**545**	**43,818**	**22,275**	**121,302**	**289,190**
Reversal of revaluation surplus on leasehold land (note 9)	-	-	(9,054)	-	-	(9,054)
Adjustment with respect to provision for staff gratuity	-	-	-	-	(2,969)	(2,969)
Adjustment to prior year's deferred tax relating to revaluation surplus on leasehold land and staff gratuity	-	-	2,716	-	891	3,607
Balance at 1st January, 2001 (as restated)	**101,250**	**545**	**37,480**	**22,275**	**119,224**	**280,774**
Net profit for the year	-	-	-	-	15,936	15,936
Dividends - 2000 paid	-	-	-	(22,275)	-	(22,275)
- 2001 proposed	-	-	-	22,275	(22,275)	-
Excess depreciation transfer	-	-	(909)	-	909	-
Deferred tax on excess depreciation	-	-	273	-	(273)	-
Balance at 31st Dec, 2001 (as restated)	**101,250**	**545**	**36,844**	**22,275**	**113,521**	**274,435**
Net loss for the year	-	-	-	-	(5,946)	(5,946)
Dividends - 2001 paid	-	-	-	(22,275)	-	(22,275)
- 2002 proposed	-	-	-	10,125	(10,125)	-
Exchange adjustment	-	-	-	-	(197)	(197)
Excess depreciation transfer	-	-	(909)	-	909	-
Deferred tax on excess depreciation	-	-	273	-	(273)	-
Balance at 31st Dec, 2002	**101,250**	**545**	**36,208**	**10,125**	**97,889**	**246,017**

The notes set out on pages 23 to 33 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2002

	Share capital	Share premium	Revaluation reserve	Proposed dividends	Revenue reserve	Total
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Balance at 1st January, 2001 (as previously stated)	**101,250**	**545**	**43,818**	**22,275**	**121,302**	**289,190**
Reversal of revaluation surplus on leasehold land (note 9)	-	-	(9,054)	-	-	(9,054)
Adjustment with respect to provision for staff gratuity	-	-	-	-	(2,969)	(2,969)
Adjustment to prior year's deferred tax relating to revaluation surplus on leasehold land and staff gratuity	-	-	2,716	-	891	3,607
Balance at 1st January, 2001 (as restated)	**101,250**	**545**	**37,480**	**22,275**	**119,224**	**280,774**
Net profit for the year	-	-	-	-	15,936	15,936
Dividends - 2000 paid	-	-	-	(22,275)	-	(22,275)
- 2001 proposed	-	-	-	22,275	(22,275)	-
Excess depreciation transfer	-	-	(909)	-	909	-
Deferred tax on excess depreciation	-	-	273	-	(273)	-
Balance at 31st Dec, 2001 (as restated)	**101,250**	**545**	**36,844**	**22,275**	**113,521**	**274,435**
Net loss for the year	-	-	-	-	(930)	(930)
Dividends - 2001 paid	-	-	-	(22,275)	-	(22,275)
- 2002 proposed	-	-	-	10,125	(10,125)	-
Excess depreciation transfer	-	-	(909)	-	909	-
Deferred tax on excess depreciation	-	-	273	-	(273)	-
Balance at 31st Dec, 2002	**101,250**	**545**	**36,208**	**10,125**	**103,102**	**251,230**

The notes set out on pages 23 to 33 form an integral part of these financial statements.

1. Significant 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 International Financial Reporting Standards promulgated by the International Accounting Standards Board.

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment.

b) Revenue recognition

Sales are recognised upon delivery of products and are stated net of VAT.

c) Consolidation principles

The consolidated financial statements include the Company and its subsidiary in which the Group holds 100% of the voting rights.

All inter-company balances and transactions, including unrealised inter-company profits, are eliminated on consolidation.

d) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the balance sheet date. Resulting exchange differences are recognised in the profit and loss account for the year.

e) Property, plant and equipment

Items of property, plant and equipment are stated at historical cost or valuation less accumulated depreciation. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The annual rates of depreciation used are as follows:

• Freehold Land	Nil
• Freehold Buildings	2%
• Leasehold Buildings	Over the lease period
• Plant, machinery and equipment	10%
• Furniture, fixtures, fittings, motor vehicles and computers	25%

f) Operating Leases

Leases where a significant portion of the risks and rewards of ownership are 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. Effective 1st January, 2001 all leasehold land previously reported under property, plant and equipment has been reclassified to prepaid operating lease rentals.

g) Impairment

The carrying amounts of the group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indications exists, the asset's recoverable amount is estimated and an impairment loss recognised in the profit and loss account if the carrying amount exceeds its recoverable amount.

h) Investment in treasury bills

Investment in treasury bills is stated at cost plus interest earned upto the balance sheet date.

i) Stocks

Raw materials are valued at purchase cost. Work in progress and manufactured finished goods are valued at production cost including direct production costs (cost of materials and labour) and an appropriate proportion of production overheads and factory depreciation. The cost of stocks is based on the first-in, first-out principle.

