

**The effects of Ownership Structure on Performance of Non-Banking Institutions:
Evidence from Nairobi Stock Exchange**

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DECLARATION

This management research project is my original work and has not been presented for a degree in any other University. No part of this project may be reproduced without the prior permission of the Author/ University of Nairobi.

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This management research project has been submitted for examination with my approval as the University Supervisor.

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DEDICATION

To my dear mother Anastasia Kimau, my brother Fidelis Kimau and the entire family members who were my best friends and supporters, who have enriched my life and enlarged my capacity for living. I also dedicate this to Peter Mutua and Fr. Robert for their encouragement and support in prayers during the difficult moments as I did the project.

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It was not possible for me to have completed this project without the support of some people . First I thank the Almighty God for his special blessings in my life . He has enabled me to move this far.

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I am grateful to CMA and especially the CEO Mrs Stella Kilonzo who gave me permission to get data from the Institution, also Jairus L. Muaka who strived very hard to ensure I got the corporate ownership data within a very short time. My you be blessed.

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To my employer who ensured I completed my project while still attending my job.

ABSTRACT.

This study investigates the relationship between ownership structure and corporate performance of companies within the MIMS excluding banks listed on the Nairobi Stock Exchange during the period 2004-08. In the present study, the ownership structure is considered in terms ownership mix and ownership concentration. Under ownership mix, institutions, Individuals and Foreign investors were analyzed. In ownership concentration, ownership was categorized into low, moderate and high based on the number of shares held by different investors. The study uses Market-to-Book Value Ratio (MBVR) Return on Equity (ROE), and Tobin's Q ratios as measures of firm performance.

From the analysis it was found that in average foreigners owned 22.1%, Individuals 23.6% and Institutions 54.5%. There exists a statistically significant positive correlation between all measures of performance (ROE, MBVR and Tobins' q) and Foreign holdings at 5% level of significance.

Correlation analysis showed that there exists a statistically significant positive correlation between all measures of performance and Foreign holdings at 5% level of significance. The results also indicate a statistically significant negative correlation between two measures of performance (ROE and Tobins Q) and institutional holdings at 5% level of significance. The result of the regression analysis showed that there exists a negative relationship between firms' performance and all ownership structure variables. This again implies firm performance will be expected to be high in firms with less individual, institutional and foreign ownership.

The correlation relationship between firm performance and foreign holdings showed a statistically significant positive correlation with firm performance. The results shows that there exists a negative relationship between firms' performance and all ownership structure variables. Overall, the findings confirm that there is a positive association between ownership structure and firm performance.

There is observed no significant relationship between firm's performance and its age or size and whether its ownership structure is low, medium or high at 5% level of significance.

The trend shows that the value of Tobins Q and MBVR has been rising steadily from 2004 until it reached its peak in 2006. Since then it has been experiencing a gradual decline. The value of ROE was at its lowest in 2004 and rose steadily thereafter in 2005. It slightly dropped in 2006 after which it has been constant over the years till 2008. Market-to-Book Value Ratio has steadily risen from 2004 to mid of 2006 when it attained its peak. After that it has been experiencing a downward trend to the year 2008.

It was observed that performance of firms is influenced by many other factors other than ownership structure. It was therefore recommended to explore other factors such as composition of directorship managers and their shareholding to determine their voting rights and how it influences firms performance.

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List of Abbreviations

CMA	Capital Market Authority
EPS	Earnings Per Share
EBIT	Earnings before Interest and Tax
MBA	Market to Book Value Ratio
MBV	Market Book Value
MIMS	Main Investment Market Segment
NSE	Nairobi Stock Exchange
ROE	Return on Equity
ROCE	Return on Capital Employed.
SOE	State Owned Enterprise.
SPSS	Statistical Package for Social Science
IASB	International Accounting Standard Board.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Consequences of ownership structure for corporate efficiency and performance have been in the focus of scientific debate over the last 70 years after A. Berle and G. Means published their famous work *The Modern Corporation and Private Property* Berle and Means (1932) , and agency theory by Jensen & Meckling (1976), Fama and Jensen, (1983). In terms of the agency theory, separation of ownership and control gives rise to agency costs, which worsen performance of companies. This entails monitoring which is a costly procedure. The marginal cost of monitoring often exceeds the marginal benefits of the improved performance. Since the interests of management (agents) need not and normally do not coincide with those of owners (principals), there is a considerable risk that corporate resources will be used not in the pursuit of shareholder profit. In this context various corporate governance mechanisms such as ownership structures are proposed to solve this divergence-of- interest problem and to mitigate the cost associated with the conflict. As a result, corporate shareholders are in need of reliable means of control over managerial behavior. Financial literature usually consider ownership structure as the main corporate governance mechanism that affects firm value (Claessens et al, 2003).

In modern corporations, where diffused owners are separated from the firm's management, it should not be surprising that the conflict of interests between ownership and management (agency problem) exists (Berle & Means, 1932; Jensen & Meckling, 1976; Fama & Jensen, 1986). That is, the shareholders or 'principal' (who provide risk capital for opportunities to get appropriate returns from their investment) will hire managers to act as their 'agents' to run the firm's business in the way to maximize shareholders' wealth and value of the firm. The managers typically pay less effort in managing the firm's resources and do not run the firm's business in the shareholders'

interests. Such the conflict definitely creates difficulties for the investors to ensure that their funds will be appropriately managed in attractive or profitable projects by the managers (Shleifer and Vishny, 1997).

Shleifer and Vishny (1997) argue that concentrated ownership, which has both interests in profit maximization and adequate control rights over the assets of the firms, can control a firm's management effectively. Adenikinju and Ayorinde (2003), defines ownership concentration as the proportion of shares held by the top 10 shareholders. As a result, agency costs are mitigated and hence firm performance increases. The concentrated ownership, however, is not without limitations. That is, a fundamental problem of having concentrated ownership is how to protect the interests of minority shareholders that somehow may not coincide with those of the concentrated ownership. Jensen and Meckling (1976) suggest that having top management holding a proportion of shares in a firm can align the interests between managers and shareholders. However, this is because managers are less inclined to divert firm's resources away from the firm. There is an argument that managerial ownership does not always lead to improved corporate performance. This is because at a certain level of shareholding managerial shareholders can 'entrench' their power and run the firm's business in their interests (Morck et al, 1988; McConnell and Servaes, 1990; Short, 1999).

Several empirical studies such as, Morck et al, 1988; McConnell and Servaes, 1990, note that a non-linear relationship between managerial ownership and firm performance exists. That is, at the early level of managerial shareholding, the interests between managers and shareholders are aligned resulting in a decrease of agency problems and, hence firm performance increases. When their shareholding rises to a certain level, however, managerial shareholders may act for their own benefits at the expense of minority shareholders or creditors. As a result, the firm's performance declines.

The performances of firms vary across firms depending on who owns them. Ownership structure plays an important role in a firm, particularly in determining the directions and goals of the firm which influence on performance, and in turn, effect shareholders' as

well as stakeholders' benefits (Porter.R.L 1990, La Porta et al, 1998; Jensen, 2000). Ownership structure can be categorized into ownership concentration and ownership mix. Ownership concentration is the degree in which ownership of the firm is concentrated among the various categories of owners. In terms of institutions and individuals, ownership concentration refers to the proportion which tend to own the largest number of shares in the organization. Ownership mix on the other hand refers to the composition of shareholders of the firms. In this case ownership includes institutional investors ,individual investors and foreign investors.

Ownership concentration has a positive effect on value because it alleviates the conflict of interests between owners and managers. An individual or family group as a major investor have more incentives to exercise control of a corporation as they would have less ability to diversify their investments. Such investors could lack the advantages of institutional investors such as economies of scale. Claessens et al (2003), found that the presence of family ownership in a firm has negative effects on its value due to private benefit extraction from the firm. Renneboog (2002) counters that large shareholders interests in the hands of individuals and family investors are linked to a greater probability and a broad may be restructured and thus this could be indicative of more effective control. The Family ownership creates value only when the founder serves as the CEO this is because family management reduces and can even eliminate agency problem and hence result to a positive effect on value of family management. However if professionals are hired they are better managers than are family founders or their heirs hence increase the value of the firm. Family firms lack continuity and also cost of capital is high due to lower market liquidity or decreased diversification opportunities on the part of investors. As a family controlled business expands, the family may no longer provide an adequate source of management talent to oversee the various aspects of the expanding family business empire. An increasing number of family business owners are facing the problem of having no successor or no family member who is willing, qualified and accepted (Chua et al., 2003, Ibrahim & Ellis, 2004; Schultendorff, 1984). Their performance die with time due inheritance of business to members who lack professional management skills.

On the other hand diversified ownership of firm increases the firm value. This can be in the case public owned enterprises. The high concentration of ownership may lead to excessive monitoring of managers by shareholders which in turn can reduce manager initiative. This initiative is not necessarily considered as harmful, in fact, it can be beneficial as it induces managers to make firm-specific investments. Hence, there is a trade-off between monitoring gains obtainable through concentration of (outside) ownership. Also firms tend to be professionally managed hence increasing the firms value.

State owned enterprises (SOE) tend to perform very poorly this is due to poor management. A comprehensive review of the Kenya enterprises performance was carried out in 1979 (the Report on the Review of Statutory Boards) and 1982 (the Report of the Working Party on Government Expenditures), there was clear evidence of prolonged inefficiency, financial mismanagement, waste of resources and malpractices in many parastatals. The Report on the Working Party on Government Expenditures concluded that productivity of the state corporations was quite low while at the same time they continued to absorb an excessive portion of the budget, becoming a principal cause of long-term fiscal problem. The report observed that, there was poor management of resources and no motivating factor such as profit. It also pointed out that there was great influence of political force hence dwindle their performance. Therefore because of this poor performance privatization was recommended as a solution. Behind the privatization program it was the belief that private owned enterprises outperform state owned enterprises. It is argued that the market imposes discipline on the managers of privately owned enterprises that force them to be efficient. Hence the divesture of state owned enterprises has formed an important component of the economic reforms in most developing countries Adenikinju and Anyorinde (2003).

1.2 Statement of Problem

The relationship between ownership structure and corporate performance is one that has received considerable attention in the finance literature. Several studies have been done

in this field giving varying findings. One argument is that there is no significant relationship between ownership concentration and performance of firms (Demsetz and Lehn 1985). Relatively few empirical studies have been carried out in Kenya to establish the relationship between ownership structure and firms performance more so the effect of ownership concentration with regard to monitoring and expropriation and the effects of insider ownership with regards to enhancement and convergence of interest.

Starting in 1930s with the work of Berle and Means 1932, and Coese 1937, economists have been interested in the effects of separation between ownership and control of corporate enterprises. The difference objectives of the investors who provide the financing and the firm's managers and directors who run the companies generate issues of agency problem hence affect the firms value. Berle and Means, (1932) in their research in *Modern Corporation and Private Property*, they debated over conflicts of interest between controllers and managers. They assert that with growing diffusion of ownership, the power of shareholders to control managements is reduced. As a result, they suggest that a negative correlation exists between ownership concentration and a firm's performance. A notable feature of this body of literature is its failure to reach a consensus regarding the nature of the relationship. Demsetz and Villalonga (2001) investigated the relationship between multi-dimensional ownership structure and performance of corporations using Tobins q and found no significance relationship. They posit that the conflicting results may stem from differences with respect to the measurement of variables, sample period, estimating technique and whether or not the research explicitly accounts for the endogeneity of a firm's ownership structure. He also stresses that not only should the endogeneity of ownership structure be accounted for, ownership should be modeled simultaneously, as an amalgam of shareholdings owned by persons with different interests. They did not find any systematic relationship between ownership structure and firm performance. Kapopoulos and Lazaretou (2007) tried the model of Demsetz and Villalonga (2001) for 175 Greek firms for the year 2000 and found that, higher firm profitability requires less diffused ownership structure treating the latter as endogenous variable.

In general, a positive relation between ownership concentration and firm efficiency is predicted and many studies have confirmed this (Gedajlovic & Shapiro, 1998; Thomsen & Pederson, 2003). Further, Stulz (1988) formalized a concave relationship between managerial ownership and firm valuation, an increase in managerial ownership and control will first increase firm value; but at a higher level of managerial ownership, firm value will decrease because of entrenchment effects. Demsetz and Lehn (1985) however argued that concentration is endogenous to value and therefore has no effect. Much of this variation in these results may however be attributable to the difficulties in obtaining a uniform measure of firm performance.

Thomsen et al. (2003) pointed out that block share holders might destroy firm value. Large block-holders will be more likely to influence managerial behavior although as Scheifer and Vishny (1986) noted this does not require shareholding voting rights. Block holders will exercise more effective corporate governance. It also lowers the direct agency conflict with the management reducing the scope of managerial opportunity. All the above evidence clearly implies that ownership structures matter for firm performance, whether positively or negatively.

All these research has been done in developed countries and very limited work has been done in developing countries. Relatively few empirical studies have been carried out in Kenya to establish the relationship between ownership structure and firms performance more so the effect of ownership concentration with regard to monitoring and expropriation and the effects of insider ownership with regards to enhancement and convergence of interest. Kenyan firm ownership structure is mixed being state owned, individual, Institutions and foreign owned with different performance. This means this field has been neglected. A study undertaken by Thuku (2000) on ownership structure and Bank financial performance in Kenya showed that there was no significance relationship between Bank ownership structure and their financial performance .The findings of Olteria (2000), on the relationship between ownership structure and performance of firms listed in the NSE showed that on one hand there was no relationship between state, institutions and individuals but on the other hand there was a

significant effect of foreign ownership on performance of firms . Onyango (2004) , looked at the relationship between ownership structure and the value of firms, he identified a positive relationship between ownership structure and firm value which is maximized at the higher level of ownership concentration. Medline (2004), in her research on the relationship between ownership structure, governance and capital structure of a firm found that there was no relationship between ownership structure, governance and capital structure of firms listed in the NSE. Weche (2005), examined whether there is any difference between performance of privatized and public firms. He found no significance difference between performance of before and after privatization.

The empirical evidence is not conclusive regarding the influence of ownership structure on firm value. Due to a lot of conflicting information on the relationship between ownership structure and firms performance leaves us with such a question, does ownership structure matter for firm performance? If it does, then, which ownership structure maximizes organization performance? It is this gap in the empirical literature that this study intends to fill.

1.3 Objective of the study.

Was to investigate the effects of ownership structure on firms performance for non-banking institutions listed companies in the NSE within the period of 2004-2008

1.4 Importance of the study.

The main purpose of this study was to examine if there is a relationship between ownership structure and firm performance among listed companies (Main Investment Market Segment) on the Nairobi Stock Exchange (NSE) between 2004-2008.

This is expected to be of great interest to the following:

Investment practioner: It gives an indication on what aspect of ownership structure would have impact on their performance. To security analysis, stockholders investors and other parties whose knowledge of the relationship between ownership structure and firm value may use this information to analyze a firm.

Academic and researchers: This study is meant to be a base of further research as a point of reference for investigation further relationship between structure and other measures (variables) of firm performance.

Regulation and policy makers: This study will be useful by regulators and policy makers in coming up with policies and will protect the minority shareholders against expropriation by the large shareholders such as starting the numbers of shares that can be held by individual and other parties.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The relationship between ownership structure and performance has been studied extensively by several researchers. Morck et al (1988) and McConnell and Servaes (1990) were among the first researchers who empirically examined the effect of ownership structure on firm performance. Both researches found a curvilinear relationship between Tobin's Q and the fraction of shares owned by insiders, implying that there should be a maximum point where the ownership structure would generate the maximum corporate value. Other researchers like Demsetz and Lehn (1985) and Himmelberg et al (1999) found that ownership and performance are endogenously determined by firm specific factors and key variables in the firm's contracting environment. The relationship has also been studied on Swedish data. For example Cronqvist and Nilsson (2003) and Chen et al (2004) have found relationships between vote concentration of the largest owner and firm performance.

Berle and Means (1932) are among the first to consider the relationship between a firm's ownership structure and its performance. They assert that as the diffuseness of ownership increases, shareholders become powerless to control professional managers. Further, they argue that, given the interests of management and shareholders are not generally aligned, corporate resources are not used efficiently in maximizing corporate profit. Therefore, Berle and Means (1932) suggest that the relationship between ownership concentration and performance should be a negative one. However, Demsetz (1983) argues 'it is unreasonable to suppose that diffuse ownership has destroyed profit maximization as a guide to resource allocation'. Instead, he asserts that a firm's ownership structure is 'an endogenous outcome of a maximizing process in which more is at stake than just accommodating to the shirking problem'.

Ownership concentration (ensuring better monitoring), and managerial equity holdings (increasing managerial effort and decreasing perquisite consumption), were supposed to

lead to better firm performance. An important empirical literature examining this prediction mainly focused on the relationship between managerial ownership and firm value. Holderness et al. (1999) found that low levels of managerial ownership increase firm value but at higher levels of managerial ownership firm value decreases. The results of these single –equation studies were interpreted as the evidence of managerial entrenchment beyond some threshold of insider ownership.

An important strand of the literature focuses on the endogeneity of ownership structure in its relationship with firm performance. The initial argument about the endogeneity of ownership structure was formulated by Demsetz (1983). He argued that ownership structure is an outcome of shareholders' decisions. Maximizing the firm value may require a concentrated or a diffuse ownership structure. The trading of shares may reflect the desire of existing or potential owners to change their stakes. Following this important contribution, several researches explored empirically the impact of ownership structure on firm performance taking into account endogeneity of ownership. Demsetz and Lehn (1985), Hermalin and Weisbach (1991), Loderer and Martin (1997), Cho (1998), and Demsetz and Villalonga (2001) use a system of simultaneous equations and find no significant relationship between ownership and performance.

