

**MARKET REACTION TO SHAREHOLDERS' ANNUAL
GENERAL MEETING OF COMPANIES LISTED AT THE
NAIROBI STOCK EXCHANGE**

BY

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DECLARATION

This is my original work and has not been submitted for a degree in any other university.

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DEDICATION

To my family, Eunice, Tumbwembwe, Kanampeta, Subakanya and Dalitso. Granted, the MBA Degree Programme was important but you are my life!

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My heartfelt appreciation goes to several groups of people without whom this research project would not have been possible:

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ABSTRACT

The objective of this study was to examine the effect resolutions passed at annual general meetings (AGMs) on share prices of companies listed at Nairobi Stock Exchange (NSE).

This required: collection of sample of firms that had AGMs; determine the precise day of the AGMs and make this as day zero; define the period to be studied, in this study we study 30 days before and after AGMs; compute daily returns for each firm in the sample; calculate market return; generate market model for estimating normal returns; compare actual returns to expected returns to generate abnormal return for each day for each firm in the sample; compute for each day in the event period the average abnormal return for all the firms in the sample; and compute cumulative abnormal return.

From the data analysis and resulting graphs, it appears that all the companies sampled had an eventful AGM. The graphs confirm a turning point in residual around the date of AGM for most of the companies. The findings are that significant movements in returns were observed periodically, pre and post AGM. Some shares posted either positive or negative abnormal returns around the AGM dates.

The above findings have implications on how efficient NSE is in pricing of securities listed at that exchange, given that statistically abnormal returns were observed in post and pre AGM in a number of securities at different dates. Given that a number of issues to be deliberated at AGM are public information prior to AGM, e.g. confirmation of accounts, election of directors, dividends payable etc, and one would not expect revision in share prices that result into abnormal gains or losses. In which case abnormal gains or losses is only realizable if good or bad news emerges from the AGM.

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CHAPTER 1

1.0 INTRODUCTION

1.1 Background

Annual General Meetings can be explosive. Sample this: Daily Nation, Friday, May 25, 2001 Pg 13 - "New faces expected at 'stormy' bank Annual General Meeting (AGM)." A shadow hangs over the restructuring of the Kenya Commercial Bank (KCB) as it holds its most fraction (split) AGM this afternoon. The meeting takes place in the backdrop of the power struggle between the treasury, the major shareholders and the Board. For the first time in the bank's history, the Board will go into AGM without voting support of the main shareholders. Daily Nation, Friday April 3, 1998 Pg 21 - "KCB shares picking up, says committee." KCB central staff committee said yesterday that the bank was 'quickly' regaining its shares after the recent sacking and replacement of some directors and the chief executive.

Daily Nation, May 19, 1993, BW3 - "Brooke Bond gives up coffee, flower farming". Brooke Bond Kenya Limited plans to move out of the growing of other crops and concentrate in tea, the MD, Mr. P.J. Staning, told shareholders during the AGM last week. This was to free up resources for the tea business.

Daily Nation, Saturday, May 23, 1998 "Barclays members query choice of PR firm" - Shareholders of Barclays Bank (Kenya) Limited yesterday questioned the scrapping of the Corporate Affairs department and its subsequent replacement with a private consultancy firm...at over three times the cost of what the previous department used to spend to do the same job. The company was awarded contract without going through the normal tendering system.

East African Standard Saturday, May 1, 1999 Pg 1 - "Tempers flare at National Bank of Kenya (NBK) AGM." Stormy scenes and temper flare-ups rocked the much-anticipated NBK AGM yesterday as shareholders rejected several directors proposed by the Government and National Social Security Fund (NSSF). The irate shareholders at the tension-packed meeting thwarted the NSSF's intention to have the four directors by rejecting two nominees. The NBK management flouted the Banking Act by promoting imprudent lending policies.

The cases sampled above touch on corporate governance, possibly the performance of the firms affected and subsequently on their share prices. The need for corporate governance exists because of the agency problem that is brought about by the separation of the capital providers in a firm, i.e. investors who are shareholders and/or lenders, from management who are considered the agents of shareholders. However, it is possible that investors may fail to control management in which case the contract between management and investors collapses. Under such circumstances, the managers are likely to make sub optimal use of the resources at their disposal. Whenever the agency contract or bond between investors and management fail, there have to be other mechanisms to ensure the efficiency of capital allocation in the economy. One such mechanism that cultivates the culture to efficient use of capital in the economy is by investors selling off their investment thus starving poorly managed companies of capital

Other mechanism of controlling management include going to court. The period it takes to settle dispute in courts in a number of emerging economies is lengthy and costly. Though various governments have responded to this by setting up commercial courts, the legal protections are still not effective in some circumstances. This suggests that other mechanism must be explored to achieve good governance, specifically the market discipline.

The role of shareholders influence in their company is one of the most important topics in corporate governance. Theoretically, shareholders play a valuable role by reducing the familiar agency problems. Shareholders can be classified as large or minority and the expectation is that their influences vary, depending on whether it is a large or small share holding. Besides, block holder ownership could mean less power to minority investors and a tendency to ignore suggestions made by minority shareholders.

The legal and perhaps moral position is that the ultimate authority in firms rests with shareholders. The shareholders elect directors who then delegate most decisions and the daily running of the business to managers. Therefore, management might have much more of free hand than they should have. Where shareholders are not satisfied with their company's performance, they can remove the top management. However, where a shareholder has non-influential voting rights because of marginal shareholding and has irreconcilable difference with the company management, it is likely that such a shareholder will give instructions for the sale of his or her shareholding. The question then is whether such a disposal will have impact on share prices and volume of shares traded.

A firm honours shareholders rights by agreeing to their suggestions. The introduction of shareholders rights is likely to reduce the possibilities for management to steal or be inefficient. At the same time excessive shareholders rights can reduce managerial innovation and creativity. Annual general meetings (AGM) are hot beds for directors and managers. The differences between managers and shareholders are made public at the AGM. It is at the AGM where members express their feelings on how their company should be managed. It is at the AGM where managers and directors seek shareholders approval for the company's future plans and policies. The shareholders may agree or disagree with the proposals put forward by management. Whether

shareholders and management agree or disagree, AGM is an event, and we expect share price reactions given the nature of deliberations associated with AGM.

A number of academic studies conclude that managers have discretion about firms' decision and may not always act in the best interests of the owners. McConnell and Muscarella (1986); acquisitions see Lewellen, Loderer and Rosenfeld (1985) and Lang, Stulz, and Walking (1991). Some studies suggest that in some firms managers have influence over who becomes a director (McConnell and Muscarella 1986).

The incentive to monitor and correct managerial failure depends on whether the amount of equity held by a shareholder (group) is large enough to internalise the cost of corporate control (Grosman and Hart, 1988). If shareholders' discontent impacts on firm performance, then the shareholders' reaction should be observable through changes in the stock price and volume of trading. The stock price should quickly adjust to any relevant change in a firm's governance. Furthermore, the reaction should be observable in the number of shares exchanging hands.

Shareholders disappointed with management resolution at the AGM may resort to disinvestments. Disinvestments expose the affected firm to corporate control threats. The study analyses shareholders reaction to process conduct and resolutions discussed and adopted at an annual general meeting. A distinction is made among different types of Annual General Meetings (AGM): one where most resolutions are passed by acclamation; one where most of resolution are voted and majority shareholders block out minority shareholders; one where the most resolutions are put to vote and majority shareholders block concur with the minority shareholders. Contentious decisions are passed at AGM. For example, the resolution of sending management home is passed at AGM through change in board of directors. The

main research addressed in this paper is how shareholders who are not satisfied with the board resolution react, and specifically whether the stock market discounts such shareholders opinions in the share prices.

In principle, one could imagine a simple casual structure where disgruntled shareholders off load their shares thus influencing the firm value. The off loading should result in substantial trading activity and fall in share price. Moreover, if stock prices are set at the margin by monitoring investors, ignoring the interest of minority shareholders could lead to lower firm values since minority shareholder would correctly expect some level of self dealing by controlling owners of firms.

1.1.1 Event Study

Economists and financial analysts frequently measure the effect of an economic event on the value of firms. This seems a difficult task, however a measure can be constructed easily using an event study. An event study measures the impact of a specific event on the value of a firm. The usefulness of such a study comes from the fact that, given rationality in the marketplace, the effect of an event such as AGM will be reflected immediately in security prices. Thus, the measure of an event's economic impact can be constructed using security prices observed over a relatively short time period.

The event study has many applications. In finance research, event studies have been applied to a variety of firm specific and economy wide events. Some examples include dividends announcements, mergers and acquisitions, earnings announcements, issues of new debt or equity, and announcements of macro-economic variables such as trade deficit.

1.2 Statement of Problem

The puzzle in the corporate world is that even in the presence of agency problem, investors still trust managers with their investments. The question is: why do external investors trust management with their money or investment? The answer to this question has to do with corporate governance. Investors believe that they can have their firm managers act in line with their expectations, i.e. they can control their managers.

Managerial quality is maintained by intervention of internal and external mechanism. Sources of managerial discipline include: supervision by board of directors, intervention by large shareholders, the debt markets, and competitive pressures from product markets.

However when insufficient monitoring or managerial entrenchment has insulated management and when corporate performance has declined, the markets may react to resolutions passed at annual general meeting (AGM). This happens when minority shareholders who are not happy with AGM resolutions (by large owners) respond by selling off their shares in the company.

There are many mechanisms of controls that ensure protection to investors. This includes legal protection, ownership structure (large shareholders and creditors), and the use of leverage and takeovers and share disposal by shareholders. The option to be explored in this study is the disinvestments by investors.

In Germany, Franks and Mayer (1994) find that large shareholders are associated with higher turnover of directors. Gorton and Schmid (1996) document that block holdings by bank improve companies' performance. In Japan, Kaplan and Minton (1994) find that companies with large shareholders are more likely to replace managers in response to poor

performance than firms without them. In U.S., Morck, Shleifer, and Vishny (1988) find that there is nonlinear relationship (inverted "U") between ownership and companies' performance, as measured by their Tobin's Q.

In Kenya a number of problems relating to corporate governance have been identified. This includes: concentrated ownership; weak incentives; poor protection of minority shareholders; and weak information standards. It is believed that one of the important features of the corporate sector in Kenya is the dominance of family control over business operations. A number of quoted firms at Nairobi Stock Exchange are either managed by block shareholders or generally held and managed by majority (family) interests. For example, Barclays plc own nearly 70 percent of Barclays Bank Kenya. Government is a controlling or influential shareholder in a number of listed companies such as KPLC and Kenya Commercial Bank. With such an environment in the background, together with the weak judicial system, protection of minority shareholder and creditor rights could be lacking.

In this study, we ask an empirical question: *Is there a relationship between Annual General Meeting Resolutions and Share Trading Activity at NSE?* La Porta et al (2002) show that firm value is positively associated with the rights of minority shareholders. We study whether variation in trading activity is associated with governance i.e. the on goings at AGM. We analyse whether there is a change in volume of shares following AGM.

Financial academics and practitioners have long recognized that past trading volume may provide valuable information about a security. Stock returns and trading volume are inextricably linked in theory, (Blume, Easley, and O'Hara 1994).

1.3 Objective Of The Study

Investigate whether resolutions passed at AGM trigger unusual or abnormal movement in the number of shares traded at Nairobi Stock Exchange. *If the contentious resolutions passed at AGM have information content, higher than the expected volume of shares traded should be observed whenever there is lack of agreement.*

1.4 Importance of The Study

- (a) Investors and their advisors will have an idea as how the market responds to shareholders discontent.
- (b) Market regulators and scholars will assess the effectiveness of the market as a discipline mechanism or as a mechanism to ensure good governance.

CHAPTER 2

2.0 LITERATURE REVIEW

2.1 Corporate Control

Jensen and Mecklin (1976) agency theory suggest that managers may seek maximization of their own utility curve while sacrificing of firm value, to the detriment of shareholders. In many emerging economies, since the owners of small share packages have little incentive to collect costly information required to monitor management, management essentially controls the firms. This can be problematic as an unchecked management could be able to engage in asset stripping or diversion of profits for personal consumption. There are many mechanisms of controls that ensure that the investors' interests are protected. The list of such controls includes the legal protection, ownership structure (large shareholders and creditors), the use of leverage and takeovers. However where control fails the investors have no alternative but to dispose their share holding in the firm.

2.2 Disposing Shares in a Single Company

The question that arises is: If a shareholder has irreconcilable difference with the company management, will such a shareholder give instructions that the company's shares held by him or her to be sold? And what will be the effect of the disposal? Would such a disposal force the share price downwards? The impact of the disposal depends on three factors: the size of the company, the size of the investor's holding, and the liquidity of the market for company's shares.

While the liquidity of these companies' shares is variable, it is likely that it would be able to absorb the sale of a small holding without any

noticeable effect on the share price. If that is the case then it is unlikely, therefore, that the sale of shares by disgruntled investors can depreciate the share prices of large companies. (Folger and Nutt, 1975).

The situation is different for smaller companies. The holding of some of the larger investors in some of these smaller companies runs to substantial percent. In addition the liquidity in the market for the shares of small companies tends to be lower. It is quite likely that, were one of the larger investors to sell its stake in one of these companies all at once in a short period, the market would not be able to absorb the sale without a plunge in the share price. In theory then, disposal of shares could force depreciation in the share prices of smaller companies in the short term, (Howells and Bain, 1995).

The alternative thesis is that the plunge in share price due to this kind of disposal will not be lasting. One would want to find out the reason why this is so. The standard financial markets theory tells us that companies are judged on the basis of their 'fundamentals' (Howells and Bain, 1995); and that analysts' estimate the company's underlying value in terms of discounted predicted future profitability, and consequently dividend yield. We do not anticipate a change in those estimates simply because an investor has sold its investment in the company. Accordingly, if disposal of shares is successful in pushing down the share price of a company, and if the fundamentals have not changed, then ordinary financially motivated investors in the market will consider the company to be trading at a discount, and over time buy the stock thus putting upward pressure on the share, subsequently returning it to its equilibrium share price (Folger and Nutt, 1975; Dowic, 1993).

The major financial sufferer of the declining price would be the investor. In an illiquid market, the only way to off load substantial

number of shares quickly would be to accept a lower price for them. These cost the investor significant amounts of money. If the investor is an institutional investor who makes a routine practice of quick sales, this would be reflected in low profits. It is not surprising that investors have a strong financial incentive to sell their investment in a way that minimises the downward pressure on the company's share price.

In practice some institutional investors do not require its investment managers to sell the shares of companies which contravene its criteria immediately, but over a six month period - giving them a chance to minimise the effect on the fund's financial performance. A skilled fund manager will be able to divest himself of a particular stock over time without having any effect on the share price at all. The larger the share holding in the company, the more likely the disposal is able to hurt the company's share price, but the stronger the financial pressure on the investor not to hurt the company's share price through share disposal

Large owners also known as blockholders, play a valuable role by reducing agency problems between shareholders and managers. However, large block holdings give rise to agency problem between blockholders and minority investors (Shleifer and Vishny 1997). Gugler and Yurtoglu (2003) find large negative effects of announced dividend changes in German companies where corporate insiders have more power. Da Silva et al (2004) find a U-shaped relationship such that dividends initially decrease then increases.