If the purchase or production cost is higher than net realisable value, stocks are written down to net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

j) Trade and other debtors

Trade and other debtors are stated at nominal value, less write-down for any amounts expected to be irrecoverable.

k) Employee benefits

i) Defined contribution plan

Non unionisable employees of the company are eligible for retirement benefits under a defined contribution plan provided through a separate fund arrangement. Contributions to the defined contribution plan are charged to the income statement as incurred.

ii) Staff gratuity

Unionisable staff are eligible to a gratuity upon retirement based on 2.5 weeks pay for each year of service at current salary. A provision is made in the accounts for the estimated liability of such gratuity payable. Movements in the provision are accounted for in the profit and loss account.

l) Taxation

Tax on the operating results for the year comprises both current and change in deferred tax. Current tax is provided on the results in the year as shown in the financial statements adjusted in accordance with tax legislation.

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is calculated on the basis of the tax rate currently enacted.

m) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, bank balances and deposits held with the banks net of bank overdrafts.

n) Related party transactions

In the normal course of business, transactions have been entered with certain related parties. These transactions are at arm's length.

o) Dividends

Dividends are recognised as a liability in the period in which they are declared. Proposed dividends are treated as a separate component of equity.

p) Comparatives

Where necessary, comparative figures have been adjusted to take into account adjustments relating to incorporation of provision for staff gratuity and changes in accounting for leasehold land per note 9.

2. STAFF COSTS

	2002 KShs '000	2001 KShs '000
Direct labour	19,400	16,123
Administration salaries and wages	16,602	16,732
Distribution salaries and wages	11,723	8,348
Works salaries and wages	18,023	16,852
Pension contributions	3,860	3,828
	69,608	**61,883**

The average number of people engaged during the year were 133 (2001-104).

3. OTHER OPERATING EXPENSES

	2002 KShs '000	2001 KShs '000
Depreciation	9,042	6,226
Amortisation of long term lease prepayment	7	8
Management fees	5,825	3,983
	14,874	**10,217**

4. NET FINANCE INCOME

	2002 KShs '000	2001 KShs '000
Interest income	3,644	8,845
(Loss)/Gain on exchange	(336)	184
	3,308	**9,029**

5. PROFIT BEFORE TAX

		2002	2001
		KShs '000	KShs "000
Profit before tax is arrived at after charging/(crediting):			
Interest income		(3,644)	(8,845)
Depreciation expense		9,042	6,226
Amortisation of long term lease prepayment		7	8
Directors emoluments	Fees	1,103	1,138
	Other	12,869	10,834
Auditors remuneration		827	700

12869
1103
13972

6. INCOME TAX

	2002	2001
	KShs '000	KShs '000
Current tax expense	2,521	8,820
Deferred tax (Note 14)	(1,529)	(644)
	992	**8,176**
The tax on the consolidated results differ from the theoretical amount using the basic tax rate as follows:		
Accounting (loss)/profit	(673)	24,112
Tax at the applicable rate	(202)	7,233
Non-deductible costs and non-taxable income	1,194	943
	992	**8,176**

7. BASIC AND DILUTIVE (LOSS) / EARNINGS PER SHARE

The calculation of basic and dilutive (loss)/earnings per share is based on:

	2002	2001
(Loss)/profit attributable to ordinary shareholders (KShs '000)	(5,946)	15,936
Number of ordinary shares outstanding during the year	20,250,000	20,250,000