Himmelberg et al. (1999) argue that endogeneity of ownership may be largely due to individual heterogeneity. Using firm fixed effects they find no significant relationship and conclude that shareholders choose ownership structure optimally. Interestingly, Khanna et al. (2005) find that Himmelberg et al. (1999) results of no correlation between managerial ownership and firm value in a fixed effect estimation are specific to the period considered. If the sample is extended over the next 10 years, the correlation turns out to be significant. Gugler and Weigand (2003) consider simultaneously whether the largest shareholder's stake matters for the endogeneity relation in addition to managerial ownership. There is also some empirical evidence of a negative impact of large equity holders on firm performance. Lehmann and Weigand (2000), focusing on German corporations, find indeed a negative effect of ownership concentration on firm performance.

A study undertaken by Thuku (2002) , on ownership structure and Bank performance in Kenya showed that the only form of ownership that seen to affect the Banks performance was that of foreign ownership. Banks with a higher proportion of foreign ownership were found to perform relatively better than those with a lower proportion of foreign ownership. The other forms of ownership such as individual, state, institutional and local ownership do not have any significant correlation with the Banks performance. He noted that 42% of the Banks in Kenya wholly institutionally owned 52% partially institutional and partially individual owned while none were entirely individually owned. 57% were partially institutionally owned. Institutional ownership and bank financial performance in Kenya are independent. This means no relationship was found to exist between the extent of institutional ownership ans bank financial performance.

Onyango (2004), looked at the relationship between ownership structure and value of firms in Kenya , he identified a positive relationship between ownership structure and firm value. He argued that such a relationship is at the higher level of ownership concentration. The findings of Olteria (2000), on the relationship between ownership structure and performance of firms listed at the NSE had a mixed result. Institutions and foreign investment were the two predominant groups of shareholders each controlling 41% and 34% of ownership respectively. State controlled 8% and individuals 17%. The results presented showed that there was no relationship between state, institutions and individuals' ownership and performance of firms listed in NSE. On the other hand there was a significant effect of foreign ownership on performance of banks. Medline (2004), in her research on the relationship between ownership structure, governance and capital structure of a firm found that there was no relationship between ownership structure, governance and capital structure of firms listed in the NSE. However the performance of foreign owned firms seems to be higher that that of firms dominated by other investors groups. Weche (2005), examined whether there is any difference between performance of privatized and public firms. He found no significance difference between performance of before and after privatization.

2.2 Agency Problem

The nature of relation between the ownership structure and firm's economic performance, have been the core issue in the corporate governance literature. From a firms' point of view, firms' profitability, enjoyed by agents, is affected by ownership structure of the firm. In particular, ownership structure is an incentive device for reducing the agency costs, which can be used to protect property rights (Barbosa and Louri 2002).

In many limited companies, ownership is separated from management. The separation of ownership and control of the private corporation gives rise to a principal-agent problem, which can result in the sub-optimal use of capital (Stiglitz and Edlin, 1995 and Shleifer and Vishny 1998). In an environment of highly dispersed ownership, the individual shareholder has little or no incentive to monitor management. As monitoring is a costly procedure, the marginal cost of monitoring often exceeds the marginal benefits of improved performance. Monitoring becomes a public good, as every shareholder benefits from the monitoring activities of others (Stiglitz, 1982). Also due information asymmetry managers, hold crucial information about the company which might not be known to the shareholders hence take advantage of this to misuse the companies assets to their own interest.

Berle and Means presented in 1932 an article discussing the problems arising from the separation of ownership and control in modern corporations. This article still retains a central position in economic theory and is often referred to and lies as a basis for the huge interest in the “separation of ownership and control” issue that leads to different agency problems. Berle and Means (1932) predicted that when managers hold little equity in the firm and shareholders are too dispersed to enforce value maximization, corporate assets may be deployed to benefit managers rather than shareholders.

In 1976 Jensen and Meckling defined the concept of agency costs, showed its relationship to the “separation of ownership and control” issue and investigated the nature of the agency costs. Among others the convergence-of-interest hypothesis found that the performance of companies increases with management ownership. However, Fama and

Jensen (1983) pointed out that managers' entrenchment may give rise to expropriation of minority shareholders, since their natural tendency is to allocate the firm's resources in their own best interest. This "entrenchment" hypothesis predicts that corporate assets can be less valuable when managed by individuals with too large control of the company. Managerial, or in our case controlling owners', benefits include consumption of perquisites, but also involve pursuit of non-value maximizing objectives such as investing in large negative net present value projects, sales growth, empire building and employee welfare (Jensen and Meckling, (1976), Fama and Jensen, (1983), Morck et al, 1988)). As mentioned the convergence-of-interest hypothesis predicts that larger stakes among managers or controlling owners should be associated with higher market valuation. The prediction of the entrenchment hypothesis is not that clear-cut. The problem of entrenchment is not just a consequence of vote power. Some managers, by virtue of their tenure with the firm, status as a founder and so forth get attached to their work with relative small equity stakes, whereas other managers in firms with a large outside controlling owner may be only weakly attached to their jobs despite high equity ownership (Morck et al, 1988). They further argue that it is not possible to a priori predict which force that will dominate at any level of ownership, the convergence-of-interest hypothesis or the entrenchment hypothesis.

Demsetz presented in 1983 the theory that even small equity ownership by the managers may still force them towards value maximization. This is due to the market discipline of the firm, through the managerial labour market, the product market and the market for corporate control. One can not simply state that diffuse ownership structure fails to yield the profit maximization criteria or that it does not yield an efficient resource allocation. He concludes by saying :

"In a world in which self-interest plays a significant role in economic behavior, it is foolish to believe that owners of valuable resources Systematically relinquish control to managers who are not guided to serve their interests".

In a broad perspective, vote concentration and other factors related to ownership structure changes with respect to changing conditions of law and regulation, as well as the economic development both within and outside the firm.

2.3 Controlling Ownership and Firm Performance

Since Berle and Means (1932) presented the separation of ownership from control, several researchers have debated and discussed the effects of concentrated (or controlling) ownership on corporate performance. So far, there has been no conclusion as to whether or not there is the relationship between such ownership and firm performance. A number of studies find that there is a significant positive relationship between controlling ownership and firm performance (Monsen et al, 1968; Radice, 1971; Boudreaux, 1973; Stano, 1976; Steer and Cable, 1978; Kesner, 1987; Alba et al, 1998; Xu and Wang, 1999). Recently, Chen (2001) examines the relationship between ownership structure and firm value in the case of China. The results show that there is a strong positive relationship between concentrated ownership and corporate value (Tobin's Q). A positive relationship between corporate value and domestic institutional shareholders is also reported. Moreover, he mentions that managerial shareholders are positively and state shareholders are negatively related to firm value respectively (Chen, 2001).

In addition, Wiwattanakantung (2001) tests the impact of ownership structure on firm performance of Thai non-financial firms listed in the Stock Exchange of Thailand in 1996. The study argues that there is no evidence to support that controlling shareholders extract corporate assets away from the firm for their own benefits. That is, firms with controlling shareholders have higher profitability (as measured by the return on assets and sales-to-asset) than those with non-controlling shareholders. The results also report that firms with family and foreign-controlling shareholders, as well as firms with more than one controlling shareholder, have higher profitability than do firms with non-controlling shareholders.

In contrast, Holderness and Sheehan (1988) suggest that there is no difference between firms with concentrated owners and those with dispersed owners. Mulari and Welch (1989) support this notion that the performance of firms with high concentrated ownership does not differ from other firms with dispersed ownership. Also Demsetz and Lehn (1985) examine the effects of concentrated ownership on firm performance and they classified concentrated ownership into three groups, all investors, family and individual investors, and institutional investors. The results suggest that there is no significant relationship between concentrated ownership including its three types and return to shareholders. Demsetz and Lehn (1985) argue “the structure of corporate ownership varies systematically in ways that are consistent with value maximization”.

2.4 Managerial Ownership and Firm Performance

Jensen and Meckling (1976) suggest that the holding of shares by the managers a firm helps to align the interests between shareholders and managers. When the manager’s interests coincide more closely with those of shareholders, the conflicts between managers and shareholders are mitigated. Also, managers are less inclined to divert resources of the firm away to their own account. Moreover, with a large proportion of shares in the hands of managers, they may work harder to improve the firm performance. This action leads to an increase in firm’s value and also the managers’ private wealth. Kesner (1987) investigated the relationship between members of the board of directors and six performance measures (profit margin, return on equity, return on assets, earning per share, stock market performance, and total return to shareholders). The results illustrate that a proportion of shares held by board members is positive and significant to only two of the performance measures (the profit margin and return on assets). Vance (1964), however, suggests that the managerial shareholding is positively related to the profit margin. whilst, Pfeffer (1972) finds that the managerial shareholding is positively related to profit margin and return on equity.

Alternatively, Morck et al (1988) argue that the relationship between managerial ownership and its performance is ‘non-linear’. That is, at a certain level of managerial

shareholding, managerial shareholders can 'entrench' the controlling power over the firm's activities, leaving external or small shareholders with difficulty in controlling the actions of such ownership. Short (1994) supports this notion and suggests that implicitly assuming the 'linear' relationship between managerial ownership and firm performance in the previous research possibly brings misleading results. This is because there may be the opposite relationship between managerial shareholding at a certain level and firm performance. Morck et al (1988) investigated on whether or not there is a non-linear relationship between managerial ownership and firm performance (as measured by firm's market value and a profit rate) for 456 of the Fortune 500 firms in 1980. To capture this relationship, they categorize managerial shareholding into three different levels: 0% -5%, 5%-25%, and beyond 25%. The results reveal that there is a positive relationship between managerial ownership holding at 0% to 5% and the firm's value. After that, a negative relationship is found at 5% to 25% of managerial shareholding, and then the relationship becomes positive again (but not significant) beyond 25% of shareholding. In the profit rate regression, they report that there is only a significant positive relationship between managerial ownership holding at 0% - 5% and the profit rate.

In the empirical study using US data from early 1930s, Stigler and Fridland (1983) found no evidence in favor of Berle and Means hypothesis, where as McConnell and Servaes (1990), Mork, Shleifer, and Vishny (1988) provided evidence in favor of significant effect of managerial and institutional shareholding on performance. Recently a growing amount of empirical work has been done for emerging economies including India: Claessens, Djankov, and Lang (2000), Khanna and Palepu (2000), Qi, Wu, and Zhang (2000), Sarkar and Sarkar (2000), Wiwattanakantang (2001) and Patibandla (2002). They did not find any evidence for the relationship between firm value and managerial stock-holdings except Chen, Guo, and Mande (2003), and thus concluded that managerial stock-holding are optimally chosen over the long run. Chen, Guo, and Mande (2003) document that managerial shareholding has a linear significant impact on Japanese firm performance.

2.5 Ownership Concentration

The effects of ownership concentration on firm performance are theoretically complex and empirically ambiguous. Conceptually, concentrated ownership may improve performance by increasing monitoring and alleviating the free-rider problem. (Shleifer and Vishny, 1997). Most frequently discussed is the possibility that large shareholders exercise their control rights to create private benefits, sometimes expropriating smaller investors. Even the fear of expropriation may limit the ability of firms with high ownership concentration to raise fresh finance through borrowing or new share offerings. Other potential costs of concentration may result if managerial initiative is repressed by excessive monitoring (Burkart, Gromb, and Panunzi, 1997), or if a smaller fraction of liquid shares available to quietly establish a “toehold” raises a raider’s costs of attempting a takeover (Kyle and Vila, 1991). The reduced liquidity could also lower the informational value of the firm’s share price as a measure of managerial performance (Holmström and Tirole, 1993).

Empirical studies of the firm performance–ownership concentration relationship have also produced mixed results. Among studies of the United States, Demsetz and Lehn (1985) find no effect of concentration on accounting profits, and McConnell and Servaes (1990) find no effect on the ratio of market value to replacement cost of assets (Tobin’s Q). On the other hand, Wruck (1989) reports that private sales of blocks of shares, associated with increasing concentration, have a positive effect, although one that is nonmonotonic, on abnormal market returns. She finds, similar to Morck, Shleifer, and Vishny’s (1988) analysis of managerial ownership, that returns are increasing in concentration at low levels of concentration, decreasing at moderate levels, and again increasing at higher levels. As the coefficient for low concentration is statistically insignificant, this suggests a roughly U-shaped relationship.

A group of block holders, for example, may face collective action problems, and they may even quarrel due to differing interests or conflicting views of corporate strategy, as “too many cooks spoil the broth” or, in this case, the stock. Another possibility is that once a large owner is present, the marginal contributions to managerial monitoring of

additional smaller block holders are small, and the latter may serve only to increase costs of concentration by reducing trading liquidity and informational value of the share price.

The topic of interactions among block holders has only recently begun to receive some attention from researchers on corporate ownership. Zwiebel (1995) models such interactions as a cooperative game to divide control benefits, but does not consider collective action problems and the potential for conflicts among the large shareholders. Gomes and Novaes (2001) also examine bargaining among multiple controlling shareholders and show theoretically that disagreements may diminish or enhance firm value, depending on the firm's characteristics. A study of Spanish firms by Gutierrez and Tribo (2002) finds that return on assets is slightly increased when the "control group" has more than one member (although their point estimates also suggest it is reduced when membership is greater than two). In related work, Faccio, Lang, and Young (2001) find reduced dividends associated with multiple owners in Asian economies and a positive impact for some dividend measures in Europe, but their regressions do not control for the size of the largest and additional block holders' shareholdings. Both of these studies involve cross-section data only, and there is clearly a need for much more evidence.

The first study within the theory of the firm on the modern corporation was done by Berle and Means in 1932. They debated over conflicts of interest between controllers and managers. They assert that with growing diffusion of ownership, the power of shareholders to control managements is reduced. As a result, they suggest a negative correlation exists between ownership concentration and a firm's performance. According to the agency theory (Shleifer and Vishny, 1997), professional managers are hired by shareholders to run a firm's business with the aim to maximize corporate profits and shareholders wealth, but in the process, the managers do not follow the interests of shareholders and pay less attention to promote efficient allocation of resources. Shleifer and Vishny (1997) suggest concentrated ownership as a solution for the agency problem. They debate that concentrated ownership can be derived to control management and reduce agency cost. However, this approach cannot protect the interests of minority shareholders. Further,

Jensen and Meckling (1976), Fama (1980) and Leftwich et al. (1981) also believe that share ownership by managers can align the interests between managers and shareholders. In contrast, Morck et al. (1988) argue that at high level of ownership by management could appear control problem, exactly when managers perform poorly and in this case shareholders are not able to remove them. In Kenya the concentration of ownership amongst the top ten shareholders comprise of Institutions, Foreigners and very few individuals.

2.6 Firm Performance

Firms performance depends on the value it creates for its shareholders. Shareholders are better off when the value of their shares is increased by the firm decision. Performance refers to the extent to which organization goals and objectives are achieved effectively and efficiently. A perennial question that plagued the previous studies concerning ownership and performance is as regards the choice of measure of performance. Which is the appropriate measure of firm performance? Should it be accounting rate of return or market based return? Performance can take many forms depending on who and what the measure for. Different stakeholders require different performance indicators to enable them make informed decisions. The content, format and frequency of the report depend on who needs the information and for what purpose. Shareholders will want to be certain about the viability, growth, profitability, return on investment and continued financial sustainability of the firm (Brown, et al 2003). Both accounting rate of return and market based were used. Financial performance measures include analyzing the financial statement of the organizations. Financial statements provide information to the management on the available resources, how they were financed and what the company accomplishes with them. Financial statement seeks to evaluate the performance of management. The can be grouped as liquidity, operating and profitability, risk growth and market values (Reill and Brown 1997). Return on asset (ROA) is used by Chen (2004) and Cronqvist and Nilsson (2002), while return on equity (ROE) is used by Han et al (1999) among others as measures of firms performance. In this study the researcher used ROE, MBVR and Tobin's Q. as performance measures.

2.6.1 Return on Equity (ROE)

Return on Equity, also referred as, Return on average common equity, return on net worth, Return on ordinary shareholders' funds, measures the rate of return on the ownership interest (shareholders' equity) of the common stock owners. It measures a firm's efficiency at generating profits from every unit of shareholders' equity. ROE shows how well a company uses investment funds to generate earnings growth. ROE is calculated by taking the net result over shareholders' equity for each specified year. ROE represents what return the company is making on the shareholders' funds invested in the company. ROE assesses leadership's ability to get the job done. A business that has a high return on equity is said to be one that is capable of generating cash internally (Ross et al, 2002).

ROE is equal to a fiscal year's net income (after preferred stock dividends but before common stock dividends) divided by total equity (excluding preferred shares), expressed as a percentage. But not all high-ROE companies make good investments. Some industries have high ROE because they require no assets, such as consulting firms. Other industries require large infrastructure builds before they generate a penny of profit, such as oil refiners. We cannot conclude that consulting firms are better investments than refiners just because of their ROE. Generally, capital-intensive businesses have high barriers to entry, which limit competition. But high-ROE firms with small asset bases have lower barriers to entry. Thus, such firms face more business risk because competitors can replicate their success without having to obtain much outside funding. As with many financial ratios, ROE is best used to compare companies in the same industry.

High ROE yields no immediate benefit.* Since stock prices are most strongly determined by earnings per share (EPS). The benefit comes from the earnings reinvested in the company at a high ROE rate, which in turn gives the company a high growth rate.

$$\text{ROE} = \frac{\text{Net Income after tax}}{\text{Equity}}$$

2.6.2 Return on Assets (ROA)

Return on Assets ratio, measures the return achieved on a company's total assets. The return is taken to be the attributable profit (i.e. profit after tax, minority interests and preference dividends, attributable to ordinary shareholders). ROA is calculated by taking the net result over assets for each specified year. ROA measures how efficiently the company's assets are used to generate profit. This ratio is often used by investors and potential investors to evaluate a company's leadership. ROA is best used when comparing returns between different industries. Just as for ROE, ROA can be calculated in many different ways, i.e. one can apply results before taxes and interest instead of net results. However the net result is used frequently and since it is more accessible the researcher decided to use the net results and not consider taxes, interest as well as extraordinary items.