2.3 Legal Protections

It is common that external financing has legal protection. If managers violate the contract, then the shareholders or creditors have the right to appeal to the courts. The most important legal right shareholders have is the right to vote to elect the boards. Like shareholders, creditors also have legal protections. These may include the right to possess the

collateral, the right to liquidate the assets, the right to reorganization, and in some case the right to remove managers. However, these legal protections may not be effective in some circumstance, so there have to be alternative mechanisms to ensure good governance.

The quality of legal protection as reported by La Porta et al. (1997, 1998) indicates that the quality of judicial enforcement is weaker in Thailand than in Malaysia, India and in four out of six Latin American countries. La Porta et al. (1997, 1998) study the relationships between ownership concentration, leverage, and corporate profitability and found that ownership concentration is positively related to profitability in 1992 but turns negative by 1996.

2.4 Ownership Structure

It may be effective to control the manager incentives by encouraging large shareholding. The concentration of ownership can avoid the free rider problem. There are several findings supporting that large shareholders play an active role in corporate governance. For example, in Germany, Franks and Mayer (1994) find that large shareholders are associated with higher turnover of directors. Gorton and Schmid (1996) document that block holdings by bank improve companies' performance. In Japan, Kaplan and Minton (1994) find that companies with large shareholders are more likely to replace managers in response to poor performance than firms without them. In U.S., Morck, Shleifer, and Vishny (1988) find that there is nonlinear relationship (inverted "U") between ownership and company's performance, as measured by their Tobin's Q.

2.5 The Use of Leverage

Debt can play disciplinary role. The creditors can execute some control over firms' decisions. Jensen (1986) observation is that using leverage

reduces the agency cost of free cash flow. This is because debt capital obligations reduce the cash flows available for spending at the discretion of managers. By using debt managers bond their promise to distribute future cash flows. Stulz (1988) and Harris and Raviv (1988) after examining the relation between leverage and managerial voting right control, conclude that management can change the fraction of the votes it controls through introduction of debt capital in their firm's capital structure.

2.6 Role of Board of Directors

The monitoring role of boards has been examined by several academic studies. Kaplan and Reishus (1990) study the relationship between the corporate performance and outside directorships is examined by Brickley et al. (1994). Bryd and Hickman (1992) Cotter, Shivadasani, and Zenner (1997) investigate the role of directors in takeover control of firms. Vafeas (1999) study the frequency of board meeting and firm performance. Vafeas conclude that board meeting frequency is related to corporate governance and ownership characteristics in a manner that is consistent with agency theory i.e. boards increase their meeting in bad times. In addition, Vafeas establish that the operating performance of firms in the sample improves following years of abnormal board activity.

Denis and Sarin (1999) examine the ownership structure and board composition using a time-series analysis over 10-year period 1983-1992. The findings are that firms experience substantial changes in ownership and board structure. These changes are correlated with one another; specifically that changes in ownership and board structure are strongly related to top executive turnover, prior stock price performance, and corporate control threats.

The Board is responsible for the corporate governance of the Group and operates in accordance with the principles set out in the Board Charter. www.computershare.com. The principal role of the Board is to ensure the long term prosperity of the company by setting broad corporate governance policies and ensuring that they are effectively implemented by management. The Board carries out this role principally by: overseeing the firm's operations; appointing and removing, where appropriate, the senior executives; setting the strategic direction of the and providing strategic advice to management ; providing input into and approval of management's development of corporate strategy and performance objectives; reviewing and ratifying systems of governance, risk management, and internal compliance and control, codes of conduct and legal compliance to ensure appropriate compliance frameworks and controls are in place; and approval of budgets and monitoring progress against budget via the establishment and reporting of both financial and non financial key performance indicators.

2.7 Shareholder Restrictions

In developed economics, almost twenty years ago, companies had little reason to restrict shareholder rights. There were no proxy fights or hostile takeovers. Investors' activism was at its infancy. This has now changed. The junk bonds of 1980's disturbed this equilibrium by enabling hostile takeovers. The most popular bond was one that stagger the terms of directors provide severance package for manager and limit shareholders ability to meet and act. The reaction was obvious: laws were passed to provide defence against hostile bids. (La Porta et al 1996).

La Porta et al (1996) examined the relation between protection of investors and the financing patterns observed across-section of countries. Their main finding suggests that concentrated ownership can act as a substitute for strong legal protection of outside shareholders interests. In Kenya, there is no strong law but concentrated ownership exists.

2.8 Shareholder Reaction

The incentive to monitor and correct managerial failure depend on whether the amount of equity held by a shareholder (group) is large enough to internalise the cost of corporate control (Grosman and Hart, 1988).

If shareholders discontent impacts on firm performance, then the shareholders reaction should be observable through changes in the stock price and volume of trading. The stock price should quickly adjust to any relevant change in a firm's governance. Furthermore, the reaction should be observable in the number of shares exchanging hands.

This is the logic behind the rise of event studies to analyse the impact of shareholders reaction, positive or negative occurs, then the expected returns and or volume of shares traded would be unaffected beyond the event window. If however governance matters but is not incorporated immediately into stock prices, then realized returns on the stock would differ systematically from equivalent securities.

2.9 Information content of trading volume

Does trading volume contain information to predict stock returns? Theoretical papers suggest that past trading volume may provide valuable information about a firm's security. Campbell, Grossman, and Wang (1993) present a model in which trading volume proxies for the aggregate demand of liquidity traders. Campbell, Grossman, and Wang (1993) model focuses on short-run liquidity imbalances of a daily or weekly duration. Its limitation is that it makes no predictions about long-term returns.

Blume et al. (1994) present a model in which traders learn valuable information about a security by scrutinizing both past prices and past volume information. Again, model Blume et al. (1994) is not specific about the nature of the information that might be derived from past volume.

Trading volume is a significant determinant of lead-lag cross-autocorrelations in stock returns (Chordia and Swaminathan, 2000). Returns of portfolios containing high trading volume outperform returns of portfolios that consist of low trading volume stocks. The source of these lead-lag cross-autocorrelations is the tendency of low volume stock prices slow reaction to new information. However, the magnitude of the autocorrelations and cross-autocorrelations indicate that non-trading is not the only explanation of their results.

Does Chordia and Swaminathan, (2000) findings support market inefficiency? On its face, these results may suggest some market inefficiency. On the other hand, it is not clear that investors could consistently profitably trade on these patterns because transaction costs are likely to wipe down any profits. This is a possible reason as to why such patterns do not get arbitrated away. But, the results are interesting since they are a sign of a market in which trading volume plays a major role in the speed with which prices adjust to information, yielding insights into how stock prices become more information ally efficient.

Lee and Swaminathan (2000) show that the information content of trading volume is related to market misperceptions of firms' future earning prospects. Specifically, they provide strong evidence that low (high) volume stocks tend to be under (over) valued by the market. This evidence includes past operating and market performance, current valuation multiples and operating performance, and future operating performance and earnings surprises. One implication of their finding is that investor expectations affect not only a stock's returns but also its trading activity.

2.10 Event Studies

Event studies are used in the field of law and economics to measure the impact on the value of a firm of a change in the regulatory environment and in legal liability cases events studies are used to assess damages. In the majority of applications, the focus is the effect of an event on the price of a particular class of securities of the firm, most often common equity.

Event studies have a long history. Dolley (1933) examines the price effects of stock splits. Dolley studied nominal price changes at the time

of the split. Based on a sample of 95 splits from 1921 to 1931, he finds that the price increased in 57 of the cases and the price declined in only 26 instances. From the early 1930s until the late 1960s the level of sophistication of event studies increased, (See Myers and Bakay (1948); Barker (1956, 1957, 1958), and Ashley (1962). The improvements included eliminating general stock market price movements and sorting out intervening events. Ball and Brown (1968) and Fama et al. (1969) introduced the methodology that is in actual fact the same as that which is in use today in event studies. Ball and Brown set out to identify the information content of earnings, while Fama et al. studied the effects of stock splits after screening the effects of simultaneous dividend increases.

Central to an event study is the measurement of an abnormal stock return (Sharpe, 1999). The initial task of conducting an event study is to define the event of interest and identify the period over which the security prices of the firms involved in this event will be examined – the event window (MacKinlay, 1997). For example, if one is looking at the information content of earnings with daily data, the event will be the earnings announcement and the event window will include the one day of the announcement (MacKinlay, 1997). MacKinlay, (1997) remark is: "It is customary to define the event window to be larger than the specific period of interest. This permits examination of periods surrounding the event. In practice, the period of interest is often expanded to multiple days, including at least the day of the announcement and the day after the announcement. This captures the price effects of announcements which occur after the stock markets closes on the announcement day. The periods prior to and after the event may also be of interest. For example, in the earnings announcement case, the market may acquire information about the earnings prior to the actual announcement and one can investigate this possibility by examining pre-event returns".

After identifying the event, the selection criteria for the inclusion of a given firm in the study is determined. The criteria may involve restrictions imposed by data availability such as listing on stock exchange membership in a specific industry. MacKinlay, (1997) advice is that at this stage it is useful to summarize some samples characteristics such as firm market capitalization, industry representation, and distribution of events through time and note any potential biases, which may have been introduced through the sample selection.

Evaluating an event's impact requires a measure of the abnormal return. The abnormal return is the actual ex post return of the security over the event window minus the normal return of the firm over the event window. The practice is to define the normal return as the expected return without conditioning on the event taking place. For firm i and event date τ the abnormal return is:

$$AR_{i\tau} = R_{i\tau} - E(R_{i\tau}|X_t) \quad (1)$$

Where $AR_{i\tau}$, $R_{i\tau}$, and $E(R_{i\tau}|X_t)$ are the abnormal, actual, and normal returns respectively for time period τ . X_t is the conditioning information for the normal return model.

In finance literature we identify two models useful in estimating abnormal return: the *constant mean return model* where X_t is constant; and the *market model* where X_t is the market return. The constant mean return model assumes that the mean return of a security is constant through time. The market model assumes a stable linear relation between the market return and the security return and largely relies on Capital Asset Pricing Model (CAPM) of William Sharpe.

After selecting the model, the estimation window needs to be defined. The most common choice, when feasible, is using the period prior to the event window for the estimation window. For example, in an event study using the daily data and the market model, the market model parameters could be estimated over the 120 days prior to the event. As a rule, the event period is not included in the estimation period. The idea is to prevent the event from influencing the normal performance model parameters estimates (MacKinlay, 1997). In a number of event studies the interval is set to one day, thus daily stock returns or volume of shares traded are used. It is normal employing a 41-day event window that comprise of 20 pre-event days, the event day, and 20 post-event days. For each announcement (in our example) the 250 trading day period prior to the event window is used as the estimation window (MacKinlay, 1997).

After selecting the model and event window, the researcher designs the testing framework for abnormal returns. Important considerations are defining the null hypothesis and determining the techniques for aggregating the individual firm abnormal returns. In this study the constant mean return (in our case mean of number of shares traded) model will be employed in appraising the impact of an event.

2.10.1 Constant Mean Volume of Shares Traded Model

Let μ_i be the mean volume of shares traded for asset i . Then the constant mean return model is

$$V_{it} = \mu_i + \zeta_{it} \quad (1)$$

$$E(\zeta_{it}) = 0$$

$$\text{var}(\zeta_{it}) = \sigma^2$$

Where V_{it} is the period- t *volume of shares traded* on security i and ϵ_{it} is the time period t disturbance term for security i with an expectation of zero and variance $\sigma_{\epsilon_i}^2$.

Although the constant mean of number of shares traded model is perhaps the simplest model, Brown and Warner (1980,1985) conclude that it often yields results similar to those of more sophisticated models possibly because the variance of the abnormal return is frequently not reduced much by choosing a more sophisticated model.

2.10.2 Measuring and Analyzing Abnormal Returns

This description is as in (MacKinlay, 1997). Some notation is first defined to facilitate the measurement and analysis of abnormal returns. Returns will be indexed in event time using τ . Defining $\tau = 0$ as the event date, $\tau = T_1 + 1$ to $\tau = T_2$ represents the event window, and $\tau = T_0 + 1$ to $\tau = T_1$ constitutes the estimation window. Let $L_1 = T_1 - T_0$ and $L_2 = T_2 - T_1$ be the length of the estimation window and the event window respectively. Even if the event being considered is an announcement on given date it is typical to set the event window length to be larger than one. This facilitates the use of abnormal returns around the event day in the analysis. When applicable, the post event window will be from $\tau = T_2 + 1$ to $\tau = T_3$ and of length $L_3 = T_3 - T_2$. The timing sequence is illustrated with a time line below:

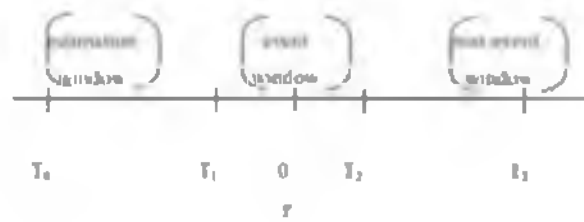


Figure 1: Time line for an event study

It is typical for the estimation window and the event window not to overlap. This design provides estimators for the parameters of the normal return model which are not influenced by the returns around the event. Including the event window in the estimation of the normal model parameters could lead to the event returns having a large influence of the normal return measure. In this situation both the normal returns and the abnormal returns would capture the event impact. This would be problematic because the methodology is built around the assumption that the event impact is captured by the abnormal returns. On occasion, the post event window data is included with the estimation window data to estimate the normal return or trading activity model. The goal of this approach is to increase the robustness of the normal market return or trading activity measure to gradual changes in its parameters. In this case an estimation framework which uses the event window returns will be required. The abnormal return is the disturbance term of the constant mean model calculated on an out sample basis. Under the null hypothesis, conditional on the event window market returns or trading activity, the abnormal returns will be jointly normally distributed with a zero conditional mean and conditional variance.

The abnormal return observations must be aggregated in order to draw overall inferences for the event of interest. The

aggregation is along two dimensions – through time and across securities. The concept of a cumulative abnormal return is necessary to accommodate a multiple period event window (MacKinlay, 1997)..

CHAPTER 3

3.0 METHODOLOGY

3.1 Research Design

This is an event study. Event studies can be carried out to see how fast share or asset prices actually react to the release of information. The resolutions of AGM are new information and AGM is an event.

3.2 Population

The population consists of all companies listed at the Nairobi Stock Exchange (NSE) from 1998 to 2001. The year 1998 is after the 1997 elections and 2001 is prior to 2002 elections. Intuitively, investors could be overtly pessimistic or optimistic during election years

3.3 Sample

Over the four-year period, the changes in share trading activity are examined. The sample consists of 20 companies that constitute the NSE index. The assumption is that the shares of the firms constituting the index are actively traded. The twenty companies are considered liquid. Secondly, the annual general meetings of some firms in the index, e.g. Kenya Commercial Bank (KCB), Kenya Airways, Uchumi, BOC have been explosive.

3.4 Data Source and Variables

The data relating to the number of shares traded and shares in issue at date of Annual General Meeting are available at the Nairobi Stock Exchange (NSE) Library. The resolution of AGM is also available at NSE. Additional information is obtainable through press search. It will be necessary collecting other market sensitive information released

close to the date of AGM to disentangle the pure informational effect of AGM.