8. PROPERTY, PLANT AND EQUIPMENT

Group & Company

	Freehold land and buildings KShs '000	Leasehold land and buildings KShs '000	Plant and machinery KShs '000	Motor vehicles KShs '000	Furniture, fittings & equipment KShs '000	Construction work in progress KShs '000	Total KShs '000
Cost or valuation:							
At 1st January, 2002 as previously stated	13,856	53,000	69,399	23,315	6,359	-	165,929
Reclassification of leasehold land (note 9)	-	(10,000)	-	-	-	-	(10,000)
At 1st Jan, 2002 - restated	13,856	43,000	69,399	23,315	6,359	-	155,929
Additions	300	-	-	2,200	1,360	9,473	13,333
Disposals	-	-	-	(1,331)	-	-	(1,331)
At 31st December, 2002	14,156	43,000	69,399	24,184	7,719	9,473	167,931
Comprising:							
Cost	-	-	69,399	24,184	7,719	9,473	110,775
Valuation	14,156	43,000	-	-	-	-	57,156
	14, 156	43,000	69,399	24,184	7,719	9,473	167,931
Depreciation:							
At 1st January, 2002 as previously stated	376	4,240	45,031	15,647	5,082	-	70,376
Reversal of depreciation charge	-	(800)	-	-	-	-	(800)
At 1st Jan, 2002 - restated	376	3,440	45,031	15,647	5,082	-	69,576
Charge for the year	117	860	4,530	2,863	672	-	9,042
Disposals	-	-	-	(1,331)	-	-	(1,331)
At 31st December, 2002	493	4,300	49,561	17,179	5,754	-	77,287
Net book value :							
At 31st December, 2002	**13,663**	**38,700**	**19,838**	**7,005**	**1,965**	**9,473**	**90,644**
At 31st December, 2001	**13,480**	**39,560**	**24,368**	**7,668**	**1,277**	**-**	**86,353**

The land and buildings were revalued on 3rd January, 1998 by Tysons Limited, a firm of professional valuers on the basis of open market value for existing use. The increase in net carrying value as a result of the revaluation was credited to a revaluation reserve account.

9. PREPAID OPERATING LEASE RENTALS

Leases of land have been classified as operating leases whereas in previous years, such leases were classified as finance leases. This follows clarification received during the year from the International Accounting Standards Board (IASB) and the Institute of Certified Public Accountants of Kenya (ICPAK).

Previously, leasehold land was carried at depreciated revalued amounts. Following the reclassification, the revaluation surplus relating to leasehold land has been reversed and the net historical book value of leasehold land has been reclassified from property, plant and equipment to prepaid operating rentals.

The effect of this change is as detailed below:	**KShs'000**
Carrying value of leasehold land at 1st January, 2001	10,000
Less:	
Reversal of related revaluation surplus	(9,054)
Reversal of accumulated depreciation	(600)
Balance reclassified to prepaid operating rentals	346
Amortisation for the year ended 31st December, 2001	(8)
Balance at 31st December, 2001	**338**
Amortisation for the year ended 31st December, 2002	(7)
Balance at 31st December, 2002	**331**

10. INVESTMENT IN SUBSIDIARY COMPANY

	2002	**2001**
	KShs'000	**KShs'000**
Investment in Yana Trading SA (Proprietary) Limited	-	-

During the year the company acquired 100% shareholding in Yana Trading SA (Proprietary) Limited, a company incorporated in the republic of South Africa.

11. STOCK

	2002 KShs'000	2001 KShs'000
Group		
Finished goods	42,169	20,967
Work in progress	11,306	6,737
Raw materials	21,944	25,733
Strategic spares and lubricants	11,623	9,349
	87,042	**62,786**
Company		
Finished goods	26,688	20,967
Work in progress	11,306	6,737
Raw materials	21,944	25,733
Strategic Spares and lubricants	11,623	9,349
	71,561	**62,786**

12. DEBTORS

	2002 KShs '000	2001 KShs '000
Group		
Trade debtors	56,734	70,571
Prepaid expenses	5,404	714
Sundry debtors	8,716	2,529
	70,854	**73,814**
Company		
Trade debtors	51,146	70,571
Prepaid expenses	5,404	714
Sundry debtors	8,716	2,529
	65,266	**73,814**

13. SHARE CAPITAL

	2002	2001
Authorised, issued and fully paid		
20,250,000 Ordinary shares of KShs 5 each	**101,250**	**101,250**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the company.

14 DEFERRED TAX LIABILITIES

Deferred tax liabilities are attributable to the movements in temporary differences between accounting and for taxation purposes as specified below

	Balance at 31/12/01 as previously stated KShs '000	Prior year adjustment KShs '000	Balance at 31/12/01 as restated KShs '000	Movement during the year KShs '000	Balance at 31/12/02 KShs '000
Staff gratuity provision	(590)	(1,717)	(2,307)	(260)	(2,567)
Property, plant and Equipment	19,805	(2,658)	17,147	(1,269)	15,878
	19,215	**(4,375)**	**14,840**	**(1,529)**	**13,311**