An indicator of how profitable a company is relative to its total assets. ROA gives an idea as to how efficient management is at using its assets to generate earnings. Calculated by dividing a company's annual earnings by its total assets, ROA is displayed as a percentage. Sometimes this is referred to as "return on investment".

$$\text{ROA} = \frac{\text{Profit after tax}}{\text{Total Assets}}$$

ROA tells you what earnings were generated from invested capital (assets). ROA for public companies can vary substantially and will be highly dependent on the industry.

The higher the ROA number, the better, because the company is earning more money on less investment. For example, if one company has a net income of \$1 million and total assets of \$5 million, its ROA is 20%; however, if another company earns the same amount but has total assets of \$10 million, it has an ROA of 10%. Based on this example, the first company is better at converting its investment into profit. When you really think about it, management's most important job is to make wise choices in allocating its

resources. Anybody can make a profit by throwing a ton of money at a problem, but very few managers excel at making large profits with little investment.

2.6.3 Stock Return

The other performance measure used is the geometric average stock return. According to the Journal of Finance, expected return and cashflow news are identified as drivers of stock returns (Vuolteenaho, 2002). Hence, stock return is partly a profitability measure but also considers future expectations. Stock return is an important performance measure since it actually shows the fluctuations that have occurred throughout the year and whether or not the stock has increased or fallen in value. We will look at the stock return over a five-year period. This is motivated by the fact that short-term stock returns are too volatile to be used as a reliable measure of corporate performance (Han and Suk, 1998). Han and Suk (1998) have also used the geometric average stock return over a five-year period. The stock prices will be collected at the NSE . The stock prices for each year are the adjusted stock prices considering the splits and new issues that have occurred in some of the companies.

2.6.4 The Market-to-book ratio

Market-to-book ratio is similar to Tobin's Q. Technically, the book value represents the value of the firm if all the assets were sold off, and the proceeds used to retire all outstanding debt. The remainder would represent the equity that would be divided, proportionally, among the firm's shareholders. Many investors like to compare the current price of the firm's common stock with its book, or break-up, value. This is also known as the price/book ratio. If the ratio is greater than one, which is often the case, then the firm is trading at a premium to book value. Many investors regard a market-to-book ratio of less than one an indication of an undervalued firm. While the interpretation one draws from market ratios is highly subjective (do high PE or low PE firms make better investments?), these measures provide information that is valued both by managers and investors regarding the market price of a firm's stock.

The market-to-book ratio measures how much higher the market value of equity is compared to the book value of equity. The market-to-book value can be seen as both a valuation measure and a growth measure. It reflects investment opportunities that have been acquired or developed and in that sense it is connected to the firm's growth potential. It also may reflect valuation consequences of superior or inferior management of assets (Peterson, 1998).

$$\text{MBV} = \frac{\text{Market value}}{\text{Book Value of Equity}}$$

2.6.5 Tobin's Q

Tobin's ratio compares the market value of a company and the value of the company's assets. A ratio of 1 indicates that the market value of the company is based solely on its assets, a ratio less than 1 indicates a market value less than the value of the company's assets, and a ratio greater than 1 indicates a market value greater than the company's assets. High Tobin's Q encourages companies to invest more in capital because they are worth more than the price they are paid for. Tobin's Q Ratio, is the market value of a company's assets divided by their replacement value. Replacement value being the current cost of replacing the firm's assets. This ratio is named after Nobel Economics Laureate James Tobin of Yale University. He hypothesized that the combined market value of all the companies on the stock market should be about equal to their replacement costs. In other words, the ratio of all the combined stock market valuations to the combined replacement costs should be around one. The formula is the following:

$$\text{Tobin's } q = \frac{\text{Equity market value} + \text{Liabilities at book value}}{\text{Equity book value} + \text{Liabilities at book value}}$$

Tobin's Q differs from the performance measures previously described since it is regarded as a valuation measure and is not related to profitability. It's a ratio of comparing the market value of a company's stock with the value of a company's equity

book value. The Tobin's Q variable is highly correlated with the market-to-book ratio. Tobin's Q is much more commonly used especially in the international environment by McConnell and Servaes (1990) and Han and Suk, (1998), while the market-to-book ratio has been used as a performance variable by Peterson (1998) and also by Chen (2004). The researcher has chosen to use the simple Tobin's Q which is calculated by summing up market value of equity and book value of total debt and divided it by the book value of assets (Thomsen et al, 2003). The value depends upon the investor's perception of future cash flow generation discounted at a rate applicable to the risk class of the investment

This ratio provides a measure of managements ability to generate a certain stream of income from an asset base and is therefore an indication of management performance. As in Short and Keasy (1999) intangible assets is eliminated in calculating the book value equity in order to eliminate differences resulting from diverse accounting treatments of intangible assets .

2.6.6 Earnings per Share

Its sometimes referred as multiple because it shows how much investors are willing to pay per shilling earnings. It relates the earnings per share to the price the shares sell at the market . A high P/E ratio indicates strong shareholding confidence in the company and its future. It indicates how the stock market is judging the companies earnings performance and prospects. The P/E is widely used by security analysts to value the firms performance as expected by investors.

$$\text{Price Earnings ratio (P/E) } = \frac{\text{Market Price per share}}{\text{Earnings per share}}$$

2.7 Limitations of Ratios and potential impact in the analysis

Different Accounting Policies : The choices of accounting policies may distort inter company comparisons. Example IAS 16 allows valuation of assets to be based on either revalued amount or at depreciated historical cost. The business may opt not to revalue its asset because by doing so the depreciation charge is going to be high and will result in lower profit.

The businesses apply creative accounting in trying to show the better financial performance or position which can be misleading to the users of financial accounting. Like the IAS 16 mentioned above, requires that if an asset is revalued and there is a revaluation deficit, it has to be charged as an expense in income statement, but if it results in revaluation surplus the surplus should be credited to revaluation reserve. So in order to improve on its profitability level the company may select in its revaluation programme to revalue only those assets which will result in revaluation surplus leaving those with revaluation deficits still at depreciated historical cost.

Ratios need to be interpreted carefully. They can provide clues to the company's performance or financial situation. But on their own, they cannot show whether performance is good or bad. Ratios require some quantitative information for an informed analysis to be made.

IASB Conceptual framework recommends businesses to use historical cost of accounting. Where historical cost convention is used, asset valuations in the balance sheet could be misleading. Ratios based on this information will not be very useful for decision making.

It is difficult to generalize about whether a particular ratio is 'good' or 'bad'. For example a high current ratio may indicate a strong liquidity position, which is good or excessive cash which is bad. Similarly Non current assets turnover ratio may denote either a firm that uses its assets efficiently or one that is under capitalized and cannot afford to buy enough assets.

Inflation renders comparisons of results over time misleading as financial figures will not be within the same levels of purchasing power. Changes in results over time may show as if the enterprise has improved its performance and position when in fact after adjusting for inflationary changes it will show the different picture.

Changes in accounting policy may affect the comparison of results between different accounting years as misleading. The problem with this situation is that the directors may be able to manipulate the results through the changes in accounting policy. This would be done to avoid the effects of an old accounting policy or gain the effects of a new one. It is likely to be done in a sensitive period, perhaps when the business's profits are low.

No two companies are the same, even when they are competitors in the same industry or market. Using ratios to compare one company with another could provide misleading information. Businesses may be within the same industry but having different financial and business risk. One company may be able to obtain bank loans at reduced rates and may show high gearing levels while as another may not be successful in obtaining cheap rates and it may show that it is operating at low gearing level. To an informed analyst he may feel like company two is better when in fact its low gearing level is because it can not be able to secure further funding.

Selective application of government incentives to various companies may also distort intercompany comparison. One company may be given a tax holiday while the other within the same line of business not, comparing the performance of these two enterprises may be misleading.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines the methodology used in carrying out the study. Aspects covered include research design, population, sampling design, data collection methods and data analysis method. The objective of this study was to investigate whether ownership structure has significant effect on the performance of publicly listed companies (Non-banking) listed in NSE . In the present study, the ownership structure was considered in terms of institutional ,individual ownership and foreign ownership .Other factors which affect performance such as size of the firm and age are factored in .The study examined the effects of ownership structure to equity for 5yrs (2004-2008).

3.2 Research Design

In order carry out the research assignment the researcher used census survey and longitudinal design approach. This means all firms which traded in the NSE for the period under consideration were evaluated. Variables such as profits totals assets, market price per share, and equity were observed for a period of five years and their trends and behaviors were analyzed. The researcher used descriptive research design both qualitative and quantitative research design to address the research question.

3.3 Target Population

The population consisted of 32 companies (Appendix I) in the Main Investment Market Segment (MIMS) of the NSE excluding Banks for the period of 5years (2004-2008). According to Gomez-Meija et al (1987) pooling performance over a five-year time span reduces variability and provides a better long term indicator. In addition, it provides a more reliable and valid measure of firm performance than annual measures. Several researchers within the area such as Demsetz and Villalonga (2001) used a five-year

period for the data set. Also the researcher wanted a sample period that represents the conditions of today implying that the chosen time period is 2004-2008.

The following factors were considered which enabled the researcher in the selection of the sample:

The firms considered must have been listed on the NSE for the five-years period under consideration. Any firm which was suspended / put under receivership within the period of time was eliminated. Companies that were listed in between the 5 year analysis were excluded from the sample. Any firm with major data missing was also excluded from the sample.

3.4 Sampling and Sampling Design

Census survey design was used. 27 firms of the total firms population under study (2004-2008) met the conditions stated above and were therefore made the sample of this study. Firms which were eliminated for non conformity with the above conditions included, Unilever Ltd, Hutchings Biemer Ltd, Uchumi Supemarkets Ltd, BOC Kenya Ltd and Cardacid Investments Ltd .

3.5 Data Collection

Secondary data from NSE and CMA covering a year period from 2004-2008 was used. The NSE and CMA were ideal for carrying out the study based on the availability, accessibility and reliability of the data that was used. This period is considered long enough to provide sufficient variables to ascertain the strength of the relationship.

The secondary data used included, audited annual financial statement (Balance sheet and Profit and loss statement) , daily stock trading prices , number of outstanding shares, firm profits, total assets and equity were all obtained from the NSE handbook for five years (2004-2008) under study.

The financial information obtained from the Audited financial statement such as Profit after tax , Net assets etc were used to compute the accounting ratios such as ROE, ROA and MBVR that formed the basis of the analysis.

Ownership structure has two implications. Structure on mix and on concentration .Part of the information was obtained from the Capital Market Authority as companies are required by the CMA rules and regulations to send on monthly basis the percentage (%) of foreign ownership in their firms. It's a requirement that firms listed in the NSE should retain 25% of their shares to local individuals' investors. Data on ownership included data on individual, institution and foreign ownership. Monthly Ownership mix data was obtained from CMA data bank.

Ownership concentration data was obtained from the annual published financial report at the CMA. It's a corporate governance requirement that firms listed in the NSE should disclose their ownership concentration in their annual reports. Listed companies disclose their share holders concentration by publishing the largest to 10 shareholders and also the distribution of their shareholders in terms of shares categories. In this study, ownership concentration information was obtained published annual reports from CMA. The shareholders category analysis from annual reports was analyzed.

3.6 Hypothesis

The research focused on testing the following Hypothesis.

Ho:= There is no significant effect on ownership structure on performance of non-banking institutions listed in NSE during 2004-2008

Ha:= There is a significant effect on ownership structure on performance of non-banking institutions listed in NSE during 2004-2008.

3.7 Data analysis.

Data obtained was analyzed into useful information by descriptive statistics which include both qualitative and quantitative methods. Quantitatively the researcher presented the information by use of tables, pie chart and line graph. Students (t-test) was used since the sample population is a small consisting of 27 firms in number. Data was analyzed using statistical package for Social Science (SPSS) and regression analysis was used since it is best suited for proving a means of establishing quantitative association between variables. Regression analysis was used to explain the relationship between the dependent variable (firms performance) and independent variables (ownership structure in terms individuals, institutions and foreign) and ownership concentration. In order to examine this relationship market-based and operating performance measures were used. Following previous research (Claessens et al., 2002; Cronqvist and Nilsson, 2003; and Lins 2003), we use an approximation of Tobin's Q (Q), which is defined as the market value of equity plus the book value of debt, divided by the book value of total assets. A high Q value indicates that the capital market expects the firm to have good growth perspectives and valuable intangibles (Cronqvist and Nilsson, 2003). In this sense, Q particularly captures the expected capitalized value of agency costs resulting from different ownership structures (Morck et al., 1988).

Financial ratios were used to analyze the data since financial ratios summarize large quantities of data can be used to perform a comparison of performance over time. The ratios used are the market-to-book value ratio (MBVR), Return of Assets (ROA), and Return on Equity (ROE) and Tobin's q as measures of performance. Other control variables considered included age and size of the firm. Size was determined by the net asset valued of the firms.

Ownership structure was categorized into individuals, institutional and foreign. Ownership concentration data was obtained from the annual financial report from CMA. Annual data was collected and averaged. Ownership concentration was divided into low, moderate and high (<100,000, 100,001-500,000 and > 500,000 respectively).

The study used the model below to analyze the relationship.

Conceptual Model: The study conceptualized that ownership structure has some effect to the firms performance listed in NSE.

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + \dots$$

Where: Y= performance variables.

a=Y-intercept of the regression equation.

b₁, b₂, b₃ are the slope of the regression

x₁, x₂, x₃ are the dependent variables

Analytical model: To establish the effects of ownership structure to firms performance listed in NSE, the study applied the following regression model.

$$Y (\text{performance}) = \beta_0 + \beta_1 \text{Indo } i,t + \beta_2 \text{Insto } i,t + \beta_3 \text{Foi } i,t + \beta_4 \text{age } i,t + \beta_5 \text{size } i,t + \varepsilon i,t,$$

Where:

Y = ROE, ROA, Tobin's q or MBV-Performance variables.

β_0 = Y-intercept of the regression equation

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$ = are the slope of the regression

Indo *i,t* = Individual Ownership.

Insto *i,t* = Institutional Ownership.

Fo *i,t* = Foreign ownership

Firms Size, age = Control variables

ε = error term

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

The objective of this study was to investigate whether ownership structure has significant effect on the performance of publicly listed companies in Kenya. In this study, the ownership structure was considered in terms of institutional, individual ownership and foreign ownership. Other factors which affect performance such as size of the firm and age were also factored in. Secondary data from NSE and CMA covering a five year period from 2004-2008 were used. Data was analyzed using Statistical Package for Social Science (SPSS) and correlation and regression analyses were used as a means of establishing quantitative association and relationship between firm performance and its ownership structure. Data consisted of all non-banking companies which traded in the NSE between 2004-2008. Firms that were not active either due to suspension, or listed between the period were excluded. Such firms include, Uchumi Supermarket, B.O.C Kenya, Kengen, Safaricom etc. Leaving 27 firms analyzed. The researcher used ROE, Tobins' q and MBVR as measures of performance.

4.2 Data Analysis

During the research work, the researcher used descriptive research method. Both quantitative and qualitative methods in analyzing the findings. The researcher used quantitative to corroborate and support the qualitative data. Quantitatively the researcher cross tabulated the information. In modelling the relationship between ownership structure and corporate performance, it was necessary for control firm-specific characteristics. The inclusion of such variables allows for the possibility that a number of factors jointly affect ownership or corporate performance and therefore induce spurious correlation between them. In this study model it was necessary to control the firm size and firm age to account for the possibility that performance and ownership are related through the size and age of the firm. Size of the firm is measured in terms of assets.

To establish the effects of ownership structure on a firms performance, the study applied the following regression model.

$$Y (\text{performance}) = \beta_0 + \beta_1 \text{Indo } i,t + \beta_2 \text{Insto } i,t + \beta_3 \text{Fo } i,t + \beta_4 \text{age } i,t + \beta_5 \text{size } i,t + \varepsilon i,t ,$$

Where:

Y	=ROE, ROA, Tobin's q or MBV-Performance variables.
β_0	=Y-intercept of the regression equation
$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$	= are the slope of the regression
Indo i,t	=Individual Ownership.
Insto i,t	=Institutional Ownership.
Fo i,t	= Foreign ownership
Firms Size, age	=Control variables
ε	= error term

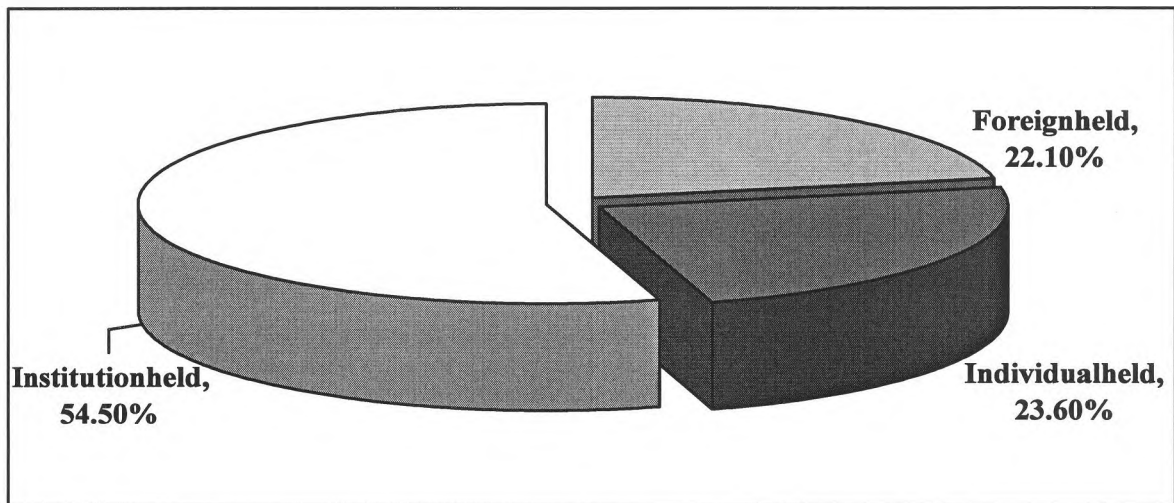
4.2.1 Ownership Structure analyzes

Listed companies in Kenya has a diverse / mixed ownership. This ranges from state owned, individual, institution and foreign owners. Ownership structure was categorized in terms of ownership mix and ownership concentration. Ownership mix refers to the composition of shareholders . In the study ownership mix was divided in terms of Individual , Institution and Foreign ownership. To get the ownership mix monthly ownership data was obtained from CMA. It's a requirement that all listed companies file on monthly basis a report of their ownership mix to CMA. To get the annual average ownership structure, monthly ownership reports for every firm under study for each year were obtained and an average was calculated which was used in the data analyzes. Ownership concentration was categorized into low, moderate and high based on the amount of shares held by investors. Annual ownership concentration data was obtained from the published annual report from CMA .