Distinguishing between controversial and uncontroversial AGM can be subjective and difficult as euphemistic terms are used to mask volatile AGM. A distinction is made among different types of Annual General Meetings: one where most resolutions are passed by acclamation, one where there is most of resolution are voted and majority shareholders block out minority shareholders, one where the most resolutions are put to vote and majority shareholders block concur with the minority shareholders. We consider controversial those AGM reported by the press as volatile.

Trading Volume Activity (TVA) ratio is used to examine the behaviour of capital market variable surrounding a perceived or market related event. One issue addressed is whether the event shareholders pressure on management to pay dividends are associated with increased trading volume activity. This measure is used in several studies to examine the event is (Foster, 1986)

$$TVA_{i,t} = \frac{\text{Number of Shares of Firm } i \text{ traded in time } t}{\text{Number of shares of firm } i \text{ outstanding in time } t}$$

By examining the behaviour of $TVA_{i,t}$ around the AGM, and comparing it to average TVA, evidence on whether the release is associated with increased trading volume can be gathered. The idea is to establish whether there was abnormal level of purchases or sales of shares around AGM. The average TVA is average of daily trading 110 to 210 days before the AGM.

3.5 Data Analysis

To measure the abnormal Return requires a measure of the abnormal return. The abnormal return is the actual ex post return of the security over the event window minus the normal return of the firm over the

event window. The practice is to define the normal return as the expected return without conditioning on the event taking place. For firm i and event date τ the abnormal return is:

$$AR_{i\tau} = R_{i\tau} - E(R_{i\tau}|X_t) \quad (1)$$

Where $AR_{i\tau}$, $R_{i\tau}$ and $E(R_{i\tau}|X_t)$ are the abnormal, actual, and normal returns respectively for time period τ . X_t is the conditioning information for the normal return model.

4.0 DATA ANALYSIS AND FINDINGS

4.1 Introduction

The objective of this study is to examine the effect resolutions passed at annual general meeting (AGM) on share prices of companies listed at Nairobi Stock Exchange (NSE).

This required: collection of sample of firms that had AGM; determine the precise day of the AGM and make this as day zero; define the period to be studied, in this study we study 30 days before and after AGM; compute daily returns for each firm in the sample; calculate market return; generate market model for estimating normal returns; compare actual returns to expected returns to generate abnormal return for each day for each firm in the sample; compute for each day in the event period the average abnormal return for all the firms in the sample; and compute cumulative abnormal return.

We expect that the magnitude of the effect of AGMs resolutions to vary across firms because such resolutions are made by companies in different industries and at different times. In which case, it is useful examining individual firm behavior. For Summary Analysis of Returns and Cumulative Abnormal Returns (CAR) see Appendix I

4.2 Findings and Discussions

4.2.1 Bamburi Cement Ltd.

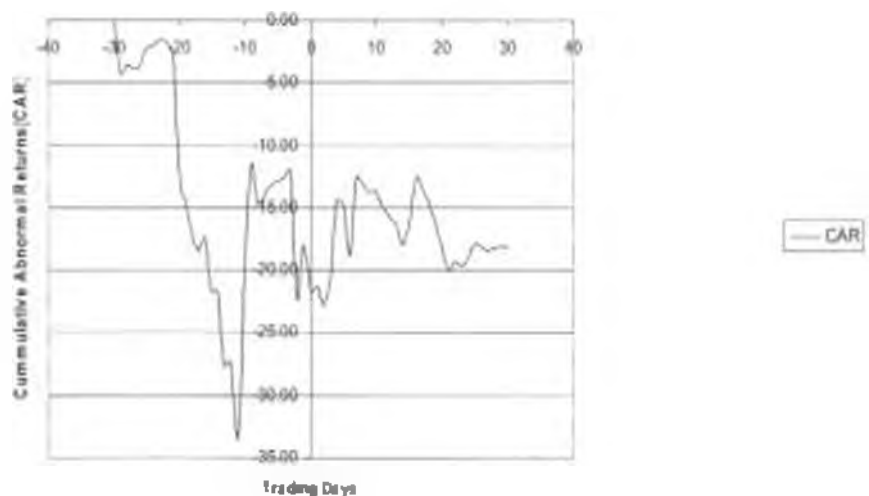
This company holds AGM, at least over the period of the study in the month of May. In 1998, the market returns were superior to this company's return over the 61 days and 30 days before

AGM. The average market return over the 60 days 0.062 and -0.134 but this company's return for the same period was -0.152 (60- days) and -0.716 (30 days before) respectively. See Appendix 2 for detailed Analysis of Returns and Cumulative Abnormal Returns around AGM the same procedure is adopted in the analysis for all the companies included in the study.

After the AGM, in terms of daily returns, the company outperformed the market (0.545 against the markets return of 0.271) Over the same period the variability in returns for the market is stable while that of this company varies from 4.563 pre AGM to 2.125 post AGM.

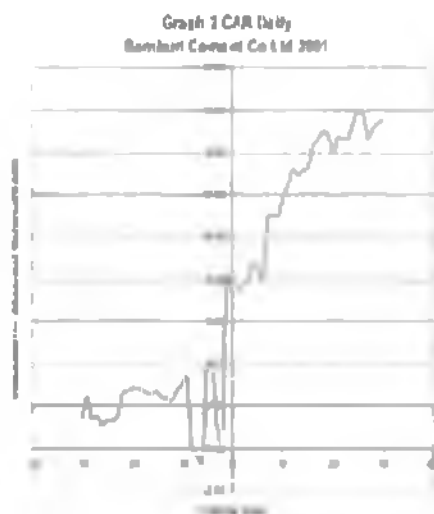
The investors in this company experienced significant abnormal losses over the 61-days and 30 days pre AGM (t-value of -3.135 and -6.257 is greater than the critical 2). The abnormal returns after the AGM of 0.036 were statistically insignificant, this suggests indifference of the market to AGM. The graph below confirms that abnormal losses were realized before the AGM and not after AGM.

Graph 1 CAR
Bambur Cement Company Ltd (1998)



The same trend is observed in 1999 and 2000.

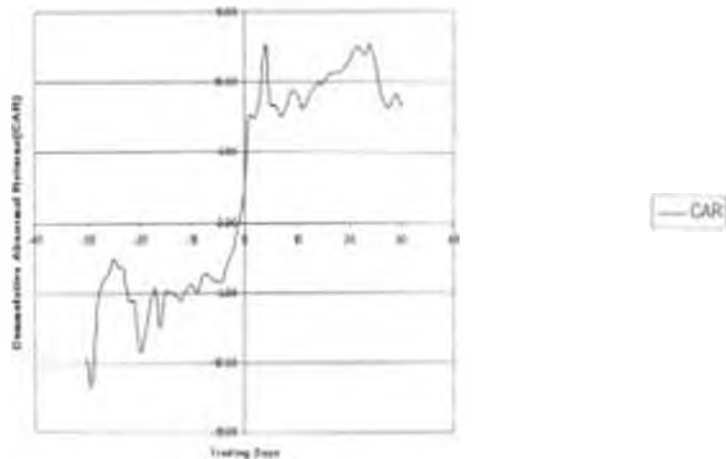
In 2001 the residual return are positive and statistically significant. In that year the earnings per share increased from shs. 0.80 in the year 2000 to shs. 2.01. This suggests optimism after the AGM. See graph 2 below. The graph confirms the pre AGM price movements around a major change in earnings. Investors are optimistic and the existing shareholders are only parting with their shares at improved share prices.



4.2.2 British American Tobacco Kenya Ltd.

In 1999 the average return over the window period was 0.141 and in that return was a residual return of 0.137; the t- value of that residual return was 3.025 and statistically significant and most of it was realized after the AGM. This suggests a revision in share prices after the AGM resolutions. There was a major increase in earning in earnings per share from shs. 6.34 during 1997 to shs. 12.37 in 1999.

Graph 1 CAR Daily
BAT (1998)



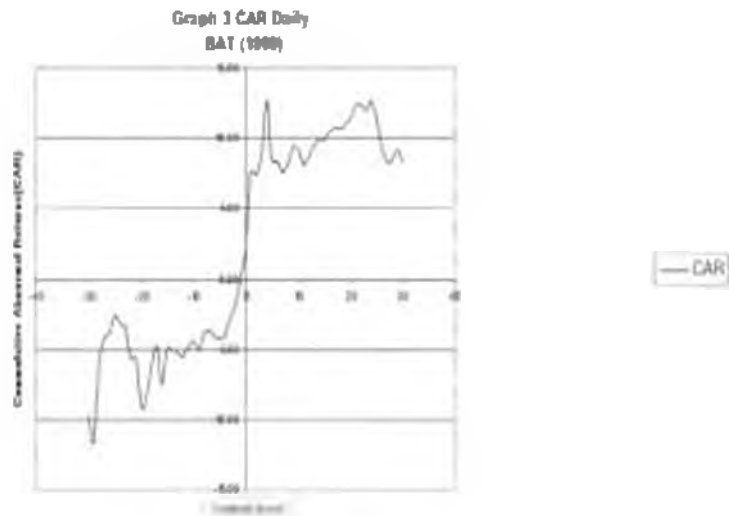
In 2000 the residuals (abnormal returns) were negative) but statistically insignificant i.e. the t-values of all categories of returns, before and after AGM, were below the critical values of two (2) or negative two (-2).

In 2001 there were changes in the board of this company and problems about tobacco industry were becoming public information thus the decline in prices and returns from the shares in this company. Investors experienced a temporary decline in their investments in this company 30 days before the AGM.

In summary, shareholders looked at AGM as a forum to confirm prior information

4.2.3 Barclays Bank of Kenya Ltd.

This company outperformed the market i.e. posted returns that were superior to the market over the entire period of the study e.g. in 1998 while the average market return of over the 61 days around AGM was 0.053 thus company return was 0.112 in



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In 2001 there were charges in the board of this company and problems about tobacco industry were becoming public information thus the decline in prices and returns from the shares in this company. Investors experienced a temporary decline in their investments in this company 30 days before the AGM.

In summary, shareholders looked at AGM as a forum to confirm prior information.

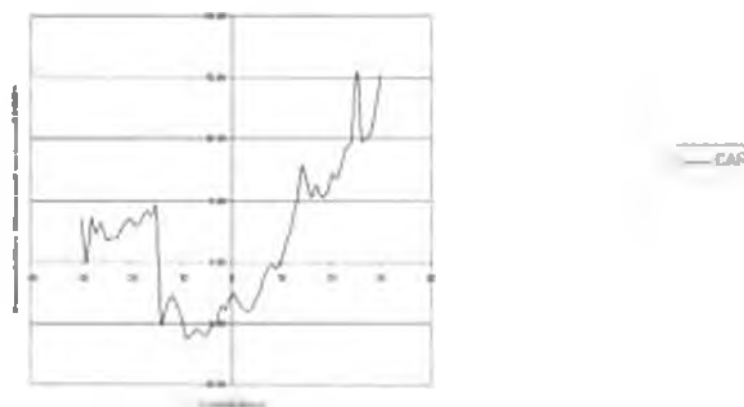
4.2.3 Barclays Bank of Kenya Ltd.

This company outperformed the market i.e. posted returns that were superior to the market over the entire period of the study e.g. in 1998 while the average market return of over the 61 days around AGM was 0.053 thus company return was 0.112 in

1999, the market return was 0.037 while this company's was 0.192, in 2000 and 2001 the same trend was observed. See table 1.

This company had uneventful AGM and not surprisingly in the years 1998 to 2000 the residual were statistically insignificant and therefore had no information content. Even the variability in returns remained stable, i.e around one (1) pre and post AGM. However in 2001 (see graph 4 below) there are substantial positive abnormal returns which might be explained by other factors different from the happenings at AGM or that the market believed in the sustainability of good dividends after the AGM. The EPS of this company moved from Shs 10.15 in 1999 to 14.51 in 2000. A factor that contributed to improved share price.

Graph 4 CAR Daily
Barclays Bank Of Kenya Ltd (2001)

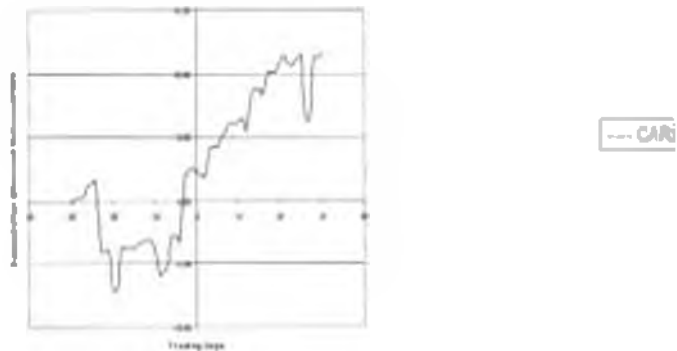


It is also possible that the market was upbeat in 2001.

4.2.4 Unilever Tea Kenya Ltd.

The return from investments in shares of this company around AGM relative to the market varies.

Graph 5 CAR Daily
(Unilever Tea Kenya Ltd 2001)



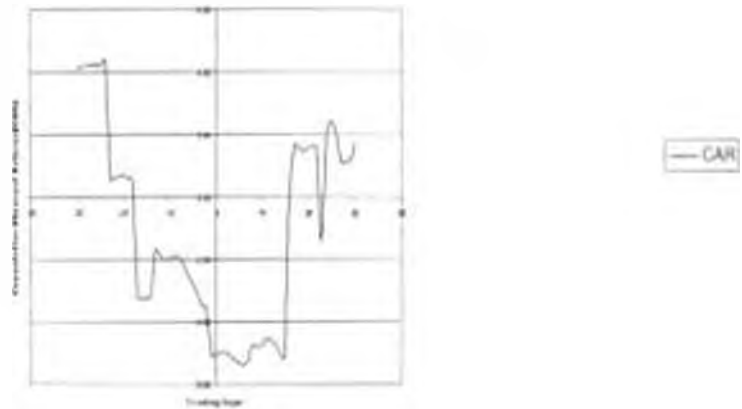
In terms of daily returns, pre and post AGM, it beat the market in 1998, 2000 and 2001, while the market outperformed it in 1999.

It only earned significant abnormal returns (negative) in 2000, during the 30 days before AGM and in 2001 during 31 days after the AGM. In other words, the share price reaction to the AGM varies from year to year. In 1998 there were abnormal returns while in 2000 there were abnormal losses. What is surprising is that the AGM were uneventful. It is possible that not all information is disclosed at AGM.

4.2.5 BOC Kenya Ltd.

The performance of this firm was largely below the market over the period of study. In 1999 this company's shares and posted negative abnormal returns prior to AGM (-0.118) which was reversed to positive abnormal returns (0.157) that was reversed during the thirty days after AGM – see graph 6 below. There was a large decline in earnings between 1999 and 2000.

Graph 6 CAR Daily
BOC Kenya Ltd (1999)



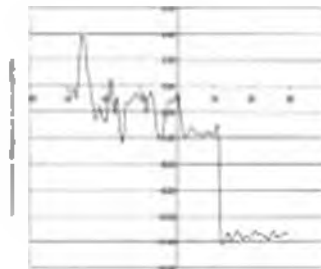
In 2000 the residuals were statistically insignificant whereas in 2001 there were statistically significant returns after the AGM. In that year there was a challenge

That there was a decline in earnings is captured by the market in this counter in 1999 and 2000 is supported when we look at standard deviation of returns that jumped from 1.238 before AGM to 1.315 after AGM. The same is observable in 2000 where the volatility measured by standard deviation was 0.290 before AGM, but a large 1.900 after the AGM. In which case, one may conclude that AGM conveyed information that investors reacted and discounted into the share prices.