15. CREDITORS

	2002 KShs '000	2001 KShs '000
Group		
Trade creditors	50,409	20,741
Other creditors and accrued expenses	12,247	10,609
	62,656	**31,350**
Company		
Trade creditors	37,228	20,741
Other creditors and accrued expenses	12,247	10,609
	49,475	**31,350**

16. RETIREMENT BENEFITS OBLIGATIONS

The company operates a defined contribution retirement benefits scheme for its non-unionisable employees. The scheme is administered independently by Alexander Forbes Insurance Brokers Limited and is funded by contributions from both the company and the employees. The scheme's funds are managed by Old Mutual Asset Managers (K) Limited. During the year, the company expensed KShs 3,860,083 in contributions payable (2001 - KShs 3,827,643).

Unionisable staff are eligible to a gratuity upon retirement based on 2.5 weeks pay for each year of service at current salary. A provision is made in the accounts for the estimated liability of such gratuity payable. At 31st December, 2002 the provision carried in the accounts amounted to KShs 8,555,000 (2001 -KShs 7,689,000).

17. NOTES TO THE CASH FLOW STATEMENT

	2002 KShs '000	2001 KShs '000
a) Reconciliation of net (loss)/profit before tax to cash flow from operating activities		
Net (loss)/profit before tax	(4,954)	24,112
Adjustments for:		
Depreciation	9,042	6,226
Amortisation of long term lease prepayment	7	8
Profit on disposal of property, plant and equipment	(422)	(271)
Interest income	(3,644)	(8,845)
Exchange adjustment	(197)	-
Operating profit before working capital changes	**(168)**	**21,230**
(Increase)/decrease in stocks	(24,256)	11,951
Decrease/(Increase) in debtors	2,960	(14,102)
Decrease/(increase) in related party balances	408	(2,335)
Increase/(decrease) in creditors	32,172	(13,225)
Cash generated from operations	**11,116**	**3,519**
Income taxes paid	(417)	(13,986)
Cash inflow/(outflow) from operating activities	**10,699**	**(10,467)**

b) Movement in cash and cash equivalent	2002 KShs '000	2001 KShs '000	Change in Year KShs '000
Cash and bank balances	23,214	14,908	8,306
Short term deposits	56,466	56,045	421
Treasury bills	-	29,570	(29,570)
	79,680	**100,523**	**(20,843)**

18. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

	2002 KShs '000	2001 KShs '000
a) Directors and executive officers		
The total remuneration of directors and executive officers is as follows:		
Directors (see note 5)	13,972	11,972
Executive officers	10,196	9,183
	24,168	**21,155**

b) Management fees

The fees disclosed in Note 3 (page 25) above are charged by Sameer Management Limited for company secretarial and legal support services.

18. RELATED PARTY TRANSACTIONS (CONTINUED)

		2002 KShs '000	2001 KShs '000
c) Sales revenue from related parties			
H. Young & Co. (East Africa) Ltd		8,204	6,639
Ryce Motors Limited		634	460
		8,838	**7,099**
d) Purchases from related parties			
Ryce Motors Limited	- Purchase of a motor vehicle	-	1,103
	- Others	147	163
		147	**1,266**
e) Balances due from related parties			
Group			
H. Young & Co. (East Africa) Ltd		1,697	2,289
Ryce Motors Limited		230	46
		1,927	**2,335**
Company			
Yana Trading SA (Proprietary) Limited		16,372	-
H. Young & Co. (East Africa) Ltd		1,697	2,289
Ryce Motors Limited		230	46
		18,299	**2,335**
f) Balances due to related parties			
Ryce Motors Limited		**18**	**31**

19. ULTIMATE HOLDING COMPANY

The ultimate holding company is Yana Trading Limited which is incorporated in Kenya.

20. INCORPORATION

The company is incorporated in Kenya under the Companies Act.

21. CURRENCY

The financial statements are presented in Kenya Shillings.

COMPANY PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002	2001
			Restated
		KShs '000	KShs '000
Revenue		**402,577**	**358,161**
Cost of sales		(273,490)	(226,835)
Gross profit		129,087	131,326
Other Income		422	271
Factory expenses		(31,732)	(29,017)
Administrative expenses		(51,916)	(51,447)
Distribution costs		(34,231)	(25,833)
Other operating expenses	3	(14,874)	(10,217)
(Loss)/Profit from operations		(3,244)	15,083
Net finance income		3,306	9,029
Profit before tax	5	**62**	**24,112**
Income tax	6	(992)	(8,176)
Net (loss)/profit for the year		**(930)**	**15,936**
Basic and dilutive (loss)/earnings per share		**KShs (0.05)**	**KShs 0.79**
Dividend per share		**KShs 0.50**	**KShs 1.10**

The notes set out on pages 23 to 33 form an integral part of these financial statements.