From the analysis it was found that on average foreigners owned 22.1%, Individuals 23.6% and Institutions 54.5%. Individual ownership being 23.6% means that, firms under study have complied to the 25% requirement of CMA regulation that all firms should preserve such a proportion for local individual investors.

On ownership concentration , 6% is within the low concentration, 15% moderate and 79% high concentration. The 6% is mainly the individual investors who each hold less than 1000 shares. They are mainly short term investors. 79% mainly comprises of the corporate investors and very few individual investors and are the majority shareholders of the listed firms in the NSE.

Figure 1 Ownership Structure of Firms list at NSE



Source : Survey data

4.2.2 Firm Performance analyzes.

In the study the researcher used ROE, MBVR and Tobins'q as measures of performance. Secondary data used included, audited annual financial statement from CMA and NSE. Daily stock trading prices were obtained from the NSE handbook, number of outstanding shares, firm profits, total assets and equity were obtained from the Balance sheet and Profit and loss statement obtained basically from the NSE for five years (2004-2008). These were the sources of information on which the ratio computation was based.

The table below gives the descriptive statistics of the variables used in the model. The Descriptive Statistics table provides summary statistics for continuous, numeric variables. Summary statistics include measures of central tendency such as the mean.

Table 1 Summary Statistics of the variables used

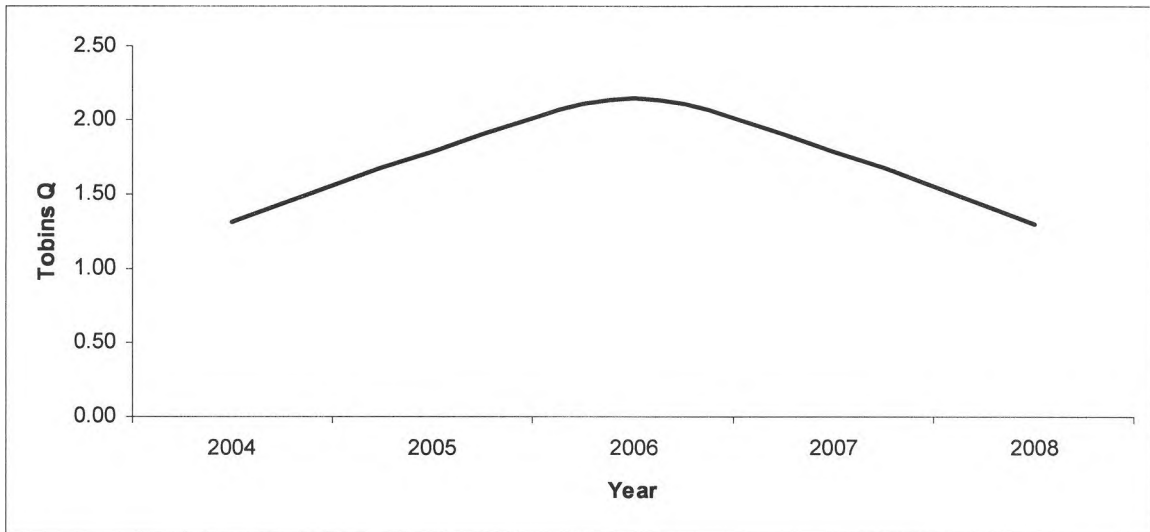
Variables	Minimum	Maximum	Mean	Std. Deviation
ROE	-0.1493	0.4653	0.1577	0.1145
MBVR	0.0000	230.0000	18.5804	28.2925
TOBINSQ	0.0000	6.0230	1.6664	1.0844
AGE	15.0000	106.0000	58.2222	19.5306
SIZE	0	62,724,000	7,278,850	11,620,488
Total Shares	10,000,000	1,530,000,000	165,929,575	217,036,482
Foreignheld	0.0000	0.7906	0.2208	0.2503
Individualheld	0.0135	0.6790	0.2358	0.1323
Institutionheld	0.0447	0.9002	0.5454	0.2491
Low Ownership Structure	0	75,279,093	9,208,114	15,531,673
Moderate Ownership Structure	0	218,331,359	24,319,368	41,724,686
High Ownership Structure	0	493,254,320	129,426,770	135,256,042

In order to examine the relationship between firm performance and ownership structure, market-based and operating performance measures were used. These were ROE, MBVR and Tobins' Q . Tobin's Q is defined as the market value of equity plus the book value of debt, divided by the book value of total assets. A high Q value (mainly >1) indicates that the capital market expects the firm to have good growth perspectives and valuable intangibles (Cronqvist and Nilsson, 2003).

Trend Analysis of Measures of Firm Performance

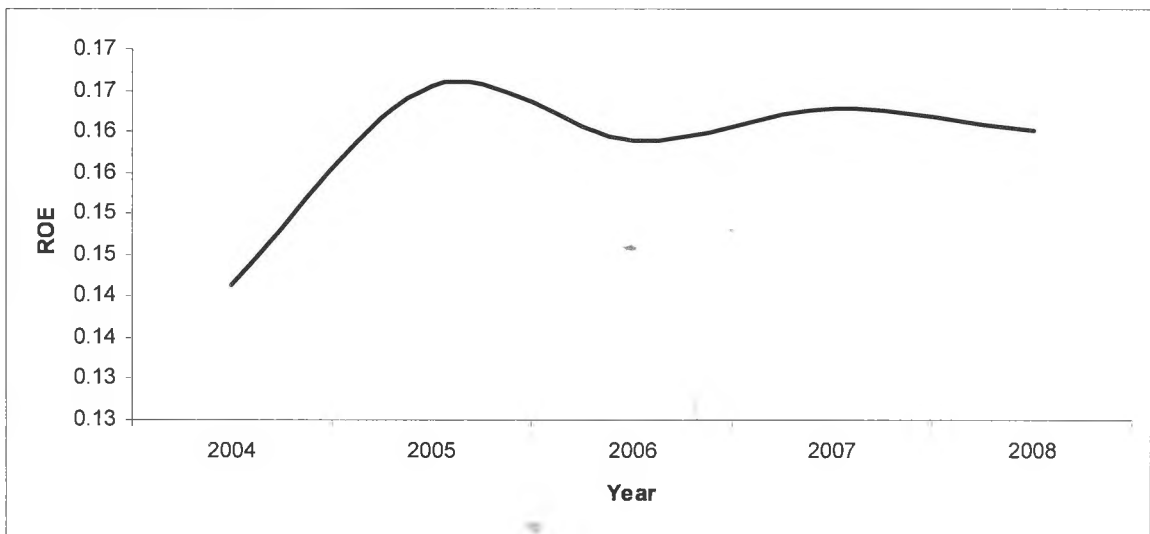
Trend observations from the analyzes are presented in the figures below. Figure 2 shows the trend line chart of Tobins Q over the 5 years. The value of Tobins Q was rising steadily from 2004 until it reached its peak in 2006. Since then it has been experiencing a gradual decline. This decline is due to the effect of financial crisis which creped in the economy from 2007, in 2008 the post election also affected the firms performance hence such a trend is noted. The same trend is also observed in ROE and MBVR.(Figure 3 and 4). This means performance measured by the three variables responded in the same way.

Figure 1 Trend of Tobins Q



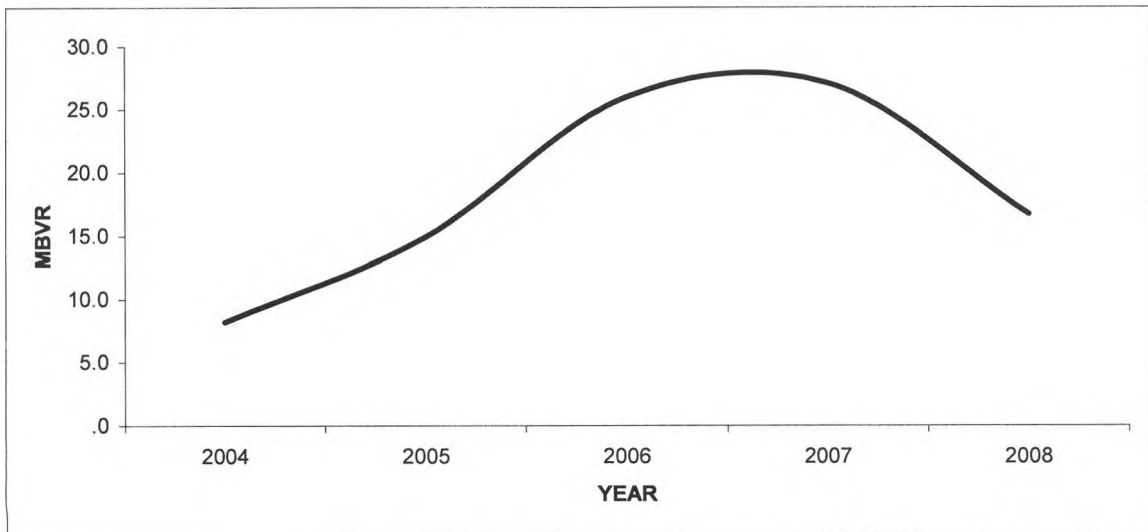
The trend line of ROE is shown in figure 2 below. The value of ROE was at its lowest in 2004 and rose steadily thereafter in 2005. It slightly dropped in 2006 after which it has been constant over the years till 2008.

Figure 2 Trend of ROE



Market-to-Book Value Ratio has steadily risen from 2004 to mid of 2006 when it attained its peak. After that it has been experiencing a downward trend to the year 2008.

Figure 3 Trend of MBVR



4.2.3 Correlation analyses

The result in the table 2 below shows the correlation matrix of the variables in the study. The finding shows that there exists a statistically significant positive correlation between all measures of performance and Foreign holdings at 5% level of significance:

ROE is significantly positively correlated with Foreign holdings (Pearson Correlation Coefficient=0.195, p-value=0.024) implying that as foreign holdings increases so does performance (ROE).

MBVR is significantly positively correlated with Foreign holdings (Pearson Correlation Coefficient=0.174, p-value=0.044) implying that as foreign holdings increases so does performance (MBVR).

Tobins' Q is significantly positively correlated with Foreign holdings (Pearson Correlation Coefficient=0.242, p-value=0.005) implying that as foreign holdings increases so does performance (Tobins' Q).

The positive correlation between foreign ownership and performance can be due to several factor. Foreign firm tend to employ professional staff at management level whose

their performance is measured in terms of firms performance. This means then managers have to work very hard to safeguard their jobs and by so doing the performance of the firm is normally high. Also foreign firms have a wide / global experience. This enable high quality products hence increase performance of the firm.

Also foreign firm used standard measures for their best performing firms internationally, which makes firms more competitive internationally hence increase performance.

Findings also indicate a significant positive correlation between ROE and firm size (Pearson Correlation Coefficient=0.196, p-value=0.023) and . Large firms tend to use embrace modern technology which is more efficient unlike small firms. Large firms can access capital without much problems since their asset act as collaterals. Also they can invest in research and development activities. All this will improve their performance unlike small firms which tend to have limited resources.

Also findings indicate positive correlation between ROE and High ownership structure (Pearson Correlation Coefficient=0.232, p-value=0.007. There also exists a significant and positive correlation between Tobins Q and high ownership structure (Pearson Correlation Coefficient=0.307, p-value=0.000). High ownership concentration comprises of shareholders who are mainly institutions and very few individuals. Directors tend to be drawn from these institutions and have high level of experience. Management and controls are very tight. This contributes to high performance of firms.

The positive correlation between ROE, MBVR and Tobins'q is in the support of the Shleifer and Vishny (1986) that concentration ownership might reduce the agency cost and hence increase the firms performance. These results are consistent with Zeitun and Gary (2007) that there is a positive relationship between ownership concentration and accounting profits measures in terms of ROA and ROE.

The results also indicate a statistically significant negative correlation between all ROE and Institutional holding ($R=-0.195$, p-value=0.023) and between Tobins Q and Institutional holding ($R=-0.225$, p-value=0.009) and institutional holdings at 5% level of

significance implying that as Institutional holdings increases firm performance reduces and vice versa. This is mainly due loss of control. Institutions employ professionals as managers who might not always work for the interest of shareholders but for their own interest. They avoid high risk decisions hence reducing the firms returns. Also this can be attributed to entrenchment effect. There is an argument that managerial ownership does not always lead to improved corporate performance. This is because at a certain level of shareholding managerial shareholders can 'entrench' their power and run the firm's business in their interests (Morck et al, 1988; McConnell and Servaes,1990; Short, 1999).

A significant negative correlation between ROE and Low ownership structure at 5% level of significance (Pearson Correlation Coefficient=0.196, p-value=0.023. Mainly shareholders at the low level tend to be individuals who hold less than 1000 shares and their main motive is short term returns, they are also less informed about the happenings in the firms. They dispose off their shares immediately there is slight price increase. Also the share holders usually do not participate in decision making and running of the organization, they are rarely appointed as directors. This means due to free-rider problems the low shareholders have minimal supervision and monitoring of the directors hence performance is reduced hence affects performance of the firm.

Table 2 Correlation analyzes

		ROE	MBVR	TOBINS Q	AGE	SIZE	Foreign held	Individual held	Institution held	Low Ownership Structure	Moderate Ownership Structure	High Ownership Structure
ROE	R	1	.155	.616**	-.077	.196*	.195*	.008	-.195*	-.190*	.048	.232**
	P-value		.072	.000	.377	.023	.024	.930	.023	.027	.580	.007
MBVR	R	.155	1	.347**	.016	.094	.174*	-.109	-.122	-.087	-.070	-.073
	P-value	.072		.000	.856	.280	.044	.208	.159	.314	.418	.400
TOBINSQ	R	.616**	.347**	1	-.115	.075	.242**	-.032	-.225**	-.113	.068	.307**
	P-value	.000	.000		.186	.390	.005	.710	.009	.194	.435	.000
AGE	R	-.077	.016	-.115	1	.065	-.084	-.210*	.184*	.093	-.244**	-.174*
	P-value	.377	.856	.186		.455	.335	.015	.033	.281	.004	.043
SIZE	R	.196*	.094	.075	.065	1	.163	-.077	-.081	.292**	.052	.218*
	P-value	.023	.280	.390	.455		.059	.372	.348	.001	.549	.011
Foreignheld	R	.195*	.174*	.242**	-.084	.163	1	-.265**	-.851**	-.237**	-.164	-.087
	P-value	.024	.044	.005	.335	.059		.002	.000	.006	.057	.316
Individualheld	R	.008	-.109	-.032	-.210*	-.077	-.265**	1	-.266**	.043	.211*	-.093
	P-value	.930	.208	.710	.015	.372	.002		.002	.618	.014	.286
Institutionheld	R	-.195*	-.122	-.225**	.184*	-.081	-.851**	-.266**	1	.204*	.037	.138
	P-value	.023	.159	.009	.033	.348	.000	.002		.018	.671	.110
Low Ownership Structure	R	-.190*	-.087	-.113	.093	.292**	-.237**	.043	.204*	1	.508**	.547**
	P-value	.027	.314	.194	.281	.001	.006	.618	.018		.000	.000
Moderate Ownership Structure	R	.048	-.070	.068	-.244**	.052	-.164	.211*	.037	.508**	1	.709**
	P-value	.580	.418	.435	.004	.549	.057	.014	.671	.000		.000
High Ownership Structure	R	.232**	-.073	.307**	-.174*	.218*	-.087	-.093	.138	.547**	.709**	1
	P-value	.007	.400	.000	.043	.011	.316	.286	.110	.000	.000	

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

4.2.4 Regression Analysis

To establish the effects of ownership structure on a firms performance, the researcher used multiple regression analysis while controlling for firm size and age.

The regression model is as below:

$$Y (\text{performance}) = \beta_0 + \beta_1 \text{Indo}_{i,t} + \beta_2 \text{Insto}_{i,t} + \beta_3 \text{Fo}_{i,t} + \beta_4 \text{OC}_{i,t} + \beta_5 \text{age}_{i,t} + \beta_6 \text{size}_{i,t} + \varepsilon_{i,t}$$

Where:

Y	=ROE, ROA, Tobin's q or MBV-Performance variables.
β_0	=Y-intercept of the regression equation
$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5$	= are the slope of the regression
$\text{Indo}_{i,t}$	=Individual Ownership.
$\text{Insto}_{i,t}$	=Institutional Ownership.
$\text{Fo}_{i,t}$	= Foreign ownership
$\text{OC}_{i,t}$	=Ownership Strucutue
Firms Size,age	=Control variables
ε	= error term

The result of the regression analysis in table 3 below shows that there exists a negative relationship between firms' performance and all ownership structure variables. This again implies firm performance will be expected to be high in firms with less individual, institutional and foreign investors. This implies we reject the null hypothesis and accept the alternative hypothesis.

As observed above, however, the correlation relationship between firm performance and foreign holdings showed a statistically significant positive correlation with firm performance indicating that firms with more foreign investors are better performers than firms with less foreign investors. Since correlation coefficient is significant, this argument takes precedence to the regression relationship where the coefficient of the foreign investment variable is not statistically significant. Foreigners tend to set strict procedures and monitoring tools which improve on the performance. Also the tend to use foreign standards as benchmark for their performance which are normally high., In this case we accept the Null hypothesis and reject the alternative hypothesis that foreign ownership contributes to high firm performance.