4.2.6 Diamond Trust Bank Kenya Ltd.

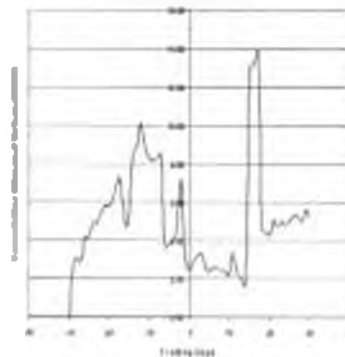
In 1998 the performance of this firm was below that of the market, in 1999 and 2000 it outperformed the market, while in 2001 it lost to the market over the event window.

Graph 7 CAR Daily
Diamond Trust Bank Kenya Ltd 1998



This firm posted post AGM abnormal losses in 1998 (-0.354), post AGM abnormal gains in 1999 (0.113) and in 2000 post AGM abnormal gains of 0.091; all of which are statistically significant.

Graph 8 CAR Daily
Diamond Trust Bank Kenya Ltd 2000



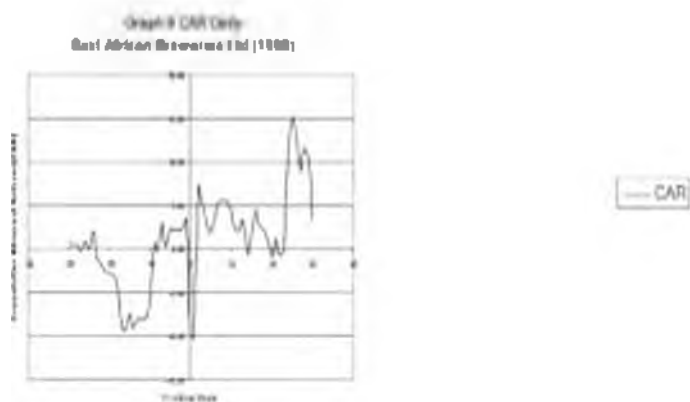
— CAR

In 2001 there was decline in share price prior to AGM resulting into negative abnormal returns of 0.142. The shapes of the graphs suggest unusual share price movement around AGM.

4.2.7 East African Breweries Ltd.

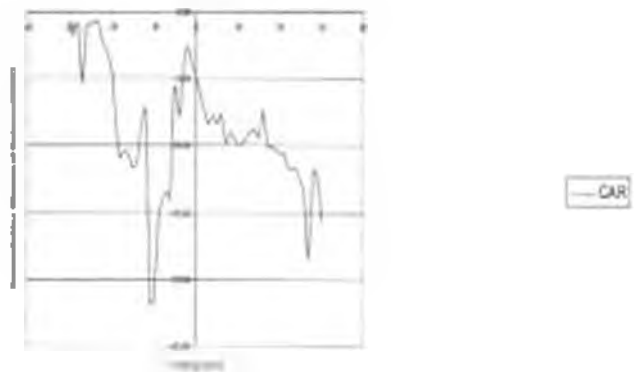
The large difference in variability in the returns in this company before and after AGM in 1998 and 1999 are indicative of share price changes before and after AGM during these periods. The investors' reaction to AGM varies, for example in 1998 investors gained confidence in this company after the AGM, resulting into abnormal returns of 0.4366. The standard deviation of return that was 2.0578 before AGM moved to 4.6423 after the AGM.

However the cumulative abnormal return declined after AGM to almost zero.



The 1999 the investors were pessimistic after AGM and the share price declined after AGM resulting into abnormal loss averaging 0.2025 compared to -0.1901 before the AGM.

Graph 11 CAR (CAR)
East Africa Breweries Ltd (1999)



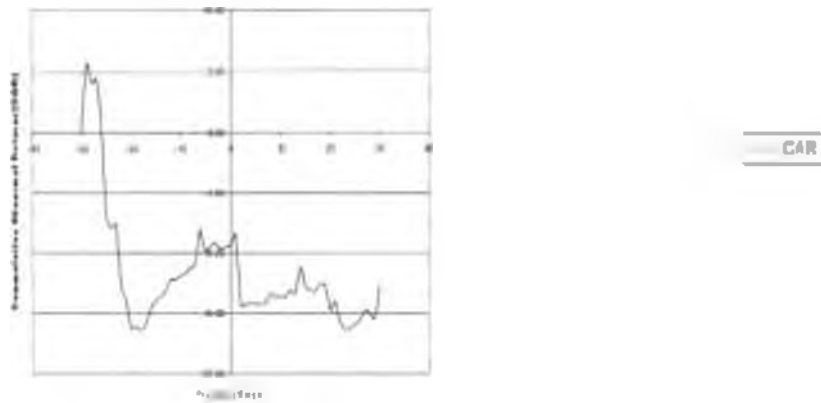
In 2002 there were no significant changes in returns around the AGM. The standard deviation of the returns pre and after AGM largely remain unchanged and the residuals (indicators of abnormal returns are largely statistically insignificant).

4.2.8 Sameer Africa Ltd.

The performance of this company is below the market over 61 days during the study. We see reduced variability in returns after the AGM e.g. in 1999 it was 2.2418 before AGM and 1.018 after AGM in 2000 it was 2.496 before AGM and 1.356 after AGM and in 2001 it was 2.128 before AGM and 1.397 after the AGM.

In 2001 the decline in variability is observed even when the variability in the market as a whole increased from 0.364 before AGM to 0.592 after AGM. There were no significant (the t-values indicate so) abnormal returns in 1999 and 2000 accruing to investors in this company. However in 2001 it posted abnormal losses before that persisted after the AGM see graph 11 below.

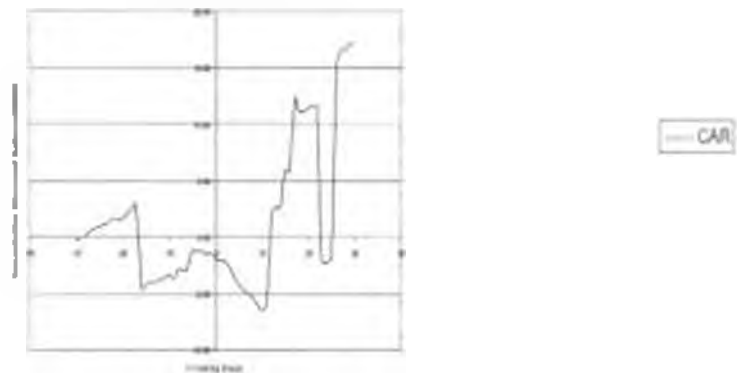
Graph 11 CAR Daily
Samaer Africa Ltd(2001)



4.2.9 Kakuzi Ltd.

In 1998 this company earned return of 0.6428 after AGM, out of which 0.63536 was abnormal returns. The standard deviation of returns moved from 1.447 before AGM to 4.624 after AGM, this is erratic when compared to the market volatility of 0.56 before AGM and 0.780 after the AGM. The graph below shows reaction to proceeding at AGM in 1998. This was because the management predicted a decline in performance.

Graph 12 CAR Daily
Kahua Ltd (1998)

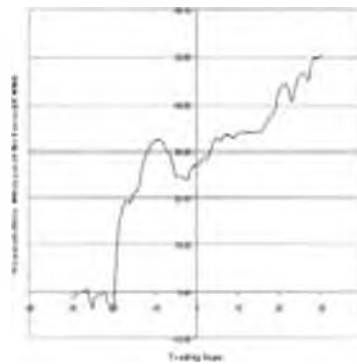


The abnormal returns were positive and statistically significant in 1998, 1999 and 2001 after the AGM. However the source of abnormal gains in 2001 is due to a decline in share price before AGM.

4.2.10 Kenya Commercial Bank Ltd.

This is one company whose AGM are considered explosive. In 1998, 1999 and 2000 we see decline in prices before the AGM and reversal of the same after AGM. This reflects the campaign and canvassing that go on a month before AGM and the resulting impact on share prices. The shareholders earned abnormal returns of 0.81 after the AGM in 1999, none in 2000 and 0.78 in 2001. There is no significant difference in the variability of returns between pre and post AGM in 1999, and 2000.

Graph 13 CAR Daily
Kenya Commercial Bank Ltd (2001)

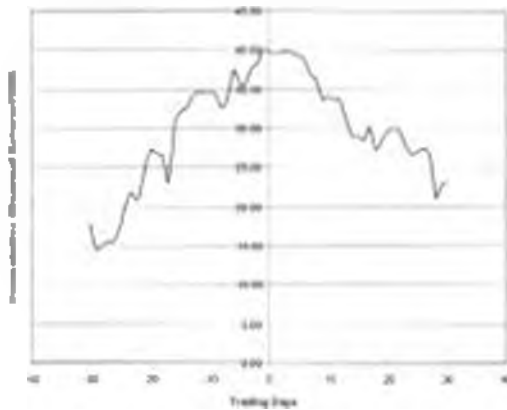


In 2001 the investors earned abnormal returns and the variability in returns moved from 3.66 before AGM to 1.908 after AGM. This was because of persistence increase in the share price that could not be attributed to AGM resolutions.

4.2.11 Kenya Power Lighting Company Ltd.

I only got complete information for only one year, 2000 This is a one off AGM that show abnormal losses of 0.555 gains of 2.956 after AGM.

Graph 14 CAR Daily
Kenya Power and Lighting Company Ltd (2000)



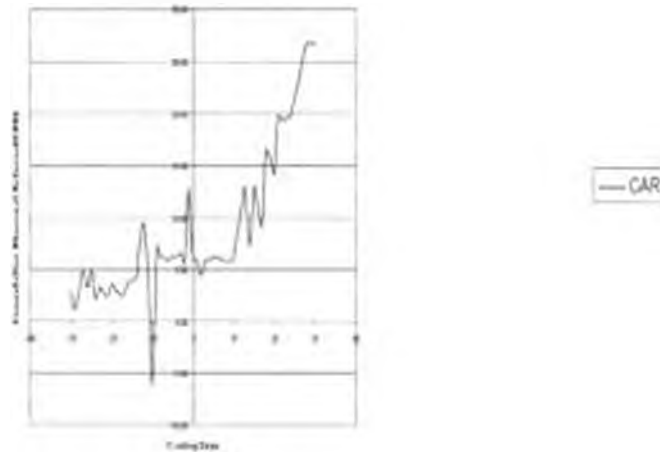
The variability in returns of 4.011 before AGM settles at 1.366 after the AGM. The same kind of adjustment is seen in the variability of market returns over the same period.

4.2.12 Kenya Airways Ltd.

The AGM of this company were described in 2000 and 2001 as largely volatile. The data examined confirm show mixed reactions. In 2000 the average returns declined from 0.564 before AGM to 0.127 after AGM, while no substantial abnormal returns or losses was realized. In 1999, and 2001 there significant abnormal returns, both before after AGM- in 1999 is 0.425) before AGM and 0.6752 after AGM, in 2001 is 0.337 before AGM and - 0.16 after AGM. Both years experienced substantial changes in variability of returns between pre and post AGM periods.

In 1999, 2000 and 2001 investors who attended the AGM were annoyed by the attitude of the then chairman of the company. In fact most of the resolutions including appointment of directors went to the vote.

Graph 15 CAR Daily
Kenya Airways Ltd (1998)

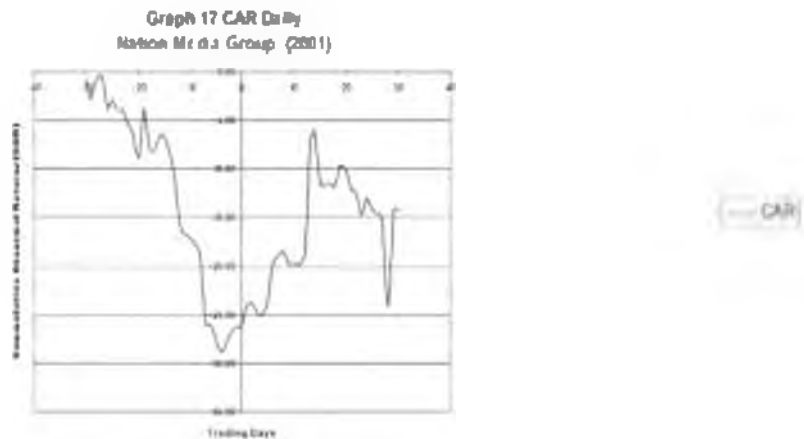
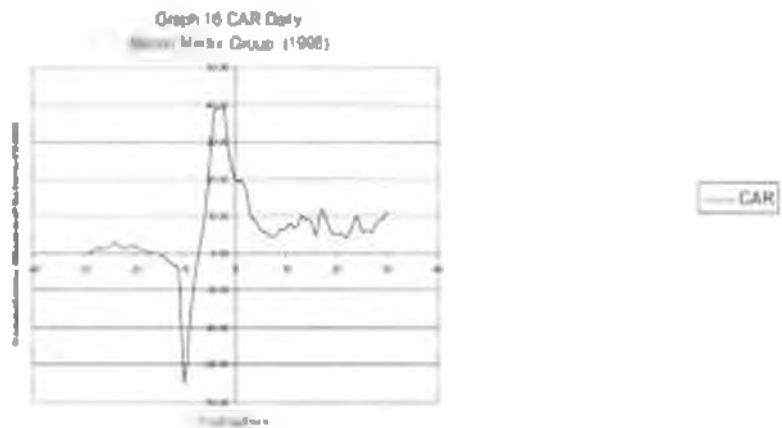


While there were investors who were disenchanted and disposing their investments, others were willing to come in. The latter won: The share price in this company was Shs 7.50 for most of the time in 1998 through 2000 but currently is Shs 131 per share.

4.2.13 Nation Media Group (NMG)

In 1998 there was significant reaction by investors to the AGM. The pre AGM returns that was 1.394 declined to -0.189 after the AGM. When we compare pre and after AGM variability in returns, we also see large differences from 8.889 pre AGM to 2.908 post AGM. In the same year, investors earned positive abnormal returns before the AGM and abnormal losses after AGM. This signifies a decline in share price and possible discontent after AGM. Things were settled after the AGM in 1998 and it is visible in the graph above how the abnormal

returns declined to almost zero. The year 2001 was the opposite of 1998 in that abnormal losses arose before AGM while abnormal gain after AGM

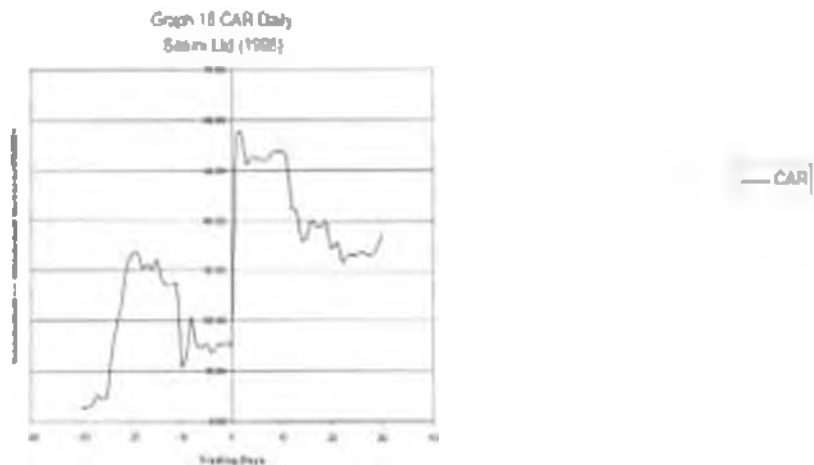


This suggests investor's confidence after AGM. Such reversals cause decline in variability in returns from shares see standard deviation of returns in 1998 and 2001.