FIVE YEAR FINANCIAL RECORD

PROFIT AND LOSS SUMMARY	1998	1999	2000	2001	2002
				Restated	Consolidated
	KShs' 000	KShs' 000	KShs' 000	KShs' 000	KShs' 000
Sales	506,191	370,219	399,255	358,161	388,008
Profit/(loss) Before Tax	94,860	32,842	46,698	24,112	(4,954)
Tax	(31,175)	(10,993)	(16,304)	(8,176)	(992)
Profit/(loss) After Tax	63,685	21,849	30,394	15,936	(5,946)
Dividends	(40,500)	(91,125)	(22,275)	(22,275)	(10,125)
Retained profit/(loss)	23,185	(69,276)	8,119	(6,339)	(16,071)
Earnings/(loss) per share (KShs)	3.14	1.08	1.50	0.79	(0.29)
Dividend Per Share (KShs)	2.00	4.50	1.10	1.10	0.50
BALANCE SHEET					
Non-current assets					
Property, plant and equipment	120,122	101,186	96,682	86,353	90,644
Long term lease prepayment	-	-	-	338	331
	120,122	101,186	96,682	86,691	90,975
Current assets					
Stocks	81,470	79,905	74,737	62,786	87,042
Debtors	58,672	93,966	59,712	73,814	70,854
Related party balances	-	-	-	2,335	1,927
Tax recoverable	-	-	-	2,165	61
Investment in Treasury Bills	-	-	-	29,570	-
Short term deposits	-	125,466	118,817	56,045	56,466
Cash and bank balances	159,424	15	10,629	14,908	23,214
	299,566	299,352	263,895	241,623	239,564
TOTAL ASSETS	**419,688**	**400,538**	**360,577**	**328,314**	**330,539**
Equity and Liabilities					
Share capital	101,250	101,250	101,250	101,250	101,250
Reserves	242,486	173,210	165,665	150,910	134,642
Proposed dividend	40,500	91,125	22,275	22,275	10,125
	384,236	365,585	289,190	274,435	246,017
Non -current liabilities					
Deferred tax liability	5,521	4,506	19,090	14,840	13,311
Provision for staff gratuity	-	-	-	7,689	8,555
	5,521	4,506	19,090	22,529	21,866
Current Liabilities					
Borrowings	-	3,130	-	-	-
Creditors	29,252	24,784	49,296	31,350	62,656
Taxation	679	2,533	3,001	-	-
	29,931	30,447	52,297	31,350	62,656
TOTAL EQUITY AND LIABILITIES	**419,688**	**400,538**	**360,577**	**328,314**	**330,539**

PROXY FORM

I/We ____

of ____

being a member(s) of East African Cables Ltd, hereby appoint ______________________________

of ____

or failing him ____

of ____

to vote for me/us/on my/our behalf at the 38th Annual General Meeting of the said Company to be held at 11.00 a.m. on Wednesday 30th April, 2003 and at any adjournment thereof:

Signed this ______________________ day of ______________________ 2003.

Signature (S) ____

Note: In the case of a Corporation, the Proxy must be under the Common Seal.

HATI YA UWAKILISHI

Mimi/Sisi ____

wa ____

nikiwa/tukiwa/mwanachama/wanachama wa Kampuni hii ya East African Cables Ltd, namchagua/tunamchagua

____

wa ____

au akikosa yeye/wakikosa wao ____

wa ____

kupiga kura kwa niaba yangu/yetu katika Mkutano Mkuu wa mwaka wa 38 wa kampuni hii, utakaofanyika saa tano asubuhi Jumatano Aprili 30, 2003 ama siku nyingine ikiwa Mkutano huo utaahirishwa.

Hati hii imetiwa sahihi hivi leo tarehe ______________________ mwezi wa ______________________ 2003.

Sahihi ____

Tazama: Ikiwa ni Kampuni ndiyo inayowakilishwa, muhuri wa Kampuni hiyo ni lazima utiwe katika hati hii ya uwakilishi.

FIRST FOLD

KUNJA HAPA KWANZA

Stamp

The Company Secretary
East African Cables Limited
P. O. Box 18243 - 00500
Nairobi, Kenya

SECOND FOLD

HALAFU KUNJA HAPA

EAST AFRICAN CABLES LIMITED