Findings as in table 3 also indicate a positive but not significant relationship between firm's performance and its age or size at 5% level of significance since the p-values are all greater than 0.05. It is worth noting that the relationship between firm performance and age is negatively related for MBVR is the dependent variable. This could imply that young firms would be better performance than older firms.

The coefficients of firm size, low, moderate and high ownership structure are all equal to zero indicating non-significance roles they play on firm performance. As such they would not be included in the regression model.

The Adjusted R-square shows that the regression model explains about 0.2% of MBVR, 25.2% of ROE and 24.9% of Tobins Q. Since the power of the regression model as given by the adjusted square is highest when ROE is the measure of performance, we conclude that ROE and Tobins Q are the best measure of firm performance.

The Durbin-Watson test for serial correlation of the residuals and casewise diagnostics for the cases meeting the selection criterion shows that there is no serial correlation among the regression residuals since the value of Durbin Watson is below 7.0. Collinearity (or multicollinearity) is the undesirable situation where the correlations among the independent variables are strong. Tolerance is a statistic used to determine how much the independent variables are linearly related to one another (multicollinear). Very small values of tolerance (closer to zero) are an indicator of multicollinearity. Our value of tolerance is almost equal to 1.0 implying that there is no multicollinearity in the independent variables.

Therefore, to explain firm performance, our regression equation can then be expressed as;

$$ROE = 0.494 - 0.3875 \textit{foreignheld} - 0.287 \textit{individualheld} - 0.4453 \textit{institutionalheld} + 0.0004 \textit{age} + \varepsilon,$$

$$MBVR = 110.35 - 75.67 \textit{foreignheld} - 10746 \textit{individualheld} - 89.16 \textit{institutionalheld} - 0.0095 \textit{age} + \varepsilon,$$

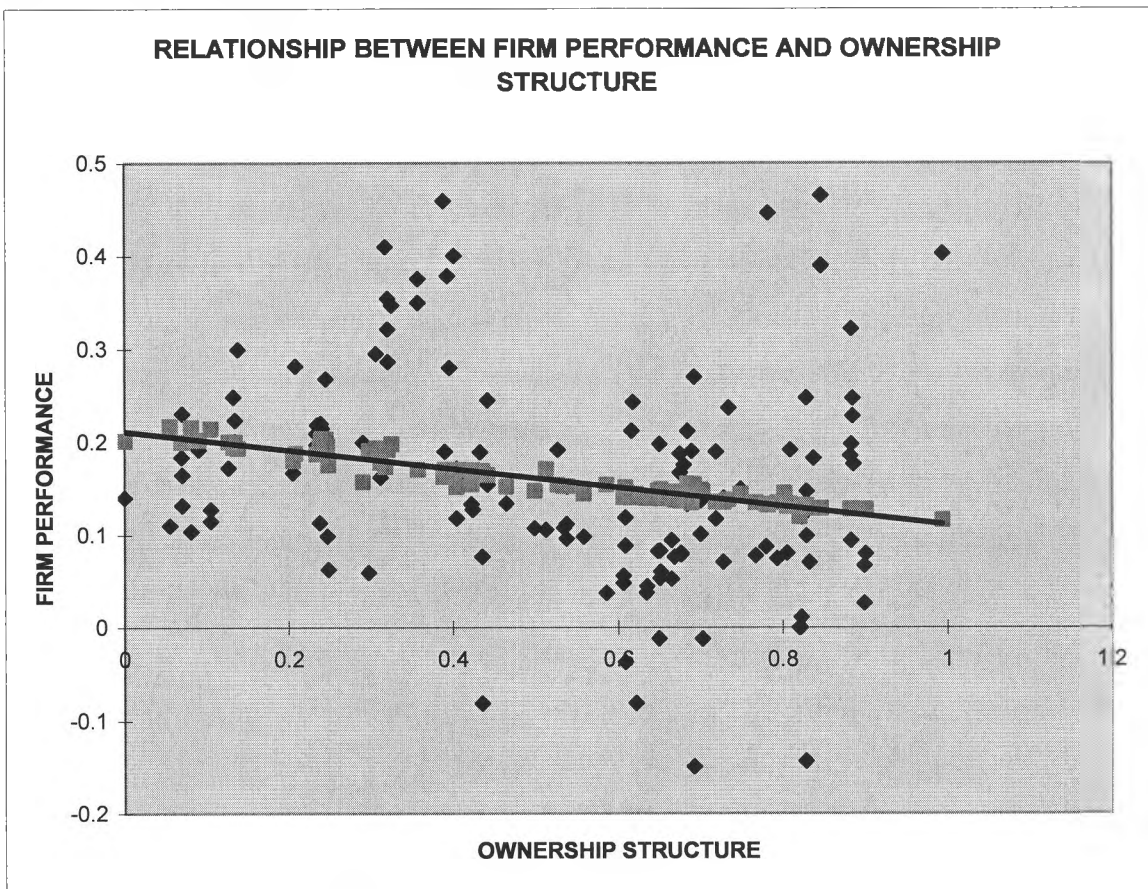
$$\textit{TobinsQ} = 4.418 - 2.756 \textit{foreignheld} - 2.296 \textit{individualheld} - 3.752 \textit{institutionalheld} - 0.001 \textit{age} + \varepsilon.$$

Table 3 Overall Regression Analysis

Dependent Variable	Variables	B	t-statistics	P-value	Adj. R ²	Durbin-Watson	Tolerance	
ROE	(Constant)	0.4935	1.6217	0.1074	25.2%	1.312		
	Foreignheld	-0.3875	-1.2798	0.2030			0.0127	
	Individualheld	-0.2870	-0.9416	0.3482			0.0450	
	Institutionheld	-0.4453	-1.4847	0.1401			0.0131	
	AGE	0.0004	0.7357	0.4633			0.8096	
	SIZE	0.0000	2.8587	0.0050			0.7269	
	Low Ownership Structure	0.0000	-5.0574	0.0000			0.5441	
	Moderate Ownership Structure	0.0000	-1.2626	0.2091			0.3773	
	High Ownership Structure	0.0000	4.9510	0.0000			0.3710	
MBVR	(Constant)	110.3529	1.2672	0.2074	0.2%	1.024		
	Foreignheld	-75.6674	-0.8732	0.3842			0.0127	
	Individualheld	-	-1.2322	0.2202			0.0450	
	Institutionheld	107.4626	-89.1623	-1.0388			0.3009	0.0131
	AGE	-0.0095	-0.0681	0.9458			0.8096	
	SIZE	0.0000	1.3966	0.1650			0.7269	
	Low Ownership Structure	0.0000	-0.6814	0.4968			0.5441	
	Moderate Ownership Structure	0.0000	0.3905	0.6968			0.3773	
	High Ownership Structure	0.0000	-0.6804	0.4975			0.3710	
TOBINS Q	(Constant)	4.4185	1.5296	0.1286	24.9%	0.878		
	Foreignheld	-2.7556	-0.9587	0.3395			0.0127	
	Individualheld	-2.2957	-0.7935	0.4290			0.0450	
	Institutionheld	-3.7515	-1.3176	0.1900			0.0131	
	AGE	0.0010	-0.2240	0.8231			0.8096	
	SIZE	0.0000	0.4645	0.6431			0.7269	
	Low Ownership Structure	0.0000	-3.3798	0.0010			0.5441	
	Moderate Ownership Structure	0.0000	-2.3529	0.0202			0.3773	
	High Ownership Structure	0.0000	5.9425	0.0000			0.3710	

Figure 7 below emphasizes the negative relationship between firm performance and its ownership structure

Figure 4 Relationship between firm performance and Ownership Structure



CHAPTER FIVE

CONCLUSION AND RECOMENTATIONS

5.1 Summary of Findings and Conclusion.

The objective of this paper was to examine the effects of corporate ownership structure on firm performance . Specifically this paper examined the effects of individuals, institutions and foreign ownership on firm performance using NSE sample . Does corporate ownership structure (individuals , institutions and foreign) impact firm performance ? The answer to this question is partly yes and no based on the statistical results of this study. This is because the study results to mixed information. Based on the analysis it is evidenced that firms listed in NSE have complied to the 25% threshold of individual ownership. From the analysis it was found that in average foreigners owned 22.1%, Individuals 23.6% and Institutions 54.5%.

The trend line shows that the value of Tobins Q has been rising steadily from 2004 until it reached its peak in 2006. Since then it has been experiencing a gradual decline. The value of ROE was at its lowest in 2004 and rose steadily thereafter in 2005. It slightly dropped in 2006 after which it has been constant over the years till 2008. Market-to-Book Value Ratio has steadily risen from 2004 to mid of 2006 when it attained its peak. After that it has been experiencing a downward trend to the year 2008.

Correlation analysis showed that there exists a statistically significant positive correlation between all measures of performance and Foreign holdings at 5% level of significance. The results also indicate a statistically significant negative correlation between two measures of performance (ROE and Tobins Q) and institutional holdings at 5% level of significance. The result of the regression analysis showed that there exists a negative relationship between firms' performance and all ownership structure variables. This again implies firm performance is not affected by firms ownership but by other factors.

There is observed no significant relationship between firm's performance and its age or size and whether its ownership structure is low, medium or high at 5% level of significance.

5.2 Recommendations

In the study the researcher assumed all financial year ended 31st December in every year of analysis. Firms in Kenya have different financial calendars some ending in March, June, September and December. Firms should be categorized in terms of financial year and analyzed to enable a reliable conclusion. This criterion is needed to calculate meaningful ratios and to increase comparability since most of the variables are measured at year-end. From the study it was found that Institutions are the largest shareholders and very few individuals appear in the top ten list of shareholders. This means that the contribution of individuals is minimal. All shareholders need to be represented and this can be assured by appointing directors and officials across board .

Also there are institutions which are wholly owned by individuals. Institutions ownership should therefore further disclose their individuals ownership to NSE to enable proper categorization of individual ownership and institution ownership. Investors either concentrated or diffusion owners must participate actively in monitoring and aligning management and pushing them to change to better ways in achieving higher standard of performance thus maximize wealth. All investors alike should must know they are actually owners of the firms and should maximize and exercise their rights in pushing the management to perform better. Other factors other than ownership structure seem to contribute to firms performance.

Research need to be done to compare the effectiveness and effect of old and new CMA regulations on performance of firms. Also research should be done on sector basis and compare the performance with the industry.

5.3 Limitations of the Study.

This study uses sample data from the NSE (Main Investment Market Segment). Companies which choose to be listed on NSE are mainly in the category of best performers in the country hence the study suffers a sample selection bias.

Caution need to taken in the interpretation of Institution ownership. This is because some institutions in Kenya are actually individually owned. State ownership was lumped together with institution owners.

Institutional and individual ownership included shareholders from East African countries. This ownership need to be separated to establish the local individuals and institutions and compare their effects on firm performance.

Data for 2004 for ownership mix was missing and the researcher assumed the same as 2005 data. Ownership concentration is in form of block shareholding but not specified to individuals , institutions and foreign to enable the researcher to draw a better conclusion.

5.4 Suggestions for Further Research.

This study focuses on the firms listed in the NSE Main Investment Market Segment. During the course of this study several ideas and potential research areas have crossed my mind. The purpose of this section is to serve as a source of inspiration for further researchers who want to write research papers within this area of work.

Issues of industry context need to be examined. This means a study need to be done on industry basis hence a conclusion be made. One interesting idea is to separate companies according to size, same financial year-end for generalized comparison. In this study large companies that in general represent maturing industries are associated with better performance regarding stock return and accounting profitability and analyzed together with the small young firms and need to be separated.

It will be interesting to see if the results concerning the effect of vote concentration and vote differentiation on firm performance would remain the same if larger firms were excluded from the data set.

Another interesting aspect would be to use other performance measures and also non financial performance measures should be incorporated in the analysis. In this study we have only applied standard forms of performance measures such as ROE, ROA MBVR and Tobins' q . A more precise measure of performance such as EVA that shows the economic value added would give a more reliable performance measure.

When it comes to the measures for ownership structure we have only applied quantitative data for possessed votes and capital by different owners. It would be interesting to in a more qualitative way to investigate managers' and owners' direct involvement in managing the firm and separate out the effect of active and more passive owners.

Also the same research can be repeated but using a longer period of time say 10years.

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Appendix I

List of Companies Listed in NSE 2004-2008

Main Investment Market Segment

Agricultural

1. Broke Bond Ltd
2. Kakuzi Ltd
3. Sasini Tea & Coffee Ltd
4. Rea Vipingo Ltd.

Commercial and Services

5. Car & General K Ltd.
6. CMC Holdings Ltd.
7. Hutchings Biemer Ltd.
8. Kenya Airways Ltd.
9. Marshalls E.A. Ltd.
10. Nation Media Group Ltd.
11. TPS EA (Serena) Ltd
12. Uchumi Supermarkets Ltd.

Finance and Investment

13. Housing Finance Company of Kenya Ltd.
14. I.C.D.C Investment Co. Ltd
15. Jubilee Insurance Co. Ltd
16. Olympia Capital Holdings Ltd
17. Pan Africa Insurance Holdings ltd

Industrial and Allied

18. Athi River Mining Ltd.
19. Bamburi Cement ltd

20. BOC Kenya Ltd.
21. British American Tobacco Kenya Ltd.
22. Carbacid Investments Ltd.
23. Crown berger (K) Ltd
24. E.A. Breweries Ltd
25. E.A. Cables Ltd.
26. E.A Portland Cement Co. Ltd.
27. Kenya Power & Lighting Co. Ltd
28. Kenya Oil Ltd.
29. Mumias Sugar Company Ltd.
30. Sameer Africa Ltd.
31. Total Kenya Ltd.
32. Unga Group Ltd.

Table 4 Summary of Distribution of Shareholders

Shares Category	YEARS					Totals	Average
	2004	2005	2006	2007	2008		
<50,000	14.81%	12.49%	13.32%	12.24%	12.51%	65.37%	13%
50,001-100,000	5.96%	6.25%	6.22%	5.89%	9.35%	33.66%	7%
100,001-500,000	7.27%	4.00%	3.33%	2.56%	1.55%	18.71%	4%
500,000-1,000,000	11.72%	13.41%	20.40%	19.80%	18.07%	83.41%	17%
>1,000,000	60.25%	63.85%	56.73%	59.51%	58.52%	298.86%	60%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	500.00%	100%

Source: Researcher Data

Ownership Concentration	%
Low (100,000 Share holding)	0.06
Moderate (100,000-500,000 Share holding)	0.15
High(> 500,000 Share holding)	0.79
Totals	1.00

Source: Researcher Data

Table 5 Age of Firms Listed in NSE (2004-2008)

Age Group	No.of Firms	Percentage(%)
< 20	1	4%
21-40	4	15%
41-60	8	30%
61-80	10	37%
81-100	3	11%
>100	1	4%
Total	27	100%

Source: Researcher Data

Appendix II Onwership Structure (Mix)

Ownership Share Holding 2004

	Company	Total Shares Issued	Foreign Investors	%	Individual Investors	%	Institution Investors	%
1	Sasini	38,009,250	65,281	0.17%	6,477,974	17.04%	31,465,995	82.79%
2	Kakuzi	19,599,999	6,507,929	33.20%	4,566,320	23.30%	8,525,750	43.50%
3	Rea vipingo	60,000,000	34,994,791	58.32%	16,938,556	28.23%	8,066,653	13.44%
4	Kenya Airways	553,938,580	167,859,386	30.30%	182,269,326	32.90%	203,809,868	36.79%
5	Car & General	22,493,905	361,010	1.60%	2,475,687	11.01%	19,657,208	87.39%
6	Marshalls	14,393,106	524,814	3.65%	1,938,390	13.47%	11,929,902	82.89%
7	Nation Media	71,305,260	32,249,768	45.23%	22,371,671	31.37%	16,683,821	23.40%
8	CMC Holdings	48,559,120	1,034,256	2.13%	14,672,503	30.22%	32,852,361	67.65%
9	TPS	38,679,000	228,609	0.59%	6,644,648	17.18%	31,805,615	82.23%
10	ICDCI	54,995,183	95,100	0.17%	21,573,336	39.23%	33,326,747	60.60%
11	Housing Finance	115,000,000	32,753,959	28.48%	41,113,054	35.75%	41,132,987	35.77%
12	Jubilee Insurance	36,000,000	19,383,721	53.84%	14,098,433	39.16%	2,517,848	6.99%
13	Pan Africa Ins.	48,000,000	638,894	1.33%	12,858,709	26.79%	34,502,397	71.88%
14	British Ame. Tob	100,000,000	60,130,369	60.13%	7,753,259	7.75%	32,116,371	32.12%
15	Bamburi Cement	362,959,275	262,984,662	72.46%	27,755,271	7.65%	87,101,856	24.00%
16	Crown Berger	23,727,000	3,324,376	14.01%	7,665,707	32.31%	12,736,916	53.68%
17	Kenya Oil	100,796,120	1,561,362	1.55%	10,132,394	10.05%	89,102,364	88.40%
18	Total Kenya	174,654,426	137,220,265	78.57%	19,349,097	11.08%	18,085,065	10.35%
19	Unga Group	63,090,728	1,443,005	2.29%	23,270,830	36.88%	38,376,893	60.83%
20	Athi River Mining	93,000,000	2,433,800	2.62%	52,971,133	56.96%	37,595,067	40.42%
21	Olympia Capital	10,000,000	1,000	0.01%	3,250,240	32.50%	6,748,760	67.49%
22	E. A. Cables	20,250,000	33,364	0.16%	3,079,666	15.21%	17,136,970	84.63%
23	E. A. Breweries	658,978,642	97,038,841	14.73%	133,097,081	20.20%	428,842,320	65.08%
24	Kenya Power	79,128,000	1,954,507	2.47%	6,054,217	7.65%	71,119,276	89.88%
25	E.A. Portland	90,000,000	26,822,089	29.80%	1,604,348	1.78%	61,573,562	68.42%
26	Sameer Africa	278,342,393	57,692,338	20.73%	25,779,979	9.26%	194,870,146	70.01%
27	Mumias Sugar	510,000,000	3,051,061	0.60%	192,906,620	37.82%	314,042,319	61.58%
	Totals	3,685,899,987	952,388,558		862,668,449		1,885,725,037	
	Average %			25.84%		23.40%		51.16%