4.2.14 Sasini Ltd.

In 1998, over the 61- days period, the pre AGM and post AGM periods, this company outperformed the market. However there is not much difference in returns before AGM (0.5537) and after AGM (0.5544) in 1998. However, it earned higher abnormal return (0.711) after AGM compared to 0.522 before the AGM. There was a marked change in variability in returns from 4.615 pre AGM to 8.6948 post AGM. Again this suggests significant activity around AGM.

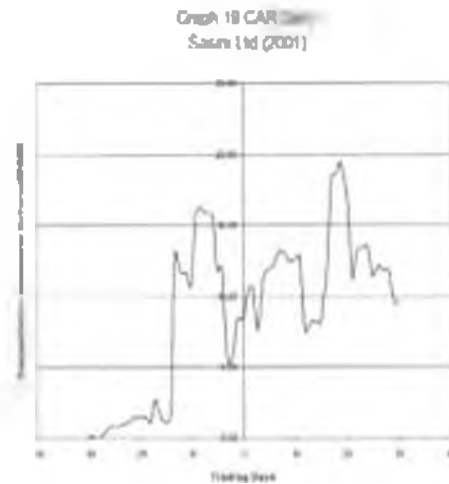
In 2000, over the 61- day's period, the pre AGM and post AGM periods, the market outperformed this company. The returns improved after the AGM translating into positive abnormal returns. The abnormal returns were only significant during 30 days prior to AGM.



The variability in returns decreased from 3.1485 before AGM to 1.620, implying increased activity after AGM in 2000.

In 2001 there was an improvement in returns compared to 2000. There was increase in the share price and returns before the AGM, again resulting in increase in variability of returns.

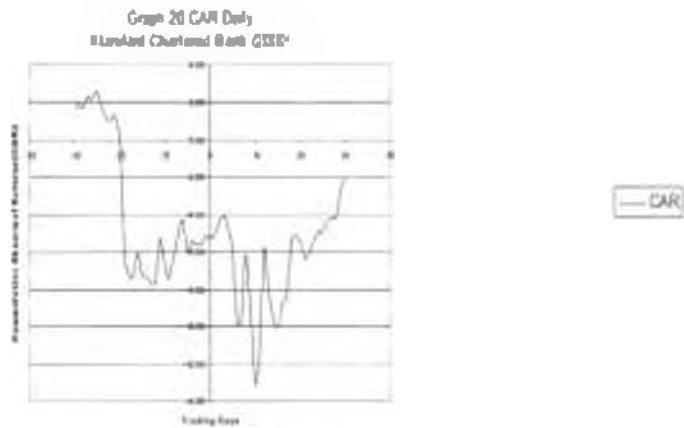
However significant abnormal losses were experienced before AGM.



The 2001 share price behavior around AGM was same as 2000 with abnormal gains being experienced before the AGM.

4.2.15 Standard Chartered Bank (SCB)

In 1998 the returns declined before the AGM but picked after the AGM. However, the variability in returns changed slightly. The returns from shares in this company consistently improve after AGM. In 1998 the returns moved from -0.287 pre AGM to 0.0846 post AGM; in 2000 from -0.2853 to 0.656, in 2001 from 0.13165 to 0.20595.

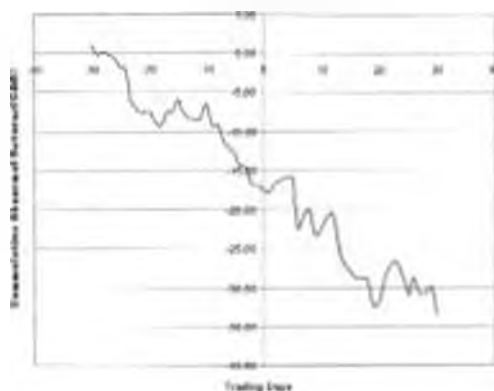


Over the period of the study this company posted significant abnormal returns both after and before AGM. The returns of this company were superior to that of the market over the period of this study.

4.2.16 Total Kenya Ltd

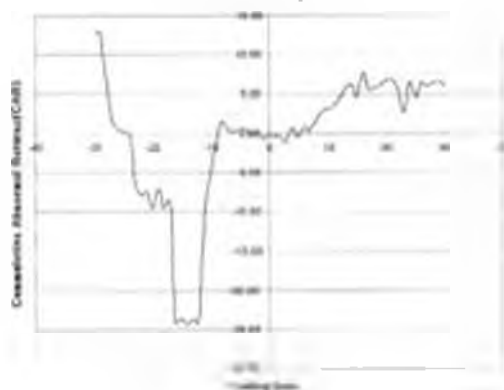
The return varies from AGM to AGM. In 1998, there were abnormal losses before the AGM and after the AGM. A possible interpretation is the management was less convincing at AGM. In that year the returns declined from -0.547 before AGM to -0.756 after AGM. However, the investors experienced a loss after the AGM. The variability in returns increased from 1.4311 to 2.0279.

Graph 21 CAR Daily
Total Ltd (1998)



In 1999 the share Performance around AGM is not much different from the one in 1998, except that the variability reversed, while it was low in the pre AGM period in 1998 compared to post AGM period, it was high in pre AGM in 1999 and low in post AGM period.

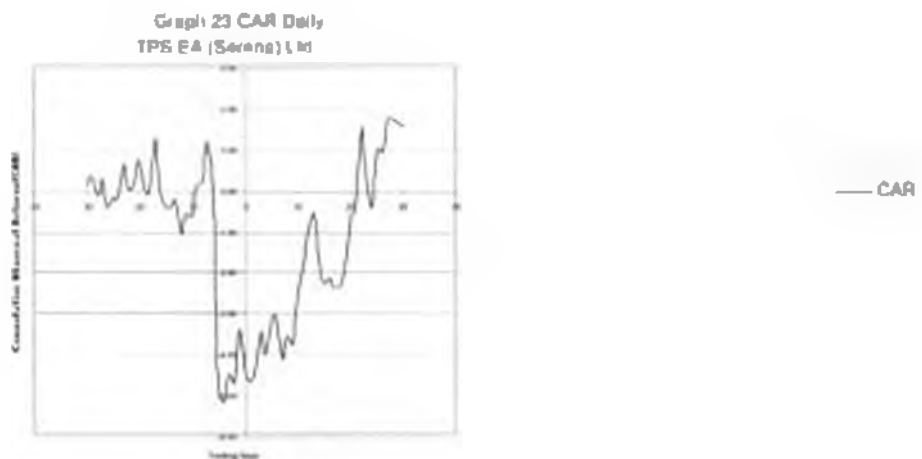
Graph 22 CAR Daily
Total Ltd (1999)



The 2000 trends are similar to 1999. In 2001 there were substantial abnormal gains in pre-AGM period and substantial abnormal gains post-AGM period.

4.2.17 TPS EA (Serena) Ltd.

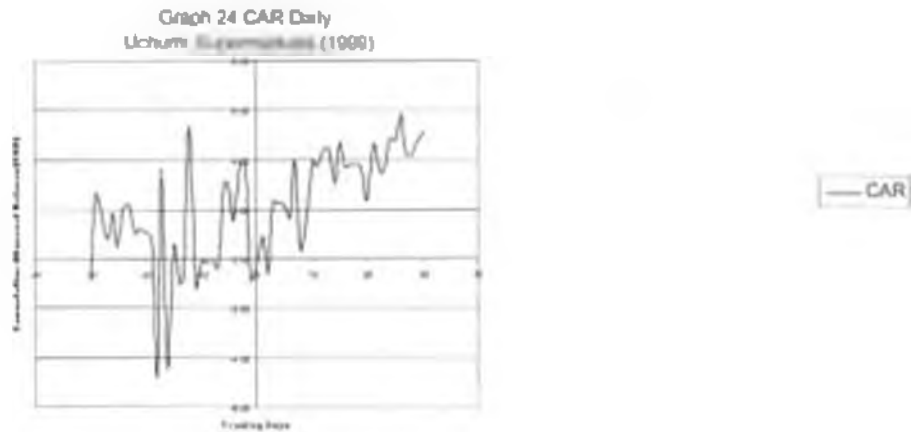
There was, as far as fluctuations in share prices suggest uneventful AGM in 1998. In that year there were no significant abnormal returns around the AGM. In 1999, the average return improved from a pre-AGM level of -0.066 to a post AGM of 0.947 and investors on average earned abnormal returns of 0.2046 after AGM.



The year 2000 experienced another uneventful AGM. However, in 2001 minimal abnormal returns were earned before AGM whereas abnormal losses arose after AGM

4.2.18 Uchumi Supermarkets Ltd

This is a company where performance of shares after AGM suggest management reliance on AGM to build investors confidence. In 1998 it underperformed relative to the market around AGM. The variability of the returns increased from 1.3107 before the AGM to 2.4707 after the AGM. Over the period of the story, the returns consistently improve after the AGM.

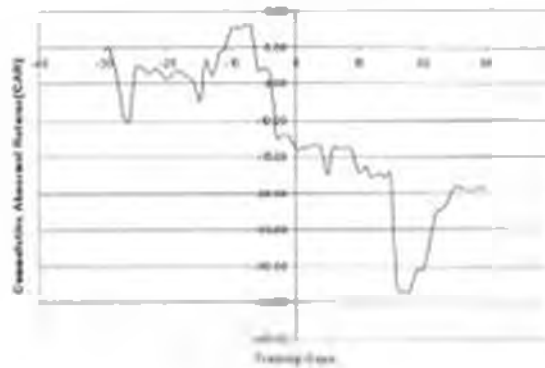


Abnormal returns are earned in 1999 and 2000. The graph above shows cumulative abnormal returns drifting away from zero. In 2001 the increase in returns are too small to translate into abnormal returns.

4.2.19 Williamson Tea Co. Ltd.

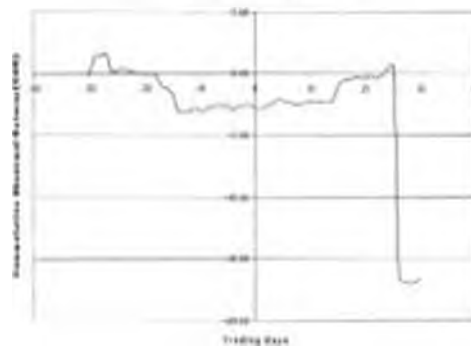
The company posted a return of -0.281 before AGM and -0.173 after AGM in 1998. The residual returns were -0.404 before AGM and -0.191 after AGM, both statistically significant. The variability in the returns did not change much.

Graph 18: CAR Daily
Williamson Tool Co Ltd (1999)



In 1999 the pre AGM period with a return of -0.070 outperformed post AGM period whose return was -0.595 . There were substantial abnormal losses after the AGM (-0.466). There was a significant shift in variability in returns from 0.459 pre AGM to 3.260 post AGM.

Graph 19: CAR Daily
Williamson Tool Co Ltd (2000)



The 2000 results are similar to 1999. In 2000 in terms of abnormal returns, the AGM period was almost non eventful.

4.3 Summary of Findings

Table 1 below is a summary of movements in returns after the AGM. In general there appears to be many increases in returns than decreases after the AGM. It is possible that the AGM is a rallying point and confidence building amongst shareholders.

CHANGE IN RETURNS AFTER AGM

	1998		1999		2000		2001	
	Increas ed	Decreas ed	Increas ed	Decreas ed	Increas ed	Decreas ed	Increas ed	Decreas ed
AGRICULTURE								
Unilever Kenya Ltd.	Yes		Yes		Yes		Yes	
Williamson Tea	Yes			Yes		Yes		Yes
Kakuzi	Yes		Yes			Yes	Yes	
COMMERCIAL								
Uchumi	Yes		Yes		Yes		Yes	
Kenya Airways	Yes				Yes		Yes	
Tps Serena		Yes	Yes		Yes			Yes
Nation Media Group		Yes			Yes		Yes	
FINANCIALS								
Barclays	Yes		Yes			Yes	Yes	
Diamond Trust		Yes		Yes		Yes	Yes	
KCB				Yes		Yes	Yes	
Stanchart Bank	Yes				Yes		Yes	
NIC								
INDUSTRIALS								
Bamburi	Yes		Yes		Yes			Yes
HAT			Yes		Yes		Yes	
HCC			Yes		Yes			Yes
EABL	Yes			Yes		Yes		
Firestone			Yes		Yes		Yes	
KPLC		Yes	Yes		Yes			Yes
Total								

From the data analysis and resulting graphs, it appears that all the companies sampled had an eventful AGM. The graphs confirm a turning point in residual around the date of AGM for most of the companies.

CHAPTER 5

5.0 CONCLUSIONS AND SUGGESTIONS FOR FURTHER RESEARCH

Introduction

The objective of this study was to examine the share price behavior before and after annual general meeting (AGM) of companies listed at Nairobi Stock Exchange (NSE). The assumption was that the market price for any share represents a consensus view of all investors. At the stock market each investor, give his or her own expectations about those relevant factors affecting the value of a particular share, will adjust his or her holdings so that the marginal value of a unit of the security equals the market price.

5.1 Conclusions

The findings are that significant movements in returns were observed periodically, pre and post AGM. Some shares posted either positive or negative abnormal returns around the AGM dates.

It is possible that in some cases share price responded to different resolutions. This can be deduced from the observation that the share price for an individual company in one year posted positive abnormal returns while a negative abnormal returns in a subsequent year. The above findings have implications on how efficient NSE is in pricing of securities listed at that exchange, given that statistically abnormal returns were observed in post and pre AGM in a number of securities at different dates. Given that a number of issues to be deliberated at AGM are public information prior to AGM, e.g. confirmation of accounts, election of directors, dividends payable etc, and one would not expect revision in share prices that result into abnormal gains or

losses. In which case abnormal gains or losses is only realizable if good or bad news emerges from the AGM.

5.2 Limitations of This Study

The major challenge in this study was the development of the asset or security pricing model. Testing for market efficiency involves determining abnormal returns. The definition of "normal return" requires the use of an equilibrium-based asset pricing model. However, it is not always that the asset pricing model being used is valid. Abnormal returns might be due to the markets being inefficient or it might be due to the asset pricing model being incorrect, or it might be due to both reasons. It is impossible to disentangle the two issues. Thus a test for market efficiency using event studies tests both the efficiency of the market and the validity of the asset pricing model.

5.3 Recommendations For Further Research

In future studies other models, other than market model should be employed. The data set should also cover longer periods.