Ownership Share Holding 2005

	Company	Total Shares Issued	Foreign Investors	%	Individual Investors	%	Institution Investors	%
1	Sasini	38,009,250	65,281	0.17%	6,477,974	17.04%	31,465,995	82.79%
2	Kakuzi	19,599,999	6,507,929	33.20%	4,566,320	23.30%	8,525,750	43.50%
3	Rea vipingo	60,000,000	34,994,791	58.32%	16,938,556	28.23%	8,066,653	13.44%
4	Kenya Airways	553,938,580	167,859,386	30.30%	182,269,326	32.90%	203,809,868	36.79%
5	Car & General	22,493,905	361,010	1.60%	2,475,687	11.01%	19,657,208	87.39%
6	Marshalls	14,393,106	524,814	3.65%	1,938,390	13.47%	11,929,902	82.89%
7	Nation Media	71,305,260	32,249,768	45.23%	22,371,671	31.37%	16,683,821	23.40%
8	CMC Holdings	48,559,120	1,034,256	2.13%	14,672,503	30.22%	32,852,361	67.65%
9	TPS	38,679,000	228,609	0.59%	6,644,648	17.18%	31,805,615	82.23%
10	ICDCI	54,995,183	95,100	0.17%	21,573,336	39.23%	33,326,747	60.60%
11	Housing Finance	115,000,000	32,753,959	28.48%	41,113,054	35.75%	41,132,987	35.77%
12	Jubilee Insurance	36,000,000	19,383,721	53.84%	14,098,433	39.16%	2,517,848	6.99%
13	Pan Africa Ins.	48,000,000	638,894	1.33%	12,858,709	26.79%	34,502,397	71.88%
14	British Ame. Tob.	100,000,000	60,130,369	60.13%	7,753,259	7.75%	32,116,371	32.12%
15	Bamburi Cement	362,959,275	262,984,662	72.46%	27,755,271	7.65%	87,101,856	24.00%
16	Crown Berger	23,727,000	3,324,376	14.01%	7,665,707	32.31%	12,736,916	53.68%
17	Kenya Oil	100,796,120	1,561,362	1.55%	10,132,394	10.05%	89,102,364	88.40%
18	Total Kenya	174,654,426	137,220,265	78.57%	19,349,097	11.08%	18,085,065	10.35%
19	Unga Group	63,090,728	1,443,005	2.29%	23,270,830	36.88%	38,376,893	60.83%
20	Athi River Mining	93,000,000	2,433,800	2.62%	52,971,133	56.96%	37,595,067	40.42%
21	Olympia Capital	10,000,000	1,000	0.01%	3,250,240	32.50%	6,748,760	67.49%
22	E. A. Cables	20,250,000	33,364	0.16%	3,079,666	15.21%	17,136,970	84.63%
23	E. A. Breweries	658,978,642	97,038,841	14.73%	133,097,081	20.20%	428,842,320	65.08%
24	Kenya Power	79,128,000	1,954,507	2.47%	6,054,217	7.65%	71,119,276	89.88%
25	E.A.Portland	90,000,000	26,822,089	29.80%	1,604,348	1.78%	61,573,562	68.42%
26	Sameer Africa	278,342,393	57,692,338	20.73%	25,779,979	9.26%	194,870,146	70.01%
27	Mumias Sugar	510,000,000	3,051,061	0.60%	192,906,620	37.82%	314,042,319	61.58%
	Totals	3,685,899,987	952,388,558		862,668,449	23.40%	1,885,725,037	51.16%
	Average %			25.84%		23.40%		51.16%

Ownership Share Holding 2006

	Company	Total Shares Issued	Foreign Investors	%	Individual Investors	%	Institution Investors	%
1	Sasini	38,009,250	74,489	0.20%	7,332,041	19%	30,602,703	81%
2	Kakuzi	19,599,999	6,505,393	33.19%	4,794,548	24%	8,300,058	42%
3	Rea Vipingo	60,000,000	35,110,651	58.52%	17,289,519	29%	7,599,830	13%
4	Kenya Airways	461,615,483	143,555,442	31.10%	135,334,627	29%	182,725,414	40%
5	Car & General	22,279,712	361,010	1.62%	2,281,886	10%	19,636,816	88%
6	Marshalls	14,393,106	525,129	3.65%	1,945,440	14%	11,922,537	83%
7	Nation Media	71,305,260	32,257,959	45.24%	22,314,443	31%	16,732,858	23%
8	CMC Holdings	48,559,120	1,460,636	3.01%	20,003,220	41%	27,092,764	56%
9	TPS	79,952,885	49,164,626	61.49%	8,979,053	11%	21,809,051	27%
10	ICDCI	54,995,183	96,709	0.18%	18,134,031	33%	36,764,443	67%
11	Housing Finance	115,000,000	29,033,465	25.25%	40,755,353	35%	45,211,182	39%
12	Jubilee Insurance	36,000,000	19,346,437	53.74%	14,176,138	39%	2,512,563	7%
13	Pan Africa Ins.	48,000,000	638,294	1.33%	12,418,894	26%	34,942,812	73%
14	British Ame. Tob.	100,000,000	60,311,900	60.31%	7,541,043	8%	32,147,057	32%
15	Bamburi Cement	362,959,275	263,071,974	72.48%	12,518,136	3%	87,369,164	24%
16	Crown Berger	23,727,000	3,315,177	13.97%	7,747,732	33%	12,664,091	53%
17	Kenya Oil	101,096,120	1,718,788	1.70%	9,366,712	9%	90,010,620	89%
18	Total Kenya	175,064,706	137,862,087	78.75%	23,135,609	13%	14,067,009	8%
19	Unga Group	63,090,728	1,454,017	2.30%	21,591,201	34%	40,045,510	63%
20	Athi River Mining	93,000,000	2,824,139	3.04%	63,151,183	68%	27,024,679	29%
21	Olympia Capital	10,000,000	417	0.00%	3,201,905	32%	6,797,678	68%
22	E. A. Cables	81,000,000	402,227	0.50%	16,096,566	20%	64,501,207	80%
23	E. A. Breweries	658,980,105	98,007,866	14.87%	133,817,561	20%	427,154,678	65%
24	Kenya Power	79,128,000	2,037,173	2.57%	5,859,754	7%	71,231,073	90%
25	E.A. Portland	90,000,000	26,431,604	29.37%	1,256,991	1%	62,311,405	69%
26	Sameer Africa	278,342,393	48,853,705	17.55%	33,944,679	12%	195,544,009	70%
27	Mumias Sugar	510,000,000	6,556,617	1.29%	171,964,993	34%	331,478,390	65%
	Totals	3,696,098,325	970,977,930		816,953,258		1,908,199,602	
	Average %			26%		22%		52%

Ownership Share Holding 2007

	Company	Total Shares Issued	Foreign Investors	%	Individual Investors	%	Institution Investors	%
1	Sasini	212,217,840	566,659	0.27%	63,461,897	29.90%	148,189,585	69.83%
2	Kakuzi	19,599,999	6,352,570	32.41%	5,243,164	26.75%	8,004,439	40.84%
3	Rea Vipingo	60,000,000	23,806,306	39.68%	19,936,803	33.23%	18,746,721	31.24%
4	Kenya Airways	461,615,483	144,935,747	31.40%	116,719,787	25.29%	199,603,413	43.24%
5	Car & General	22,279,616	361,010	1.62%	2,261,398	10.15%	19,657,208	88.23%
6	Marshalls	14,393,106	529,381	3.68%	2,043,103	14.20%	11,820,622	82.13%
7	Nation Media	71,305,260	32,311,067	45.31%	24,156,208	33.88%	14,837,953	20.81%
8	CMC Holdings	412,752,520	8,323,318	2.02%	201,401,048	48.79%	204,983,077	49.66%
9	TPS	95,572,336	54,677,762	57.21%	12,402,882	12.98%	25,196,327	26.36%
10	ICDCI	549,951,830	924,180	0.17%	138,209,158	25.13%	365,733,572	66.50%
11	Housing Finance	115,000,000	24,383,802	21.20%	44,475,022	38.67%	46,141,109	40.12%
12	Jubilee Insurance	39,000,000	21,520,422	55.18%	15,117,687	38.76%	3,111,891	7.98%
13	Pan Africa Ins.	48,000,000	638,294	1.33%	12,411,890	25.86%	34,949,816	72.81%
14	British Ame. Tob.	100,000,000	61,551,835	61.55%	7,744,228	7.74%	30,703,937	30.70%
15	Bamburi Cement	362,959,275	261,411,130	72.02%	12,496,611	3.44%	89,067,968	24.54%
16	Crown Berger	23,727,000	3,312,092	13.96%	7,657,372	32.27%	12,757,537	53.77%
17	Kenya Oil	105,486,120	5,734,263	5.44%	10,213,203	9.68%	89,538,655	84.88%
18	Total Kenya	175,064,706	138,406,517	79.06%	27,032,550	15.44%	9,625,406	5.50%
19	Unga Group	63,090,728	1,176,874	1.87%	12,713,862	20.15%	49,199,993	77.98%
20	Athi River Mining	93,504,583	3,465,758	3.71%	28,874,924	30.88%	61,163,901	65.41%
21	Olympia Capital	17,500,000	38,125	0.22%	7,517,414	42.96%	9,944,461	56.83%
22	E. A. Cables	202,500,000	1,239,217	0.61%	42,844,637	21.16%	158,416,146	78.23%
23	E. A. Breweries	658,978,630	108,484,210	16.46%	134,235,394	20.37%	438,161,087	66.49%
24	Kenya Power	79,128,000	3,198,305	4.04%	15,232,926	19.25%	60,696,769	76.71%
25	E.A. Portland	90,000,000	26,452,910	29.39%	1,247,431	1.39%	62,299,659	69.22%
26	Sameer Africa	278,342,393	50,479,056	18.14%	46,451,610	16.69%	181,411,735	65.18%
27	Mumias Sugar	680,000,000	19,996,719	2.94%	261,425,836	38.44%	313,577,465	46.11%
	Totals	5,051,969,426	1,004,277,530		1,291,699,758		2,852,349,123	
	Average %			19.88%		25.57%		56.46%

Ownership Share Holding 2008

	Company	Total Shares Issued	Foreign Investors	%	Individual Investors	%	Institution Investors	%
1	Sasini	228,055,449	743,785	0.33%	70,149,361	30.76%	157,162,354	68.91%
2	Kakuzi	19,599,999	6,392,439	32.61%	5,475,310	27.94%	7,683,679	39.20%
3	Rea Vipingo	60,000,000	35,276,728	58.79%	19,398,012	32.33%	5,325,260	8.88%
4	Kenya Airways	461,615,483	156,487,432	33.90%	111,241,524	24.10%	324,405,292	70.28%
5	Car & General	22,279,616	361,010	1.62%	2,093,503	9.40%	18,253,122	81.93%
6	Marshalls	14,393,106	543,949	3.78%	2,034,529	14.14%	11,818,913	82.12%
7	Nation Media	96,771,424	44,369,668	45.85%	29,412,046	30.39%	18,976,370	19.61%
8	CMC Holdings	543,862,144	15,221,030	2.80%	269,168,725	49.49%	288,607,861	53.07%
9	TPS	105,864,742	60,180,615	56.85%	14,016,292	13.24%	31,502,018	29.76%
10	ICDCI	549,951,830	2,512,255	0.46%	190,564,334	34.65%	356,616,163	64.84%
11	Housing Finance	156,071,429	957,283	0.61%	58,480,146	37.47%	96,633,999	61.92%
12	Jubilee Insurance	45,000,000	24,502,574	54.45%	16,756,579	37.24%	3,740,847	8.31%
13	Pan Africa Ins.	48,000,000	679,138	1.41%	12,221,580	25.46%	32,728,999	68.19%
14	British Ame. Tob.	100,000,000	64,531,391	64.53%	8,056,850	8.06%	27,400,086	27.40%
15	Bamburi Cement	362,959,275	259,786,188	71.57%	12,799,032	3.53%	93,359,857	25.72%
16	Crown Berger	23,727,000	3,332,329	14.04%	7,862,466	33.14%	13,050,855	55.00%
17	Kenya Oil	147,176,120	55,500,877	37.71%	9,968,780	6.77%	81,614,662	55.45%
18	Total Kenya	175,064,706	138,115,654	78.89%	29,116,164	16.63%	7,825,745	4.47%
19	Unga Group	63,090,728	1,162,535	1.84%	11,134,608	17.65%	50,793,586	80.51%
20	Athi River Mining	99,055,000	4,420,930	4.46%	17,405,285	17.57%	77,228,785	77.97%
21	Olympia Capital	40,060,347	81,470	0.20%	18,538,072	46.28%	21,440,856	53.52%
22	E. A. Cables	202,500,000	4,285,053	2.12%	41,912,116	20.70%	169,888,431	83.90%
23	E. A. Breweries	738,056,066	144,947,541	19.64%	146,440,506	19.84%	499,386,309	67.66%
24	Kenya Power	79,128,000	3,095,854	3.91%	13,232,049	16.72%	62,800,097	79.37%
25	E.A. Portland	90,000,000	26,566,268	29.52%	1,216,902	1.35%	62,216,831	69.13%
26	Sameer Africa	278,342,393	50,453,498	18.13%	45,939,688	16.50%	181,949,207	65.37%
27	Mumias Sugar	1,530,000,000	66,338,292	4.34%	688,761,668	45.02%	774,925,160	50.65%
	Totals	6,280,624,856	1,170,845,786		1,853,396,124		3,477,335,343	
	Average %			18.64%		29.51%		55.37%

Ratio computation 2004

	COMPANY NAME	TOTAL NO. OF SHARES ISSUED	MPS	BOOK PRICE	MARKET CAPITALIZATION '000'	BOOK VALUE '000'	Profit after tax'000'	Total Assets '000'	Shareholder's Equity'000'	Debt'000'	Liabilities at Book Value'000'	ROE	ROA	MBVR	Tobins Q
1	Kakuzi Ord.5.00	19,599,999	40.00	5.00	784,000	98,000	83,733	1,773,550	1,090,350	683,200	371,829	0.08	0.05	8.00	0.86
2	Rea Vipingo Plantations Ltd Ord 5.00	60,000,000	10.00	5.00	600,000	300,000	128,666	777,987	575,807	202,180	250,674	0.22	0.17	2.00	1.02
3	Sasni Tea & Coffee Ltd Ord 5.00	38,009,250	26.25	5.00	997,743	190,046	776,664	3,797,526	3,138,077	590,503	221,756	0.25	0.20	5.25	0.46
4	Car & General (K) Ltd Ord 5.00	22,279,560	15.00	5.00	334,193	111,398	37,415	427,369	398,442	29,436	314,401	0.09	0.09	3.00	0.91
5	CMC Holdings Ltd Ord 5.00	48,559,120	60.00	5.00	2,913,547	242,796	262,962	3,183,700	2,735,401	448,299	3,120,141	0.10	0.08	12.00	1.03
6	Kenya Airways Ltd Ord 5.00	461,615,484	16.90	5.00	7,801,302	2,308,077	1,302,000	21,940,000	8,420,000	13,502,000	7,468,000	0.15	0.06	3.38	0.98
7	Marshalls (E.A.) Ltd Ord 5.00	14,393,106	15.00	5.00	215,897	71,966	22,256	225,135	224,635	500	732,983	0.10	0.10	3.00	0.99
8	Nation Media Group Ord. 5.00	53,478,945	170.00	5.00	9,091,421	267,395	591,600	2,867,400	2,999,200	10,600	1,181,900	0.20	0.21	34.00	2.45
9	Tourism Promotion Services Ltd Ord 5.00 (Serenas)	38,679,000	47.25	5.00	1,827,583	193,395	130,526	1,420,153	1,091,639	328,514	634,366	0.12	0.09	9.45	1.36
10	I.C.D.C Investments Co Ltd Ord 5.00	54,995,183	60.00	5.00	3,299,711	274,976	241,350	3,057,034	2,996,538	60,496	197,142	0.08	0.08	12.00	1.09
11	Housing Finance Co Ltd Ord 5.00	115,000,000	8.50	5.00	977,500	575,000	59,976	1,119,926	1,069,176	50,750	8,340,706	0.06	0.05	1.70	0.99
12	Jubilee Insurance Co. Ltd Ord 5.00	36,000,000	58.00	5.00	2,088,000	180,000	276,586	2,339,572	2,093,796	0	7,384,270	0.13	0.12	11.60	1.00
13	Olympia Capital Holdings Ltd Ord 5.00	10,000,000	15.85	5.00	158,500	50,000	22,921	219,867	137,121	21,394	91,146	0.17	0.10	3.17	1.09
14	Pan Africa Insurance Ltd Ord 5.00	48,000,000	21.00	5.00	1,008,000	240,000	93,811	799,144	799,144	0	2,554,476	0.12	0.12	4.20	1.06
15	Athi River Mining Ord 5.00	93,000,000	15.00	5.00	1,395,000	465,000	116,718	1,371,374	986,188	332,147	654,617	0.12	0.09	3.00	1.21
16	Bamburi Cement Ltd Ord 5.00	362,959,925	95.00	5.00	34,481,193	1,814,800	1,901,000	12,833,000	9,863,000	2,348,000	1,978,000	0.19	0.15	19.00	2.74
17	British American Tobacco Kenya Ltd Ord 10.00	100,000,000	200.00	10.00	20,000,000	1,000,000	1,210,194	4,368,513	3,761,025	607,488	1,753,374	0.32	0.28	20.00	3.65
18	Crown Berger Ltd Ord 5.00	23,727,000	28.00	5.00	664,356	118,635	50,900	665,723	612,251	53,472	434,384	0.08	0.08	5.60	1.05
19	E.A Cables Ltd Ord 5.00	20,250,000	51.00	5.00	1,032,750	101,250	123,661	337,654	317,042	20,612	154,562	0.39	0.37	10.20	2.45
20	E.A Portland Cement Ltd Ord 5.00	90,000,000	46.00	5.00	4,140,000	450,000	-269,177	6,391,943	1,802,463	4,589,480	1,078,354	-0.15	-0.04	9.20	1.31
21	East African Breweries Ltd Ord 10.00	109,829,772	100.00	10.00	10,982,977	1,098,298	4,747,913	16,864,622	13,544,510	1,606,002	3,905,915	0.35	0.28	10.00	0.87
22	Kenya Oil Co Ltd Ord 5.00	100,796,120	63.00	5.00	6,350,156	503,981	838,484	3,681,720	3,392,935	288,785	2,553,086	0.25	0.23	12.60	1.47
23	Kenya Power & Lighting Ltd Ord 20.00	79,128,000	94.50	20.00	7,477,596	1,582,560	457,807	23,750,921	17,491,219	6,259,702	8,544,160	0.03	0.02	4.73	0.69
24	Mumias Sugar Co. Ltd. Ord 5.00	510,000,000	10.80	5.00	5,508,000	2,550,000	791,451	7,323,322	5,402,105	192,217	1,824,015	0.15	0.11	2.16	1.01
25	Sameer Africa Ltd Ord 5.00	278,342,400	12.50	5.00	3,479,280	1,391,712	275,171	2,125,873	2,012,290	113,583	860,571	0.14	0.13	2.50	1.49
26	Total Kenya Ltd Ord 5.00	173,013,000	37.50	5.00	6,487,988	865,065	577,007	4,522,751	4,522,751	0	6,026,038	0.13	0.13	7.50	1.19
27	Unga Group Ltd Ord 5.00	63,090,728	10.60	5.00	668,762	315,454	-51,950	2,218,340	1,407,401	91,987	2,117,032	-0.04	-0.02	2.12	0.80

	COMPANY NAME	TOTAL NO. OF SHARES ISSUED	MPS	BOOK PRICE	MARKET CAPITALIZATION '000'	BOOK VALUE '000'	Profit after tax '000'	Total Assets '000'	Shareholders Equity '000'	Debt '000'	Liabilities at Book Value '000'	ROE	ROA	MBVR	Tobins Q
1	Kakuzi Ord.5.00	19,599,999	48.25	5.00	945,700	98,000	-73,767	1,450,254	910,218	540,036	613,252	-0.08	-0.05	9.65	1.02
2	Rea Vipingo Plantations Ltd Ord 5.00	60,000,000	20.75	5.00	1,245,000	300,000	124,462	802,222	619,239	182,983	243,005	0.20	0.16	4.15	1.60
3	Sasini Tea & Coffee Ltd Ord 5.00	38,009,250	26.75	5.00	1,016,747	190,046	-386,594	3,212,126	2,697,425	424,910	230,608	-0.14	-0.12	5.35	0.50
4	Car & General (K) Ltd Ord 5.00	22,279,616	23.00	5.00	512,431	111,398	194,273	722,823	603,385	119,619	438,090	0.32	0.27	4.60	0.92
5	CMC Holdings Ltd Ord 5.00	48,559,120	54.00	5.00	2,622,192	242,796	339,987	3,405,000	3,035,218	369,782	3,645,725	0.11	0.10	10.80	0.94
6	Kenya Airways Ltd Ord 5.00	461,615,484	82.00	5.00	37,852,470	2,308,077	3,020,000	30,830,000	12,329,000	18,490,000	13,992,000	0.24	0.10	16.40	1.57
7	Marshalls (E.A.) Ltd Ord 5.00	14,393,106	24.50	5.00	352,631	71,966	42,498	467,724	288,461	179,263	521,131	0.15	0.09	4.90	1.06
8	Nation Media Group Ord 5.00	71,305,260	190.00	5.00	13,547,999	356,526	689,000	3,267,800	3,289,800	37,100	1,158,900	0.21	0.21	38.00	3.29
9	Tourism Promotion Services Ltd Ord 5.00 (Serena)	77,681,703	81.00	1.00	6,292,218	77,682	22,945	4,287,929	2,098,523	1,899,889	735,586	0.01	0.01	81.00	1.89
10	I.C.D.C Investments Co Ltd Ord 5.00	54,995,188	72.50	5.00	3,987,151	274,976	295,234	3,934,408	3,752,210	182,198	158,798	0.08	0.08	14.50	1.06
11	Housing Finance Co Ltd Ord 5.00	115,000,000	13.95	5.00	1,604,250	575,000	58,799	1,271,714	1,220,964	50,750	8,589,364	0.05	0.05	2.79	1.04
12	Jubilee Insurance Co. Ltd Ord 5.00	36,000,000	83.00	5.00	2,988,000	180,000	546,336	2,628,628	2,370,417	0	8,962,076	0.23	0.21	16.60	1.05
13	Olympia Capital Holdings Ltd Ord 5.00	10,000,000	16.00	5.00	160,000	50,000	23,032	193,972	122,808	14,275	83,286	0.19	0.12	3.20	1.17
14	Pan Africa Insurance Ltd Ord 5.00	48,000,000	40.00	5.00	1,920,000	240,000	176,605	931,339	931,339		2,764,724	0.19	0.19	8.00	1.27
15	Athi River Mining Ord 5.00	93,000,000	39.50	5.00	3,673,500	465,000	199,504	2,718,199	1,162,219	1,508,230	520,465	0.17	0.07	7.90	1.79
16	Bamburi Cement Ltd Ord 5.00	362,959,275	140.00	5.00	50,814,299	1,814,796	2,155,000	13,511,000	10,679,000	2,230,000	1,821,000	0.20	0.16	28.00	3.72
17	British American Tobacco Kenya Ltd Ord 10.00	100,000,000	204.00	10.00	20,400,000	1,000,000	1,382,038	4,554,512	3,893,063	661,449	1,691,929	0.36	0.30	20.40	3.64
18	Crown Berger Ltd Ord 5.00	23,727,000	35.00	5.00	830,445	118,635	34,418	718,608	646,669	71,939	540,213	0.05	0.05	7.00	1.15
19	E.A. Cables Ltd Ord 5.00	20,250,000	137.00	5.00	2,774,250	101,250	212,939	633,678	457,642	44,592	418,492	0.47	0.34	27.40	3.52
20	E.A. Portland Cement Ltd Ord 5.00	90,000,000	110.00	5.00	9,900,000	450,000	607,872	6,823,197	2,252,835	4,570,362	894,683	0.27	0.09	22.00	1.99
21	East African Breweries Ltd Ord 10.00	658,978,630	135.00	10.00	88,962,115	6,589,786	5,776,228	18,695,903	15,346,633	1,690,612	4,042,591	0.38	0.31	13.50	4.49
22	Kenya Oil Co Ltd Ord 5.00	100,796,120	135.00	5.00	13,607,476	503,981	915,878	4,287,158	4,015,844	271,314	4,085,990	0.23	0.21	27.00	2.15
23	Kenya Power & Lighting Ltd Ord 20.00	79,128,000	138.00	20.00	10,919,664	1,582,560	1,270,273	25,253,856	18,898,179	6,355,677	10,583,627	0.07	0.05	6.90	0.78
24	Mumias Sugar Co. Ltd. Ord 5.00	510,000,000	35.00	5.00	17,850,000	2,550,000	1,289,930	7,888,889	6,080,035	1,808,854	1,608,685	0.21	0.16	7.00	2.24
25	Sameer Africa Ltd Ord 5.00	278,342,400	21.50	5.00	5,984,362	1,391,712	204,678	2,174,494	2,028,470	146,024	1,030,036	0.10	0.09	4.30	2.23
26	Total Kenya Ltd Ord 5.00	173,013,000	41.00	5.00	7,093,533	865,065	531,561	4,616,649	4,616,649		6,156,647	0.12	0.12	8.20	1.23
27	Unga Group Ltd Ord 5.00	63,090,728	19.40	5.00	1,223,960	315,454	124,492	2,218,340	1,407,401	91,987	1,654,379	0.09	0.06	3.88	0.94

	COMPANY NAME	TOTAL NO. OF SHARES ISSUED	MPS	BOOK PRICE	MARKET CAPITALIZATION '000'	BOOK VALUE '000'	Profit after tax '000'	Total Assets '000'	Shareholders Equity '000'	Debt '000'	Liabilities at Book Value '000'	ROE	ROA	MBVR	Tobins Q
1	Kakuzi Ord.5.00	19,599,999	42.25	5.00	828,100	98,000	133,051	1,703,718	1,043,269	660,449	592,149	0.13	0.08	8.45	0.91
2	Rea Vipingo Plantations Ltd Ord 5.00	60,000,000	25.75	5.00	1,545,000	300,000	112,576	820,753	652,372	168,381	245,958	0.17	0.14	5.15	1.84
3	Sasini Tea & Coffee Ltd Ord 5.00	38,009,250	141.00	5.00	5,359,304	190,046	236,738	3,534,651	2,936,955	504,175	295,812	0.08	0.07	28.20	1.65
4	Car & General (K) Ltd Ord 5.00	22,279,616	50.00	5.00	1,113,981	111,398	135,656	892,940	730,729	160,461	538,014	0.19	0.15	10.00	1.27
5	CMC Holdings Ltd Ord 5.00	48,559,120	176.00	5.00	8,546,405	242,796	382,356	3,951,748	3,542,025	409,723	3,861,940	0.11	0.10	35.20	1.64
6	Kenya Airways Ltd Ord 5.00	461,615,484	119.00	5.00	54,932,243	2,308,077	4,829,000	53,475,000	17,257,000	36,218,000	15,819,000	0.28	0.09	23.80	1.54
7	Marshalls (E.A.) Ltd Ord 5.00	14,393,106	38.00	5.00	546,938	71,966	44,700	475,866	333,161	142,705	608,605	0.13	0.09	7.60	1.20
8	Nation Media Group Ord. 5.00	71,305,260	313.00	5.00	22,318,546	356,526	783,200	3,855,600	3,587,900	358,900	1,436,400	0.22	0.20	62.60	4.48
9	TPS Eastern Africa (Serena) Ltd Ord 1.00	89,865,588	86.50	1.00	7,773,373	89,866	332,660	5,481,524	3,361,485	2,077,532	634,366	0.10	0.06	66.50	1.73
10	I.C.D.C Investments Co Ltd Ord 5.00	54,995,188	325.00	5.00	17,873,436	274,976	606,598	6,237,102	6,188,498	48,604	192,182	0.10	0.10	65.00	2.82
11	Housing Finance Co Ltd Ord 5.00	115,000,000	48.00	5.00	5,520,000	575,000	101,049	1,372,763	1,322,013	50,750	7,761,068	0.08	0.07	9.60	1.46
12	Jubilee Holdings Ltd Ord 5.00	36,000,000	323.00	5.00	11,628,000	180,000	559,515	3,616,264	3,393,040	0	11,740,111	0.16	0.15	64.60	1.54
13	Olympia Capital Holdings Ltd Ord 5.00	10,000,000	31.00	5.00	310,000	50,000	22,914	306,173	130,451	106,687	490,720	0.18	0.07	6.20	1.25
14	Pan Africa Insurance Holdings Ltd Ord 5.00	48,000,000	91.50	5.00	4,392,000	240,000	94,266	1,327,317	1,327,317	0	3,425,267	0.07	0.07	18.30	1.64
15	Athi River Mining Ord 5.00	93,000,000	83.00	5.00	7,719,000	465,000	264,557	3,172,630	1,324,776	1,798,138	1,081,698	0.20	0.08	16.60	2.52
16	Bamburi Cement Ltd Ord 5.00	362,959,275	215.00	5.00	78,036,244	1,814,796	2,799,000	16,055,000	13,017,000	2,319,000	2,458,000	0.22	0.17	43.00	4.65
17	British American Tobacco Kenya Ltd Ord 10.00	100,000,000	197.00	10.00	19,700,000	1,000,000	1,201,422	4,955,444	4,194,485	760,959	2,820,597	0.29	0.24	19.70	2.99
18	Crown Berger Ltd Ord 5.00	23,727,000	43.75	5.00	1,038,056	118,635	63,772	887,431	770,953	116,478	647,310	0.08	0.07	8.75	1.17
19	E.A.Cables Ltd Ord 5.00	202,500,000	48.00	5.00	9,720,000	1,012,500	284,635	1,138,321	694,227	333,311	769,336	0.41	0.25	9.60	6.02
20	E.A.Portland Cement Ltd Ord 5.00	90,000,000	128.00	5.00	11,520,000	450,000	411,793	7,654,266	3,076,933	4,577,333	1,397,941	0.13	0.05	25.60	1.93
21	East African Breweries Ltd Ord 2.00	658,978,630	139.00	2.00	91,598,030	1,317,957	6,410,042	20,491,270	16,891,530	1,905,700	4,290,427	0.38	0.31	69.50	4.24
22	Kenya Oil Co Ltd Ord 0.50	101,696,120	108.00	5.00	10,983,181	508,481	824,947	5,072,475	4,672,903	399,572	8,278,132	0.18	0.16	21.60	1.47
23	Kenya Power & Lighting Ltd Ord 20.00	79,128,000	270.00	20.00	21,364,560	1,582,560	1,644,231	26,603,956	20,560,405	6,043,551	12,124,956	0.08	0.06	13.50	1.02
24	Mumias Sugar Co. Ltd Ord 2.00	510,000,000	54.00	2.00	27,540,000	1,020,000	1,526,615	9,864,463	7,709,049	2,155,414	2,007,043	0.20	0.15	27.00	2.67
25	Sameer Africa Ltd Ord 5.00	278,342,393	24.25	5.00	6,749,803	1,391,712	-22,288	2,052,815	1,850,986	201,829	1,257,251	-0.01	-0.01	4.85	2.48
26	Total Kenya Ltd Ord 5.00	173,013,000	34.75	5.00	6,012,202	865,065	488,078	4,665,064	4,665,064	0	10,688,392	0.10	0.10	6.95	1.09
27	Unga Group Ltd Ord 5.00	63,090,728	18.00	5.00	1,135,633	315,454	64,601	2,285,708	1,448,198	89,098	1,304,461	0.04	0.03	3.60	0.89

	COMPANY NAME	TOTAL NO. OF SHARES ISSUED	MPS	BOOK PRICE	MARKET CAPITALIZATION '000'	BOOK VALUE '000'	Profit after tax '000'	Total Assets '000'	Shareholders Equity '000'	Debt '000'	Liabilities at Book Value '000'	ROE	ROA	MBV	Dividends Q
1	Kakuzi Ord.5.00	19,599,999	36.25	5.00	710,500	98,000	191,597	1,943,759	1,232,912	677,843	429,922	0.16	0.10	7.25	0.78
2	Kea Vipingo Plantations Ltd Ord 5.00	60,000,000	22.25	5.00	1,335,000	300,000	115,302	869,191	709,165	160,026	297,394	0.16	0.13	4.45	1.54
3	Sasini Ltd Ord 5.00	228,055,500	17.50	5.00	3,990,971	1,140,278	-33,571	3,565,065	2,868,149	610,433	259,979	-0.01	-0.01	3.50	1.30
4	Car & General (K) Ltd Ord 5.00	22,279,616	57.00	5.00	1,269,938	111,398	174,794	1,076,559	881,941	189,960	965,848	0.20	0.16	11.40	1.19
5	CMC Holdings Ltd Ord 5.00	485,591,200	18.40	5.00	8,934,878	2,427,956	618,319	4,318,352	4,061,844	256,508	5,006,369	0.15	0.14	3.68	1.52
6	Kenya Airways Ltd Ord 5.00	461,615,484	63.50	5.00	29,312,583	2,308,077	4,098,000	62,724,000	21,640,000	41,084,000	14,563,000	0.19	0.07	12.70	1.10
7	Marshalls (E.A.) Ltd Ord 5.00	14,393,106	39.00	5.00	561,331	71,966	28,450	1,242,183	340,338	0	612,676	0.08	0.02	7.80	1.23
8	Nation Media Group Ord. 5.00	71,305,260	326.00	5.00	23,245,515	356,526	1,076,400	4,003,200	3,823,800	267,200		0.28	0.27	65.20	5.75
9	ITS Eastern Africa (Serena) Ltd Ord 1.00	107,838,705	78.50	1.00	8,465,338	107,839	416,475	5,453,060	3,678,411	1,774,649	1,327,959	0.11	0.08	78.50	1.71
10	I.C.D.C Investments Co Ltd Ord 5.00	549,951,880	29.75	5.00	16,361,068	2,749,759	1,115,060	8,348,430	8,348,430	0	73,226	0.13	0.13	5.95	1.95
11	Housing Finance Co Ltd Ord 5.00	115,000,000	45.75	5.00	5,261,250	575,000	73,508	1,446,271	1,395,521	50,750	8,922,984	0.05	0.05	9.15	1.37
12	Jubilee Holdings Ltd Ord 5.00	45,000,000	213.00	5.00	9,585,000	225,000	663,071	3,862,772	3,606,401	0	14,079,690	0.18	0.17	42.60	1.34
13	Olympia Capital Holdings Ltd Ord 5.00	40,000,000	14.55	5.00	582,000	200,000	34,374	540,583	516,009	24,574	490,720	0.07	0.06	2.91	1.06
14	Pan Africa Insurance Holdings Ltd Ord 5.00	48,000,000	99.50	5.00	4,776,000	240,000	201,072	1,438,185	1,438,185	0	4,463,278	0.14	0.14	19.90	1.57
15	Athi River Mining Ord 5.00	99,055,000	93.00	5.00	9,212,115	495,275	421,659	3,438,329	1,734,766	1,798,138	1,066,348	0.24	0.12	18.60	2.63
16	Bamburi Cement Ltd Ord 5.00	362,959,275	196.00	5.00	71,140,018	1,814,796	3,810,000	17,497,000	14,229,000	2,422,000	3,223,000	0.27	0.22	39.20	3.86
17	British American Tobacco Kenya Ltd Ord 10.00	100,000,000	139.00	10.00	13,900,000	1,000,000	1,385,647	5,725,440	4,693,250	1,032,190	3,544,446	0.30	0.24	13.90	1.99
18	Crown Berger Ltd Ord 5.00	23,727,000	50.50	5.00	1,198,214	118,635	76,669	916,547	813,869	102,678	609,363	0.09	0.08	10.10	1.25
19	E.A.Cables Ltd Ord 5.00	202,500,000	42.00	5.00	8,505,000	1,012,500	417,125	1,774,267	934,451	671,922	1,435,432	0.45	0.24	8.40	3.49
20	E.A.Portland Cement Ltd Ord 5.00	90,000,000	140.00	5.00	12,600,000	450,000	764,164	7,503,317	3,607,097	3,896,220	1,435,255	0.21	0.10	28.00	2.01
21	East African Breweries Ltd Ord 2.00	658,978,630	168.00	2.00	110,708,410	1,317,957	7,528,891	22,902,373	18,802,668	2,051,597	8,203,822	0.40	0.33	84.00	4.16
22	Kenya Oil Co Ltd Ord 0.50	101,696,120	115.00	0.50	11,695,054	50,848	593,434	5,568,739	4,984,434	399,572	7,700,702	0.12	0.11	230.00	1.51
23	Kenya Tower & Lighting Ltd Ord 20.00	79,128,000	217.00	20.00	17,170,776	1,582,560	1,718,477	29,475,860	22,059,493	7,226,460	17,846,004	0.08	0.06	10.85	0.90
24	Mumias Sugar Co. Ltd Ord 2.00	510,000,000	14.80	20.00	7,548,000	10,200,000	1,393,611	10,303,493	8,337,660	1,965,833	1,613,376	0.17	0.14	0.74	0.93
25	Sameer Africa Ltd Ord 5.00	278,342,400	12.10	5.00	3,367,943	1,391,712	118,615	2,113,779	1,961,922	151,947	1,048,104	0.06	0.06	2.42	1.44
26	Total Kenya Ltd Ord 5.00	175,064,706	33.75	5.00	5,908,434	875,324	524,190	4,751,591	4,751,591	0	7,761,162	0.11	0.11	6.75	1.09
27	Unga Group Ltd Ord 5.00	63,090,728	15.45	5.00	974,752	315,454	133,610	2,369,560	1,529,749	50,571	1,347,809	0.09	0.06	3.09	0.81