APPENDICES

Appendix 1

Table 1 The Summary of Analysis of Agricultural Sector Returns and Cumulative Returns around AGM

Year	1998					1999				
	MarketRe	Return	Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
Bond										
Average For The Whole Period	0.032	0.178	0.202	0.083	1.737	0.036	0.025	0.046	0.019	1.188
Average For The 30 Days Period Before AGM	-0.191	-0.076	0.159	0.086	0.625	-0.024	0.004	0.083	0.034	1.772
Average For The 30 Days Period After AGM	0.240	0.353	0.180	0.073	1.885	0.112	0.001	-0.051	-0.021	-0.280
Standard Deviation For The Whole Period	0.685	1.382	1.478	0.605	20.402	0.544	0.631	0.764	0.313	9.306
Standard Deviation For The 30 Days Period Before Announcement	0.525	1.296	1.456	0.596	20.087	0.617	0.573	0.864	0.353	9.521
Standard Deviation For The 30 Days Period After Announcement	0.770	1.406	1.505	0.616	20.698	0.462	0.436	0.580	0.238	8.004
Year	2000					2001				
Bbond	MarketRe	Return	Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
Average For The Whole Period	-0.116	-0.244	-0.077	-0.032	-1.441	-0.165	-0.030	0.191	0.078	1.927
Average For The 30 Days Period Before AGM	-0.117	-0.360	-0.195	-0.080	-3.874	-0.190	-0.150	0.065	0.035	0.967
Average For The 30 Days Period After AGM	-0.137	-0.138	0.049	0.020	1.103	-0.164	0.103	0.313	0.128	3.478
Standard Deviation For The Whole Period	0.604	4.580	4.321	1.767	37.513	0.499	1.584	1.591	0.650	24.477
Standard Deviation For The 30 Days Period Before Announcement	0.601	6.010	5.660	2.315	44.515	0.458	1.714	1.749	0.714	27.900
Standard Deviation For The 30 Days Period After Announcement	0.620	2.728	2.560	1.047	30.277	0.544	1.478	1.463	0.566	21.346
Year	1998					1999				
Williamson	MarketRe	Return	Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
Average For The Whole Period	0.140	-0.242	-0.319	-0.146	-3.511	-0.100	-0.327	-0.274	-0.126	-2.574
Average For The 30 Days Period Before AGM	0.225	-0.281	-0.404	-0.184	-3.225	0.031	-0.070	-0.067	-0.040	-1.495
Average For The 30 Days Period After AGM	0.028	-0.173	-0.191	-0.088	-3.280	-0.244	-0.595	-0.466	-0.214	-3.654
Standard Deviation For The Whole Period	0.637	3.231	3.181	1.453	52.853	0.479	2.304	2.227	1.018	19.470
Standard Deviation For The 30 Days Period Before AGM	0.760	3.203	3.083	1.408	45.097	0.322	0.459	0.509	0.233	9.030
Standard Deviation For The 30 Days Period After AGM	0.470	3.362	3.368	1.539	60.776	0.572	3.260	3.151	1.441	26.464

Year

Williamson	MarketRe	Return
Average For The Whole Period	0.044	-0.306
Average For The 30 Days Period Before AGM	-0.005	-0.192
Average For The 30 Days Period After AGM	0.079	-0.431
Standard Deviation For The Whole Period	0.507	1.609
Standard Deviation For The 30 Days Period Before AGM	0.800	0.688
Standard Deviation For The 30 Days Period After AGM	0.405	2.203

Year

Kakuz	MarketRe	Return
Average For The Whole Period	0.062	0.217
Average For The 30 Days Period Before AGM	-0.106	-0.201
Average For The 30 Days Period After AGM	0.205	0.643
Standard Deviation For The Whole Period	0.693	3.395
Standard Deviation For The 30 Days Period Before AGM	0.580	1.447
Standard Deviation For The 30 Days Period After AGM	0.781	4.624

Year

Kakuz	MarketRe	Return
Average For The Whole Period	-0.117	-0.144
Average For The 30 Days Period Before AGM	-0.117	-0.130
Average For The 30 Days Period After AGM	-0.075	-0.150
Standard Deviation For The Whole Period	0.592	0.768
Standard Deviation For The 30 Days Period Before AGM	0.597	0.658
Standard Deviation For The 30 Days Period After AGM	0.560	0.695

Year

Saem	MarketRe	Return
Average For The Whole Period	-0.037	0.545
Average For The 30 Days Period Before AGM	0.070	0.554

2000

Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
-0.331	-0.151	-4.906	-0.085	-0.143	-0.098	-0.044	-2.089
-0.191	-0.087	-2.681	0.078	-0.091	-0.135	-0.061	-2.334
-0.475	-0.217	-7.167	-0.281	-0.199	-0.060	-0.027	-1.837
1.545	0.706	22.786	0.499	1.056	1.040	0.475	17.208
0.721	0.329	9.242	0.524	1.113	1.058	0.482	16.390
2.093	0.955	31.279	0.421	1.030	1.058	0.483	18.544

2001

1998

Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
0.283	0.142	6.211	0.050	0.033	0.105	0.052	0.411
-0.049	-0.024	-1.362	0.035	-0.112	-0.033	-0.017	-1.400
0.635	0.319	4.144	0.077	0.269	0.327	0.164	3.773
3.308	1.662	47.585	0.577	1.997	1.859	0.934	25.758
1.454	0.731	27.798	0.511	2.386	2.251	1.131	31.244
4.500	2.261	61.513	0.650	1.492	1.337	0.672	17.519

1999

2000

Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
0.014	0.007	-0.115	-0.163	-0.215	-0.034	-0.017	-0.090
0.016	0.008	-0.029	-0.264	-0.545	-0.313	-0.157	-5.164
-0.014	-0.007	-0.431	-0.063	0.007	0.137	0.069	2.793
0.840	0.422	14.558	0.515	1.656	1.632	0.820	26.665
0.891	0.448	16.362	0.592	1.938	1.908	0.959	27.666
0.605	0.405	12.999	0.420	1.177	1.180	0.593	22.909

2001

1998

Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
0.608	0.222	2.871					
0.522	0.191	8.521					

1999

Average For The 30 Days Period After AGM	-0.148	0.554	0.711	0.262	-2.654
Standard Deviation For The Whole Period	0.841	6.844	8.510	2.388	47.952
Standard Deviation For The 30 Days Period Before AGM	0.962	4.815	4.485	1.639	49.418
Standard Deviation For The 30 Days Period After AGM	0.717	8.685	6.218	3.015	47.438

Year	2000					2001				
	MarketRe	Return	Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
Sasari										
Average For The Whole Period	-0.025	-0.274	-0.223	-0.082	-2.194	-0.108	0.034	0.157	0.058	1.885
Average For The 30 Days Period Before AGM	-0.017	-0.382	-0.338	-0.123	-2.471	-0.009	0.242	0.280	0.102	3.994
Average For The 30 Days Period After AGM	-0.042	-0.178	-0.110	-0.040	-1.903	-0.225	-0.188	0.038	0.015	-0.178
Standard Deviation For The Whole Period	0.709	2.464	2.437	0.890	29.017	0.388	2.642	2.583	0.943	35.991
Standard Deviation For The 30 Days Period Before AGM	0.690	3.148	3.054	1.116	34.945	0.353	2.913	2.838	1.037	40.643
Standard Deviation For The 30 Days Period After AGM	0.750	1.620	1.714	0.625	22.818	0.348	2.421	2.391	0.873	31.924

Table 2 The Summary of Analysis of Commercial Sector Returns and Cumulative Returns around AGM

Year	1998					1999				
	MarketRe	Return	Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
UCHUMI										
Average For The Whole Period	0.202	0.117	-0.074	-0.031	-0.256	-0.005	0.090	0.084	0.035	-0.416
Average For The 30 Days Period Before AGM	-0.058	-0.022	0.019	0.009	0.376	-0.012	-0.027	-0.027	-0.012	-3.732
Average For The 30 Days Period After AGM	0.470	0.327	-0.104	-0.045	0.260	0.018	0.211	0.184	0.078	2.691
Standard Deviation For The Whole Period	0.677	1.972	1.884	0.795	25.360	0.437	2.654	2.581	1.088	39.371
Standard Deviation For The 30 Days Period Before AGM	0.499	1.311	1.178	0.497	18.253	0.526	3.488	3.428	1.446	51.462
Standard Deviation For The 30 Days Period After AGM	0.745	2.471	2.412	1.018	30.917	0.332	1.542	1.415	0.597	23.154

Year	2000					2001				
	MarketRe	Return	Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
UCHUMI										
Average For The Whole Period	-0.099	0.065	0.144	0.051	1.821	-0.116	-0.128	-0.038	-0.015	-0.072
Average For The 30 Days Period Before AGM	-0.192	-0.183	-0.022	-0.009	-0.500	-0.178	-0.268	-0.118	-0.050	-0.639
Average For The 30 Days Period After AGM	0.045	0.317	0.287	0.113	4.079	-0.058	0.001	0.051	0.022	0.784
Standard Deviation For The Whole Period	0.500	1.778	1.839	0.776	28.609	0.548	1.799	1.709	0.721	25.276
Standard Deviation For The 30 Days Period Before AGM	0.378	1.986	2.104	0.887	32.001	0.703	1.955	1.873	0.790	25.403
Standard Deviation For The 30 Days Period After AGM	0.512	1.567	1.573	0.664	25.618	0.339	1.684	1.587	0.669	25.979

Year

KENYA AIRWAYS

Average For The Whole Period
Average For The 30 Days Period Before AGM
Average For The 30 Days Period After AGM
Standard Deviation For The Whole Period
Standard Deviation For The 30 Days Period Before AGM
Standard Deviation For The 30 Days Period After AGM

MarketRe Return

Year

KENYA AIRWAYS

Average For The Whole Period
Average For The 30 Days Period Before AGM
Average For The 30 Days Period After AGM
Standard Deviation For The Whole Period
Standard Deviation For The 30 Days Period Before AGM
Standard Deviation For The 30 Days Period After AGM

MarketRe Return
0.096 0.349
0.085 0.564
0.122 0.127
0.506 0.932
0.573 1.114
0.437 0.674

Year

TPSerena

Average For The Whole Period
Average For The 30 Days Period Before AGM
Average For The 30 Days Period After AGM
Standard Deviation For The Whole Period
Standard Deviation For The 30 Days Period Before AGM
Standard Deviation For The 30 Days Period After AGM

MarketRe Return
0.062 -0.026
0.213 0.034
-0.067 -0.082
0.699 2.132
0.792 2.418
0.574 1.884

Year

TPSerena

Average For The Whole Period
Average For The 30 Days Period Before AGM
Average For The 30 Days Period After AGM

MarketRe Return
-0.090 -0.037
-0.126 -0.036
-0.005 -0.026

1998				1999			
Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
			-0.122	0.296	0.435	0.180	5.937
			-0.088	0.320	0.425	0.157	5.338
			-0.145	0.512	0.675	0.249	9.482
			0.518	3.279	3.216	1.187	44.185
			0.552	3.818	3.731	1.378	51.888
			0.498	2.413	2.403	0.887	32.615

2000				2001			
Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
0.270	0.100	3.860	-0.091	-0.038	0.072	0.027	0.084
0.495	0.182	6.900	-0.338	-0.017	0.337	0.125	4.883
0.020	0.008	0.525	0.162	-0.013	-0.180	-0.059	-4.091
1.003	0.370	11.603	0.680	2.455	2.228	0.823	25.548
1.228	0.453	13.450	0.412	1.278	1.130	0.417	13.859
0.665	0.245	8.595	0.810	3.283	2.974	1.089	33.370

1998				1999			
Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
-0.070	-0.049	-0.656	0.051	0.064	0.028	0.018	0.884
-0.090	-0.082	-1.193	0.085	-0.088	-0.112	-0.077	-2.328
-0.057	-0.041	-0.242	0.032	0.232	0.205	0.142	5.115
2.033	1.411	42.169	0.530	0.947	0.973	0.675	22.738
2.295	1.593	43.172	0.689	1.097	1.122	0.779	25.498
1.812	1.257	42.596	0.323	0.751	0.771	0.535	18.927

2000				2001			
Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
0.000	0.000	-0.056	-0.073	-0.033	-0.005	-0.004	-0.384
0.020	0.015	0.743	-0.199	-0.004	0.091	0.063	2.022
-0.035	-0.025	-1.010	0.039	-0.063	-0.095	-0.086	-2.837

Standard Deviation For The Whole Period	0.590	0.590	0.852	0.453	14.277	0.550	0.850	0.687	0.616	20.005
Standard Deviation For The 30 Days Period Before AGM	0.547	0.776	0.820	0.570	18.511	0.542	0.566	0.551	0.382	12.183
Standard Deviation For The 30 Days Period After AGM	0.600	0.338	0.446	0.309	8.780	0.543	1.093	1.142	0.793	25.838

Year	1998					1999				
Nation Media Group	MarketRe	Return	Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
Average For The Whole Period	0.108	0.460	0.188	0.056	-0.230					
Average For The 30 Days Period Before AGM	0.251	1.394	0.918	0.275	5.512					
Average For The 30 Days Period After AGM	-0.022	-0.189	-0.279	-0.083	-3.003					
Standard Deviation For The Whole Period	0.683	6.644	8.088	1.823	44.595					
Standard Deviation For The 30 Days Period Before AGM	0.764	8.889	8.138	2.438	53.278					
Standard Deviation For The 30 Days Period After AGM	0.580	2.908	2.723	0.815	30.983					

Year	2000					2001				
Nation Media Group	MarketRe	Return	Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
Average For The Whole Period	0.032	0.029	-0.136	-0.041	-1.351	-0.066	-0.204	-0.232	-0.089	-2.583
Average For The 30 Days Period Before AGM	0.044	0.000	-0.184	-0.058	-1.501	-0.222	-1.068	-0.876	-0.262	-9.626
Average For The 30 Days Period After AGM	0.029	0.060	-0.101	-0.030	-1.338	0.093	0.853	0.401	0.120	4.321
Standard Deviation For The Whole Period	0.538	4.252	3.884	1.163	33.985	0.544	3.263	3.041	0.910	32.123
Standard Deviation For The 30 Days Period Before AGM	0.703	5.969	5.407	1.818	45.977	0.535	2.412	2.257	0.876	24.960
Standard Deviation For The 30 Days Period After AGM	0.322	1.329	1.405	0.421	18.586	0.523	3.830	3.632	1.088	37.599

Table 3 The Summary of Analysis of Financial Sector Returns and Cumulative Returns around AGM

Year	1998					1999				
BBK	MarketRe	Return	Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
Average For The Whole Period	0.053	0.112	0.066	0.042	0.461	0.037	0.182	0.153	0.097	3.029
Average For The 30 Days Period Before AGM	-0.104	0.029	0.062	0.039	1.117	-0.004	0.117	0.100	0.082	0.753
Average For The 30 Days Period After AGM	0.189	0.188	0.071	0.045	-0.192	0.102	0.303	0.232	0.147	5.789
Standard Deviation For The Whole Period	0.687	1.050	0.946	0.598	19.288	0.552	1.201	1.158	0.731	25.518
Standard Deviation For The 30 Days Period Before AGM	0.584	0.868	0.767	0.485	16.585	0.646	1.542	1.472	0.929	31.598
Standard Deviation For The 30 Days Period After AGM	0.776	1.229	1.124	0.710	22.213	0.438	0.738	0.782	0.481	18.119

Year

BBK	MarketRe	Return
Average For The Whole Period	-0.103	-0.073
Average For The 30 Days Period Before AGM	-0.115	-0.068
Average For The 30 Days Period After AGM	-0.064	-0.077
Standard Deviation For The Whole Period	0.516	0.925
Standard Deviation For The 30 Days Period Before AGM	0.473	0.574
Standard Deviation For The 30 Days Period After AGM	0.547	1.200

Year

Diamond Trust	MarketRe	Return
Average For The Whole Period	0.141	-0.142
Average For The 30 Days Period Before AGM	0.262	0.089
Average For The 30 Days Period After AGM	0.054	-0.377
Standard Deviation For The Whole Period	0.638	1.678
Standard Deviation For The 30 Days Period Before AGM	0.731	1.700
Standard Deviation For The 30 Days Period After AGM	0.498	1.678

Year

Diamond Trust	MarketRe	Return
Average For The Whole Period	-0.051	-0.018
Average For The 30 Days Period Before AGM	-0.106	-0.042
Average For The 30 Days Period After AGM	0.010	0.036
Standard Deviation For The Whole Period	0.570	2.267
Standard Deviation For The 30 Days Period Before AGM	0.511	1.658
Standard Deviation For The 30 Days Period After AGM	0.634	2.804

Year

KCB	MarketRe	Return
Average For The Whole Period		
Average For The 30 Days Period Before AGM		
Average For The 30 Days Period After AGM		
Standard Deviation For The Whole Period		
Standard Deviation For The 30 Days Period Before AGM		

2000					2001		
Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
-0.040	-0.025	-0.554	-0.144	0.195	0.249	0.158	5.802
-0.027	-0.018	-0.385	-0.254	-0.237	-0.128	-0.080	-2.385
-0.054	-0.040	-0.897	-0.021	0.602	0.594	0.375	13.345
0.883	0.557	18.625	0.526	2.041	2.034	1.284	46.753
0.527	0.331	12.488	0.581	2.245	2.226	1.408	48.295
1.154	0.728	23.878	0.435	1.788	1.818	1.147	45.268

1998					1999		
Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
-0.184	-0.071	-2.473	0.052	0.145	0.189	0.065	1.543
-0.043	-0.017	-0.108	0.073	0.298	0.305	0.117	2.135
-0.354	-0.137	-1.162	0.025	0.068	0.113	0.044	2.120
1.747	0.874	24.569	0.517	5.578	5.348	2.089	37.008
1.803	0.697	22.984	0.858	7.967	7.630	2.952	51.402
1.728	0.688	28.536	0.346	0.842	0.884	0.334	12.187

2000					2001		
Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
0.086	0.033	2.087	-0.048	-0.280	-0.160	-0.061	-2.197
0.101	0.040	0.943	-0.040	-0.372	-0.278	-0.107	-3.782
0.091	0.035	3.548	-0.080	-0.142	-0.033	-0.012	-0.454
2.238	0.864	30.870	0.481	1.624	1.581	0.802	19.282
1.870	0.645	25.380	0.441	2.055	1.947	0.751	24.200
2.748	1.081	38.325	0.532	1.079	1.101	0.424	13.306

1998					1999		
Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
			0.044	0.078	0.043	0.014	0.497
			0.070	0.001	-0.078	-0.025	-1.077
			0.015	0.164	0.180	0.057	2.283
			0.516	1.724	1.869	0.531	18.692
			0.655	1.843	1.503	0.507	15.805

Standard Deviation For The 30 Days Period After AGM 0.346 1.853 1.783 0.568 21.517

Year	2000					2001				
	MarketRe	Return	Residual	St Resid	Res I- value	MarketRe	Return	Residual	St Resid	Res I- value
KCB										
Average For The Whole Period	-0.089	-0.212	-0.049	-0.015	-0.862	-0.148	0.525	0.827	0.263	9.405
Average For The 30 Days Period Before AGM	-0.124	0.054	0.314	0.099	4.243	-0.109	0.644	0.800	0.280	9.425
Average For The 30 Days Period After AGM	-0.024	-0.477	-0.391	-0.124	-5.318	-0.186	0.419	0.789	0.251	9.531
Standard Deviation For The Whole Period	0.595	3.032	2.794	0.890	29.203	0.451	2.874	2.678	0.853	29.192
Standard Deviation For The 30 Days Period Before AGM	0.604	3.498	3.218	1.025	32.513	0.457	3.663	3.494	1.113	37.372
Standard Deviation For The 30 Days Period After AGM	0.598	2.578	2.354	0.750	25.654	0.458	1.908	1.818	0.516	19.124

Year	1998					1999				
	MarketRe	Return	Residual	St Resid	Res I- value	MarketRe	Return	Residual	St Resid	Res I- value
SCBank										
Average For The Whole Period	0.062	-0.080	-0.201	-0.083	-3.942					
Average For The 30 Days Period Before AGM	-0.108	-0.287	-0.229	-0.094	-5.034					
Average For The 30 Days Period After AGM	0.205	0.085	-0.187	-0.078	-3.062					
Standard Deviation For The Whole Period	0.693	2.003	1.928	0.800	28.008					
Standard Deviation For The 30 Days Period Before AGM	0.560	2.311	2.251	0.934	35.016					
Standard Deviation For The 30 Days Period After AGM	0.781	1.682	1.619	0.672	18.835					

Year	2000					2001				
	MarketRe	Return	Residual	St Resid	Res I- value	MarketRe	Return	Residual	St Resid	Res I- value
SCBank										
Average For The Whole Period	-0.120	-0.108	-0.039	-0.014	-0.773	-0.124	0.165	0.242	0.101	3.022
Average For The 30 Days Period Before AGM	-0.158	-0.285	-0.172	-0.070	-3.689	-0.292	0.132	0.387	0.181	4.276
Average For The 30 Days Period After AGM	-0.087	0.068	0.104	0.043	2.172	0.043	0.206	0.108	0.044	1.873
Standard Deviation For The Whole Period	0.537	1.782	1.708	0.708	25.753	0.543	1.001	1.005	0.417	14.482
Standard Deviation For The 30 Days Period Before AGM	0.517	1.505	1.477	0.612	23.309	0.582	0.525	0.705	0.293	8.027
Standard Deviation For The 30 Days Period After AGM	0.570	2.060	1.949	0.810	28.478	0.449	1.339	1.246	0.518	19.135

Table 4 The Summary of Analysis of Industrial Sector Returns and Cumulative Returns around AGM

Year	1998					1999				
	MarketRe	Return	Residual	St Resid	Res I- value	MarketRe	Return	Residual	St Resid	Res I- value
BAMBURI										

Average For The Whole Period	0.062	-0.152
Average For The 30 Days Period Before AGM	-0.134	-0.716
Average For The 30 Days Period After AGM	0.271	-0.545
Standard Deviation For The Whole Period	0.752	3.89
Standard Deviation For The 30 Days Period Before AGM	0.716	4.563
Standard Deviation For The 30 Days Period After AGM	0.752	2.125

Year

BAMBURI

	MarketRe	Return
Average For The Whole Period	-0.105	0.114
Average For The 30 Days Period Before AGM	-0.092	-0.036
Average For The 30 Days Period After AGM	-0.136	0.266
Standard Deviation For The Whole Period	0.624	2.274
Standard Deviation For The 30 Days Period Before AGM	0.647	2.148
Standard Deviation For The 30 Days Period After AGM	0.619	2.457

Year

BAT

	MarketRe	Return
Average For The Whole Period		
Average For The 30 Days Period Before AGM		
Average For The 30 Days Period After AGM		
Standard Deviation For The Whole Period		
Standard Deviation For The 30 Days Period Before AGM		
Standard Deviation For The 30 Days Period After AGM		

Year

BAT

	MarketRe	Return
Average For The Whole Period	-0.136	-0.182
Average For The 30 Days Period Before AGM	-0.089	-0.261
Average For The 30 Days Period After AGM	-0.183	-0.106
Standard Deviation For The Whole Period	0.638	2.637

-0.288	-0.093	-3.135	0.035	-0.145	-0.254	-0.080	-2.673
-0.598	-0.187	-6.257	0.025	-0.752	-0.847	-0.265	-8.578
0.115	0.036	1.326	0.040	0.341	0.226	0.070	1.815
3.512	1.102	39.154	0.638	2.907	2.842	0.891	30.673
4.489	1.408	50.748	0.621	2.580	2.446	0.767	25.857
2.167	0.680	22.581	0.675	3.122	3.120	0.978	34.040

2000

2001

Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
0.196	0.081	2.174	-0.227	0.008	0.255	0.080	2.808
0.013	0.004	0.719	-0.231	0.019	0.271	0.085	3.373
0.394	0.123	3.819	-0.250	0.000	0.276	0.086	2.210
2.341	0.734	26.776	0.485	1.381	1.400	0.439	18.168
2.230	0.699	24.780	0.448	1.667	1.879	0.588	22.550
2.507	0.788	29.380	0.913	0.000	0.896	0.219	5.217

1998

1999

Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
			-0.021	0.141	0.137	0.088	3.025
			-0.045	0.001	0.008	0.004	1.753
			-0.004	0.211	0.198	0.098	2.947
			0.843	2.049	2.097	1.048	35.328
			0.880	2.424	2.529	1.283	42.819
			0.646	1.623	1.593	0.798	28.273

2000

2001

Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
-0.129	-0.064	-0.083	-0.152	-0.149	-0.089	-0.044	-1.362
-0.228	-0.113	-1.217	-0.098	-0.331	-0.298	-0.148	-5.830
-0.034	-0.017	1.048	-0.204	-0.072	0.013	0.007	1.052
2.552	1.278	39.933	0.453	2.776	2.787	1.383	53.170

Standard Deviation For The 30 Days Period Before AGM	0.755	3.104
Standard Deviation For The 30 Days Period After AGM	0.514	2.177

Year

BOC	MarketRe	Return
Average For The Whole Period		
Average For The 30 Days Period Before AGM		
Average For The 30 Days Period After AGM		
Standard Deviation For The Whole Period		
Standard Deviation For The 30 Days Period Before AGM		
Standard Deviation For The 30 Days Period After AGM		

Year

BOC	MarketRe	Return
Average For The Whole Period	-0.006	0.027
Average For The 30 Days Period Before AGM	-0.038	-0.026
Average For The 30 Days Period After AGM	0.027	0.081
Standard Deviation For The Whole Period	0.661	0.324
Standard Deviation For The 30 Days Period Before AGM	0.380	0.142
Standard Deviation For The 30 Days Period After AGM	0.871	0.438

Year

EABL	MarketRe	Return
Average For The Whole Period	0.245	0.499
Average For The 30 Days Period Before AGM	-0.074	0.107
Average For The 30 Days Period After AGM	0.604	1.382
Standard Deviation For The Whole Period	0.681	4.068
Standard Deviation For The 30 Days Period Before AGM	0.494	2.058
Standard Deviation For The 30 Days Period After AGM	0.653	4.642

Year

3 007	1 503	43 553	0 443	2 677	2 667	1 348	51 838
2 100	1 050	37 413	0 471	2 898	2 857	1 428	54 814

1998

1999

Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
			0 213	0 044	0 028	0 019	-0 012
			0 364	-0 118	-0 171	-0 118	-4 399
			0 071	0 207	0 225	0 157	4 328
			0 776	1 268	1 309	0 911	28 301
			0 694	1 238	1 318	0 918	24 342
			0 847	1 315	1 314	0 913	32 018

2000

2001

Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
0 054	0 044	1 111	-0 046	-0 184	-0 137	-0 096	3 588
0 019	0 013	0 482	0 022	-0 053	-0 023	-0 016	-0 487
0 109	0 075	1 741	-0 109	-0 285	-0 223	-0 156	-5 871
0 358	0 249	5 776	0 453	1 348	1 344	0 934	35 110
0 190	0 132	4 243	0 453	0 290	0 326	0 226	8 594
0 475	0 330	7 085	0 457	1 900	1 894	1 315	49 413

1998

1999

Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
0 055	0 016	0 311	-0 042	-0 216	-0 257	-0 074	-1 520
0 110	0 033	0 745	-0 114	-0 190	-0 129	-0 037	0 888
0 437	0 126	3 009	0 042	-0 203	-0 381	-0 105	-3 460
3 837	1 107	34 313	0 465	3 193	2 912	0 840	28 390
2 108	0 607	18 048	0 432	4 089	3 759	1 084	34 150
4 468	1 250	42 404	0 492	2 117	1 834	0 529	16 232

2000

2001

EABL	MarketRe	Return	Residual
Average For The Whole Period	-0.078	-0.077	-0.067
Average For The 30 Days Period Before AGM	-0.040	0.075	0.032
Average For The 30 Days Period After AGM	-0.099	-0.052	-0.013
Standard Deviation For The Whole Period	0.528	2.063	2.019
Standard Deviation For The 30 Days Period Before AGM	0.393	1.911	1.919
Standard Deviation For The 30 Days Period After AGM	0.642	2.041	2.002

Year: 1998

Frestone	MarketRe	Return	Residual
Average For The Whole Period			
Average For The 30 Days Period Before AGM			
Average For The 30 Days Period After AGM			
Standard Deviation For The Whole Period			
Standard Deviation For The 30 Days Period Before AGM			
Standard Deviation For The 30 Days Period After AGM			

Year: 2000

Frestone	MarketRe	Return	Residual
Average For The Whole Period	-0.075	-0.407	-0.312
Average For The 30 Days Period Before AGM	0.012	-0.753	-0.764
Average For The 30 Days Period After AGM	-0.155	-0.082	0.108
Standard Deviation For The Whole Period	0.722	2.006	2.118
Standard Deviation For The 30 Days Period Before AGM	0.870	2.498	2.807
Standard Deviation For The 30 Days Period After AGM	0.552	1.356	1.430

Year: 1998

KPLC	MarketRe	Return	Residual
Average For The Whole Period			
Average For The 30 Days Period Before AGM			
Average For The 30 Days Period After AGM			

SI Resid	Res t- value	MarketRe	Return	Residual	SI Resid	Res t- value
-0.019	-0.373					
0.009	0.304					
-0.004	0.360					
0.583	20.262					
0.554	18.676					
0.578	20.854					

1999

SI Resid	Res t- value	MarketRe	Return	Residual	SI Resid	Res t- value
		-0.008	-0.039	-0.028	-0.008	-0.998
		-0.087	-0.099	-0.013	-0.004	-1.771
		0.047	0.019	-0.034	-0.011	-0.183
		0.871	1.713	1.732	0.566	19.538
		0.655	2.242	2.059	0.680	24.005
		0.703	1.018	1.403	0.451	14.566

2001

SI Resid	Res t- value	MarketRe	Return	Residual	SI Resid	Res t- value
-0.100	-2.404	-0.225	-0.484	-0.208	-0.068	-3.309
-0.245	-5.581	-0.189	-0.549	-0.316	-0.102	-4.447
0.035	0.452	-0.264	-0.434	-0.112	-0.037	-2.354
0.679	20.388	0.485	1.772	1.911	0.614	22.425
0.837	25.041	0.364	2.128	2.330	0.749	27.629
0.458	14.517	0.592	1.397	1.448	0.465	16.546