	COMPANY NAME	TOTAL NO. OF SHARES ISSUED	MPS	BOOK PRICE	MARKET CAPITALIZATI ON '000'	BOOK VALUE '000'	Profit after tax'000'	Total Assets '000'	Shareholders Equity'000'	Debt'000'	Liabilities at Book Value'000'	ROE	ROA	MBVR	Tobins Q
1	Kakuzi Ord.5.00	19,599,999	23.00	5.00	450,800	98,000	282,918	2,253,630	1,487,290	685,997	408,889	0.19	0.13	4.60	0.60
2	Rea Vipingo Plantations Ltd Ord 5.00	60,000,000	13.95	5.00	837,000	300,000	168,153	1,077,524	875,166	202,358	554,440	0.19	0.16	2.79	0.98
3	Sasini Ltd Ord 5.00	228,055,500	7.00	5.00	1,596,389	1,140,278	875,663	6,435,083	4,595,434	1,717,778	361,223	0.19	0.14	1.40	0.55
4	Car & General (K) Ltd Ord 5.00	22,279,616	44.00	5.00	980,303	111,398	214,840	1,336,883	1,120,991	208,038	1,413,637	0.19	0.16	8.80	0.95
5	CMC Holdings Ltd Ord 5.00	582,709,440	16.00	5.00	9,323,351	2,913,547	927,162	5,075,762	4,834,894	240,868	6,947,732	0.19	0.18	3.20	1.37
6	Kenya Airways Ltd Ord 5.00	461,615,484	28.50	5.00	13,156,041	2,308,077	3,869,000	62,667,000	25,873,000	36,794,000	14,113,000	0.15	0.06	5.70	0.83
7	Marshalls (E.A.) Ltd Ord 5.00	14,393,106	27.00	5.00	388,614	71,966	-169,837	1,210,300	241,078	0	519,142	-0.70	-0.14		1.19
8	Nation Media Group Ord. 5.00	71,305,260	144.00	5.00	10,267,957	356,526	1,295,900	4,445,800	4,327,700	131,200	0	0.30	0.29	28.80	2.33
9	TPS Eastern Africa (Serena) Ltd Ord 1.00	105,864,742	52.50	1.00	5,557,899	105,865	222,717	5,489,639	3,750,925	1,738,714	1,017,357	0.06	0.04	52.50	1.28
10	Centum Investment Co. Ltd Ord 5.00	549,951,880	18.75	5.00	10,311,598	2,749,759	868,320	8,078,129	8,078,129	0	67,721	0.11	0.11	3.75	1.27
11	Housing Finance Co Ltd Ord 5.00	230,000,000	19.40	5.00	4,462,000	1,150,000	136,427	3,652,416	3,601,666	50,750	10,641,952	0.04	0.04	3.88	1.06
12	Jubilee Holdings Ltd Ord 5.00	45,000,000	123.00	5.00	5,535,000	225,000	713,235	3,204,588	2,871,223	0	16,998,236	0.25	0.22	24.60	1.13
13	Olympia Capital Holdings ltd Ord 5.00	40,000,000	10.00	5.00	400,000	200,000	34,374	751,877	546,661	76,798	337,503	0.06	0.05	2.00	0.85
14	Pan Africa Insurance Holdings Ltd Ord 5.00	48,000,000	62.00	10.00	2,976,000	480,000	-95,999	1,185,946	1,185,946	0	4,908,183	-0.08	-0.08	6.20	1.29
15	Athi River Mining Ord 5.00	99,055,000	90.50	5.00	8,964,478	495,275	503,454	1,509,547	2,127,543	2,382,004	1,842,931	0.24	0.33	18.10	2.08
16	Bamburi Cement Ltd Ord 5.00	362,959,275	165.00	5.00	59,888,280	1,814,796	3,412,000	22,772,000	15,496,000	6,170,000	5,443,000	0.22	0.15	33.00	2.64
17	British American Tobacco Kenya Ltd Ord 10.00	100,000,000	131.00	10.00	13,100,000	1,000,000	1,700,395	55,907,169	4,893,645	1,013,524	4,400,433	0.35	0.03	13.10	1.80
18	Crown Berger Ltd Ord 5.00	23,727,000	24.75	5.00	587,243	118,635	30,777	917,954	821,952	96,002	1,030,327	0.04	0.03	4.95	0.88
19	E.A.Cables Ltd Ord 5.00	202,500,000	26.25	5.00	5,315,625	1,012,500	462,760	1,854,917	1,148,420	488,078	1,188,676	0.40	0.25	5.25	2.48
20	E.A.Portland Cement Ltd Ord 5.00	90,000,000	79.50	20.00	7,155,000	1,800,000	536,652	7,896,970	4,026,749	3,870,221	1,176,375	0.13	0.07	3.98	1.34
21	East African Breweries Ltd Ord 2.00	790,774,356	144.00	2.00	113,871,507	1,581,549	9,184,385	24,386,330	19,980,780	2,269,487	8,867,918	0.46	0.38	72.00	4.02
22	Kenya Oil Co Ltd Ord 0.50	147,176,120	66.00	0.50	9,713,624	73,588	1,155,319	11,406,843	10,915,860	490,983	16,301,749	0.11	0.10	132.00	0.96
23	Kenya Power & Lighting Ltd Ord 20.00	79,128,000	136.00	20.00	10,761,408	1,582,560	1,764,870	41,294,379	23,644,538	17,412,457	18,517,743	0.07	0.04	6.80	0.78
24	Mumias Sugar Co. Ltd Ord 2.00	1,530,000,000	6.75	2.00	10,327,500	3,060,000	1,213,837	10,754,480	9,041,497	1,712,983	3,398,096	0.13	0.11	3.38	1.09
25	Sameer Africa Ltd Ord 5.00	278,342,400	6.00	5.00	1,670,054	1,391,712	150,848	2,264,094	2,135,566	128,528	812,054	0.07	0.07	1.20	0.85
26	Total Kenya Ltd Ord 5.00	175,064,706	32.00	5.00	5,602,071	875,324	703,894	5,017,822	5,017,822	0	9,508,962	0.14	0.14	6.40	1.04
27	Unga Group Ltd Ord 5.00	63,090,728	13.60	5.00	858,034	315,454	373,661	3,223,484	2,045,061	259,438	1,538,044	0.18	0.12	2.72	0.69

Age of Company

	COMPANY NAME	Date of Incorporation	Age
1	Kakuzi Ord.5.00	1927	83
2	Rea Vipingo Plantations Ltd Ord 5.00	1995	15
3	Sasini Ltd Ord 5.00	1952	58
4	Car & General (K) Ltd Ord 5.00	1936	74
5	CMC Holdings Ltd Ord 5.00	1948	62
6	Kenya Airways Ltd Ord 5.00	1977	33
7	Marshalls (E.A.) Ltd Ord 5.00	1947	63
8	Nation Media Group Ord. 5.00	1962	48
9	TPS Eastern Africa (Serena) Ltd Ord 1.00	1968	42
10	Centum Investment Co. Ltd Ord 5.00	1967	43
11	Housing Finance Co Ltd Ord 5.00	1965	45
12	Jubilee Holdings Ltd Ord 5.00	1937	73
13	Olympia Capital Holdings ltd Ord 5.00	1970	40
14	Pan Africa Insurance Holdings Ltd Ord 5.00	1946	64
15	Athi River Mining Ord 5.00	1973	37
16	Bamburi Cement Ltd Ord 5.00	1951	59
17	British American Tobacco Kenya Ltd Ord 10.00	1952	58
18	Crown Berger Ltd Ord 5.00	1958	52
19	E.A.Cables Ltd Ord 5.00	1965	45
20	E.A.Portland Cement Ltd Ord 5.00	1930	80
21	East African Breweries Ltd Ord 2.00	1922	88
22	Kenya Oil Co Ltd Ord 0.50	1959	51
23	Kenya Power & Lighting Ltd Ord 20.00	1922	88
24	Mumias Sugar Co. Ltd Ord 2.00	1971	39
25	Sameer Africa Ltd Ord 5.00	1969	41
26	Total Kenya Ltd Ord 5.00	1955	55
27	Unga Group Ltd Ord 5.00	1908	102

Size of the Company

	COMPANY NAME	2004	2005	2006	2007	2008	Total	Average
1	Kakuzi Ord.5.00	1,773,550	1,450,254	1,703,718	1,943,759	2,253,630	9,124,911	1,824,982
2	Rea Vipingo Plantations Ltd Ord 5.00	777,987	802,222	820,753	869,191	1,077,524	4,347,677	869,535
3	Sasini Ltd Ord 5.00	3,797,526	3,212,126	3,534,651	3,565,065	6,435,083	20,544,451	4,108,890
4	Car & General (K) Ltd Ord 5.00	427,369	722,823	892,940	1,076,559	1,336,883	4,456,574	891,315
5	CMC Holdings Ltd Ord 5.00	3,183,700	3,405,000	3,951,748	4,318,352	5,075,762	19,934,562	3,986,912
6	Kenya Airways Ltd Ord 5.00	21,940,000	30,830,000	53,475,000	62,724,000	62,667,000	231,636,000	46,327,200
7	Marshalls (E.A.) Ltd Ord 5.00	225,135	467,724	475,866	1,242,183	1,210,300	3,621,208	724,242
8	Nation Media Group Ord. 5.00	2,867,400	3,267,800	3,855,600	4,003,200	4,445,800	18,439,800	3,687,960
9	IPS Eastern Africa (Serena) Ltd Ord 1.00	1,420,153	4,287,929	5,481,524	5,453,060	5,489,639	22,132,305	4,426,461
10	Centum Investment Co. Ltd Ord 5.00	3,057,034	3,934,408	6,237,102	8,348,430	8,078,129	29,655,103	5,931,021
11	Housing Finance Co Ltd Ord 5.00	1,119,926	1,271,714	1,372,763	1,446,271	3,652,416	8,863,090	1,772,618
12	Jubilee Holdings Ltd Ord 5.00	2,339,572	2,628,628	3,616,264	3,862,772	3,204,588	15,651,824	3,130,365
13	Olympia Capital Holdings ltd Ord 5.00	219,867	193,972	306,173	540,583	751,877	2,012,472	402,494
14	East Africa Insurance Holdings Ltd Ord 5.00	799,144	931,339	1,327,317	1,438,185	1,185,946	5,681,931	1,136,386
15	Athi River Mining Ord 5.00	1,371,374	2,718,199	3,172,630	3,438,329	1,509,547	12,210,079	2,442,016
16	Bamburi Cement Ltd Ord 5.00	12,833,000	13,511,000	16,055,000	17,497,000	22,772,000	82,668,000	16,533,600
17	British American Tobacco Kenya Ltd Ord 10.00	4,368,513	4,554,512	4,955,444	5,725,440	55,907,169	75,511,078	15,102,216
18	Crown Berger Ltd Ord 5.00	665,723	718,608	887,431	916,547	917,954	4,106,263	821,253
19	E.A.Cables Ltd Ord 5.00	337,654	633,678	1,138,321	1,774,267	1,854,917	5,738,837	1,147,767
20	E.A.Portland Cement Ltd Ord 5.00	6,391,943	6,823,197	7,654,266	7,503,317	7,896,970	36,269,693	7,253,939
21	East African Breweries Ltd Ord 2.00	16,864,622	18,695,903	20,491,270	22,902,373	24,386,330	103,340,498	20,668,100
22	Kenya Oil Co Ltd Ord 0.50	3,681,720	4,287,158	5,072,475	5,568,739	11,406,843	30,016,935	6,003,387
23	Kenya Power & Lighting Ltd Ord 20.00	23,750,921	25,253,856	26,603,956	29,475,860	41,294,379	146,378,972	29,275,794
24	Mumias Sugar Co. Ltd Ord 2.00	7,323,322	7,888,889	9,864,463	10,303,493	10,754,480	46,134,647	9,226,929
25	Sameer Africa Ltd Ord 5.00	2,125,873	2,174,494	2,052,815	2,113,779	2,264,094	10,731,055	2,146,211
26	Total Kenya Ltd Ord 5.00	4,522,751	4,616,649	4,665,064	4,751,591	5,017,822	23,573,877	4,714,775
27	Unga Group Ltd Ord 5.00	2,218,340	2,218,340	2,285,708	2,369,560	3,223,484	12,315,432	2,463,086

Ownership concentration

	COMPANY NAME	Low	Moderate	High	Totals
1	Kakuzi Ord.5.00	2,070,181	2,873,671	14,656,147	19,599,999
2	Rea Vipingo Plantations Ltd Ord 5.00	5,764,926	7,888,133	46,346,943	60,000,002
3	Sasini Ltd Ord 5.00	5,221,064	8,441,191	100,161,225	113,823,480
4	Car & General (K) Ltd Ord 5.00	809,468	1,697,626	19,772,522	22,279,816
5	CMC Holdings Ltd Ord 5.00	6,983,859	28,575,311	196,108,146	231,667,316
6	Kenya Airways Ltd Ord 5.00	75,279,093	36,498,332	349,838,058	461,815,483
7	Marshalls (E.A.) Ltd Ord 5.00	773,200	3,360,644	36,815,865	40,949,709
8	Nation Media Group Ord. 5.00	8,517,682	15,260,932	58,222,435	82,001,049
9	TPS Eastern Africa (Serena) Ltd Ord 1.00	6,542,213	5,141,447	63,777,961	75,461,821
10	Centum Investment Co. Ltd Ord 5.00	30,003,517	72,491,263	245,413,792	347,908,572
11	Housing Finance Co Ltd Ord 5.00	15,039,006	31,577,048	74,812,422	121,428,476
12	Jubilee Holdings Ltd Ord 5.00	6,936,017	10,575,043	20,288,940	37,800,000
13	Olympia Capital Holdings Ltd Ord 5.00	1,632,748	3,437,835	16,929,417	22,000,000
14	Pan Africa Insurance Holdings Ltd Ord 5.00	2,377,940	4,692,850	40,929,210	48,000,000
15	Athi River Mining Ord 5.00	7,290,022	10,272,652	77,859,326	95,422,000
16	Bamburi Cement Ltd Ord 5.00	4,168,328	32,983,813	325,807,134	362,959,275
17	British American Tobacco Kenya Ltd Ord 10.00	4,545,006	7,622,801	87,832,195	100,000,002
18	Crown Berger Ltd Ord 5.00	2,198,386	11,711,554	9,817,061	23,727,001
19	E.A.Cables Ltd Ord 5.00	8,471,362	14,439,793	106,688,845	129,600,000
20	E.A.Portland Cement Ltd Ord 5.00	893,827	2,370,195	86,735,978	90,000,000
21	East African Breweries Ltd Ord 2.00	3,255,609	52,638,929	493,254,320	549,148,858
22	Kenya Oil Co Ltd Ord 0.50	1,149,540	8,772,252	108,979,528	118,901,320
23	Kenya Power & Lighting Ltd Ord 20.00	1,471,115	17,859,415	59,797,069	79,127,599
24	Mumias Sugar Co. Ltd Ord 2.00	37,378,103	218,331,359	458,290,537	713,999,999
25	Sameer Africa Ltd Ord 5.00	9,728,748	15,919,283	252,694,367	278,342,398
26	Total Kenya Ltd Ord 5.00	118,131	31,189,566	142,693,351	174,001,048
27	Unga Group Ltd Ord 5.00	0	0	0	0
	Totals	248,619,091	656,622,938	3,494,522,794	4,399,764,823
	Average	0.06	0.15	0.79	1.00