1999

SI Resid	Res t- value	MarketRe	Return	Residual	SI Resid	Res t- value
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Standard Deviation For The Whole Period
 Standard Deviation For The 30 Days Period Before AGM
 Standard Deviation For The 30 Days Period After AGM

Year

KPLC	MarketRe	Return
Average For The Whole Period	-0.111	0.148
Average For The 30 Days Period Before AGM	-0.184	0.560
Average For The 30 Days Period After AGM	-0.032	-0.607
Standard Deviation For The Whole Period	0.518	3.049
Standard Deviation For The 30 Days Period Before AGM	0.676	-4.011
Standard Deviation For The 30 Days Period After AGM	0.290	1.366

Year

Total	MarketRe	Return
Average For The Whole Period	-0.025	-0.641
Average For The 30 Days Period Before AGM	0.090	-0.547
Average For The 30 Days Period After AGM	-0.162	-0.796
Standard Deviation For The Whole Period	0.860	1.731
Standard Deviation For The 30 Days Period Before AGM	0.975	1.431
Standard Deviation For The 30 Days Period After AGM	0.721	2.028

Year

Total	MarketRe	Return
Average For The Whole Period	-0.108	0.024
Average For The 30 Days Period Before AGM	-0.092	0.013
Average For The 30 Days Period After AGM	-0.129	0.035
Standard Deviation For The Whole Period	0.613	1.217
Standard Deviation For The 30 Days Period Before AGM	0.689	1.954
Standard Deviation For The 30 Days Period After AGM	0.549	0.546

2000				2001			
Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
0.377	0.110	2.318					
1.333	0.386	11.597					
-0.555	-0.160	8.766					
2.958	0.858	28.958					
3.759	1.088	32.805					
1.445	0.418	15.870					

1998				1999			
Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
-0.550	-0.235	-5.835	-0.020	0.012	0.098	0.042	3.362
-0.568	-0.242	-6.981	-0.034	-0.121	-0.022	-0.008	3.779
-0.533	-0.228	-4.663	-0.010	0.127	0.203	0.086	2.724
1.772	0.750	22.467	0.640	3.852	3.756	1.607	52.914
1.312	0.562	15.794	0.668	5.331	5.204	2.226	72.877
2.184	0.935	28.144	0.833	1.495	1.441	0.816	21.903

2000				2001			
Residual	St Resid	Res t-value	MarketRe	Return	Residual	St Resid	Res t-value
0.194	0.083	2.553	-0.233	-0.738	-0.445	-0.191	-3.335
0.168	0.072	2.208	-0.180	0.189	0.409	0.175	6.330
0.227	0.098	2.969	-0.222	-0.738	-0.458	-0.197	-8.398
1.314	0.562	19.609	0.487	4.041	3.826	1.638	26.005
1.782	0.754	28.790	0.267	1.628	1.630	0.698	27.263
0.684	0.293	8.794	0.535	2.228	2.219	0.948	34.038

Appendix 2 - Analysis of Bamburl Limited of Returns and Abnormal Returns around AGM 1998

DateRe	Obs	MarketRe	BambRe	Fit	SE Fit	Residual	SI Resid	UnOBS	t-value	Trading Days	CAR
20-Mar-98	492	0.1	0.000	0.199	0.078	-0.199	-0.08		-2.56	-30	-0.20
23-Mar-98	493	2.95	0.000	4.052	0.322	-4.052	-1.28	X	-12.58	-29	-4.25
24-Mar-98	494	-0.53	0.000	-0.652	0.097	0.652	0.2		6.74	-28	-3.60
25-Mar-98	495	0.2	0.000	0.338	0.080	-0.338	-0.11		-4.21	-27	-3.93
26-Mar-98	496	-0.24	0.000	-0.258	0.082	0.258	0.08		3.14	-26	-3.68
27-Mar-98	497	-1.07	0.000	-1.384	0.139	1.384	0.43		9.93	-25	-2.29
30-Mar-98	498	-0.19	0.000	-0.190	0.080	0.190	0.06		2.36	-24	-2.10
31-Mar-98	499	-0.48	0.000	-0.591	0.094	0.591	0.19		6.29	-23	-1.51
01-Apr-98	500	-0.75	-1.250	-0.950	0.113	-0.300	-0.09		-2.67	-22	-1.81
02-Apr-98	501	-0.2	-1.268	-0.203	0.081	-1.062	-0.33		-13.18	-21	-2.87
03-Apr-98	502	0.15	-9.590	0.266	0.079	-9.858	-3.09	R	125.40	-20	12.73
06-Apr-98	503	0.78	-0.794	1.120	0.112	-1.914	-0.6		-17.04	-19	14.64
07-Apr-98	504	-0.32	-2.918	-0.370	0.085	-2.547	-0.8		-29.85	-18	17.19
08-Apr-98	505	0.01	-1.178	0.075	0.077	-1.253	-0.39		-16.21	-17	18.44
09-Apr-98	506	-0.73	0.000	-0.933	0.112	0.933	0.29		8.36	-16	17.51
14-Apr-98	507	-0.43	-4.648	-0.523	0.091	-4.126	-1.29		-45.34	-15	21.64
15-Apr-98	508	0.04	0.000	0.119	0.077	-0.119	-0.04		-1.54	-14	21.76
16-Apr-98	509	-0.4	-6.219	-0.481	0.089	-5.738	-1.8		-64.18	-13	27.49
17-Apr-98	510	-0.09	0.000	-0.062	0.078	0.062	0.02		0.79	-12	27.43
20-Apr-98	511	-0.59	-6.598	-0.737	0.101	-5.860	-1.84		-58.02	-11	33.29
21-Apr-98	512	0.67	14.163	0.971	0.104	13.192	4.14	R	126.73	-10	20.10
22-Apr-98	513	0.04	8.658	0.119	0.077	8.537	2.68	R	110.44	-9	11.58
23-Apr-98	514	-0.92	-4.257	-1.183	0.127	-3.074	-0.96		-24.30	-8	14.64
24-Apr-98	515	-0.48	0.000	-0.591	0.094	0.591	0.19		6.29	-7	14.04
27-Apr-98	516	-0.66	0.000	-0.826	0.106	0.826	0.26		7.82	-6	13.22
28-Apr-98	517	-0.26	0.000	-0.291	0.083	0.291	0.09		3.51	-5	12.93
29-Apr-98	518	-0.25	0.000	-0.280	0.083	0.280	0.09		3.39	-4	12.65
30-Apr-98	519	-0.52	0.000	-0.639	0.096	0.639	0.2		6.65	-3	12.01
04-May-98	520	0.19	-9.883	0.326	0.080	-10.209	-3.2	R	128.25	-2	22.22
05-May-98	521	-0.03	4.300	0.024	0.078	4.276	1.34		55.18	-1	.

06-May-98	522	-0.34	-4.123	-0.394	0.086	-3.729	-1.17	-43.31	0	21.67
07-May-98	523	-0.34	0.000	-0.399	0.086	0.399	0.13	4.62	1	21.27
08-May-98	524	1.02	0.000	1.448	0.132	-1.448	-0.45	-10.95	2	22.72
11-May-98	525	-1.56	0.000	-2.054	0.186	2.054	0.64	11.06	3	20.66
12-May-98	526	0.31	6.667	0.475	0.083	6.192	1.94	74.51	4	14.47
13-May-98	527	0.15	0.000	0.265	0.079	-0.265	-0.08	-3.37	5	14.74
14-May-98	528	0.26	-3.594	0.411	0.081	-4.005	-1.26	-49.20	6	18.74
15-May-98	529	0.48	6.969	0.717	0.092	6.253	1.96	68.04	7	12.49
18-May-98	530	-0.16	-0.758	-0.152	0.080	-0.605	-0.19	-7.60	8	13.09
19-May-98	531	0.97	0.763	1.369	0.127	-0.606	-0.19	-4.76	9	13.70
20-May-98	532	-0.01	0.000	0.046	0.077	-0.046	-0.01	-0.60	10	13.75
21-May-98	533	0.84	0.000	1.201	0.117	-1.201	-0.38	-10.28	11	14.95
22-May-98	534	0.66	0.030	0.954	0.103	-0.924	-0.29	-8.95	12	15.87
25-May-98	535	0.35	0.000	0.543	0.085	-0.543	-0.17	-6.37	13	16.41
26-May-98	536	1.14	0.000	1.600	0.142	-1.600	-0.5	-11.26	14	18.01
27-May-98	537	-1.27	0.364	-1.655	0.158	2.019	0.63	12.81	15	15.99
28-May-98	538	1.47	5.554	2.051	0.173	3.503	1.1	20.24	16	12.49
29-May-98	539	1.34	0.829	1.871	0.161	-1.042	-0.33	-6.49	17	13.53
02-Jun-98	540	0.65	-0.085	0.947	0.103	-1.032	-0.32	-10.04	18	14.57
03-Jun-98	541	0.74	-0.625	1.063	0.109	-1.688	-0.53	-15.47	19	16.25
04-Jun-98	542	1.32	-0.029	1.855	0.159	-1.884	-0.59	-11.82	20	18.14
05-Jun-98	543	1.3	0.000	1.826	0.157	-1.826	-0.57	-11.61	21	19.96
08-Jun-98	544	-0.58	0.000	-0.721	0.100	0.721	0.23	7.19	22	19.24
09-Jun-98	545	0.25	0.000	0.404	0.081	-0.404	-0.13	-4.98	23	19.65
10-Jun-98	546	-0.59	0.057	-0.736	0.101	0.793	0.25	7.80	24	18.85
11-Jun-98	547	-0.28	0.657	-0.319	0.084	0.976	0.31	11.68	25	17.88
12-Jun-98	548	-0.01	-0.227	0.048	0.077	-0.275	-0.09	-3.56	26	18.15
15-Jun-98	549	0.18	0.000	0.308	0.079	-0.308	-0.1	-3.88	27	-

										18.46
16-Jun-98	550	-0.04	0.228	0.014	0.078	0.214	0.07	2.76	28	18.25
17-Jun-98	551	-0.48	-0.454	-0.593	0.094	0.139	0.04	1.47	29	18.11
18-Jun-98	552	0.03	0.000	0.099	0.077	-0.099	-0.03	-1.28	30	18.21

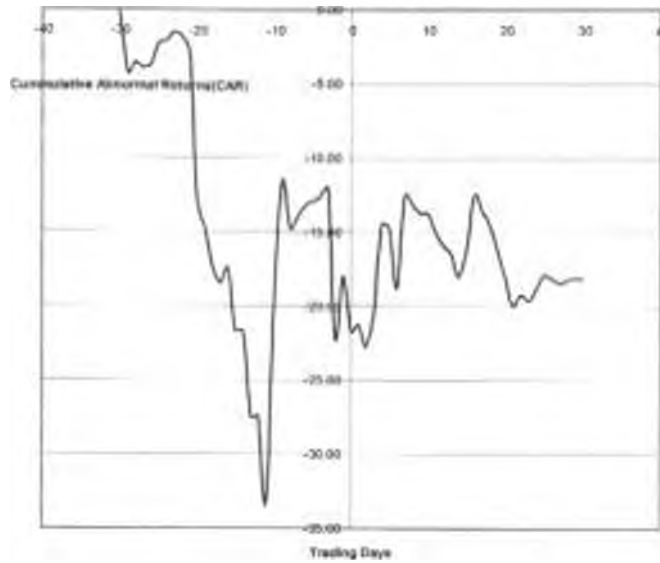
Appendix 3 - Analysis of BAT Ltd of Returns and Abnormal Returns around AGM 1999

Date	Obs	MarketRe	BATRe	Fit	SE Fit	Residual	S1 Resid	UnOBS	t-value	Trading Days	CAR
02-Mar-99	731	0.71	-9.306	0.361	0.067	-9.667	-4.83	R	144.07	-30	-9.67
03-Mar-99	732	0.72	-1.565	0.365	0.068	-1.930	-0.96		-28.59	-29	-11.60
04-Mar-99	733	-0.18	5.805	-0.062	0.050	5.867	2.93	R	117.58	-28	-5.73
05-Mar-99	734	-0.04	1.384	-0.003	0.049	1.386	0.69		28.52	-27	-4.34
06-Mar-99	735	-0.06	0.577	-0.016	0.049	0.593	0.3		12.15	-26	-3.75
09-Mar-99	736	-0.69	0.866	-0.320	0.068	1.186	0.59		17.49	-25	-2.57
10-Mar-99	737	-0.35	-0.812	-0.156	0.054	-0.656	-0.33		-12.06	-24	-3.22
11-Mar-99	738	-1.09	-0.678	-0.515	0.089	-0.163	-0.08		-1.84	-23	-3.38
12-Mar-99	739	-0.13	-2.296	-0.047	0.050	-2.248	-1.12		-45.42	-22	-5.63
15-Mar-99	740	-0.08	0.000	-0.022	0.049	0.022	0.01		0.45	-21	-5.61
16-Mar-99	741	0.15	-3.494	0.090	0.049	-3.584	-1.79		-72.70	-20	-9.19
17-Mar-99	742	-0.68	0.662	-0.306	0.067	0.968	0.48		14.55	-19	-8.23
18-Mar-99	743	-0.96	1.364	-0.454	0.082	1.818	0.91		22.25	-18	-6.41
19-Mar-99	744	-0.37	1.554	-0.167	0.055	1.721	0.86		31.18	-17	-4.69
22-Mar-99	745	0.78	-2.422	0.392	0.070	-2.814	-1.41		-40.09	-16	-7.50
23-Mar-99	746	-0.49	2.334	-0.223	0.059	2.557	1.28		43.12	-15	-4.94
24-Mar-99	747	0.4	0.121	0.209	0.055	-0.089	-0.04		-1.61	-14	-5.03
25-Mar-99	748	0.29	-0.060	0.158	0.052	-0.218	-0.11		-4.20	-13	-5.25
26-Mar-99	749	-0.03	-0.277	0.000	0.049	-0.277	-0.14		-5.70	-12	-5.53
29-Mar-99	750	0.2	0.955	0.111	0.050	0.844	0.42		16.92	-11	-4.68
30-Mar-99	751	-1.85	-0.575	-0.884	0.134	0.309	0.15	X	2.31	-10	-4.37
31-Mar-99	752	1.41	0.024	0.700	0.105	-0.675	-0.34		-6.44	-9	-5.05
01-Apr-99	753	-0.29	1.096	-0.128	0.053	1.224	0.61		23.18	-8	-3.83
06-Apr-99	754	-0.2	0.036	-0.081	0.051	0.117	0.06		2.30	-7	-3.71
07-Apr-99	755	0.56	-0.131	0.288	0.061	-0.419	-0.21		-6.91	-6	-4.13
08-Apr-99	756	1.1	0.489	0.550	0.087	-0.081	-0.03		-0.70	-5	-4.19
09-Apr-99	757	-0.33	0.000	-0.148	0.054	0.148	0.07		2.74	-4	-4.04
12-Apr-99	758	0.09	1.460	0.059	0.049	1.401	0.7		28.76	-3	-2.64
13-Apr-99	759	0.06	0.819	0.044	0.049	0.775	0.39		15.95	-2	-1.87
14-Apr-99	760	-0.04	2.111	-0.006	0.049	2.117	1.06		43.47	-1	0.25
15-Apr-99	761	0.16	2.250	0.095	0.050	2.155	1.08		43.53	0	2.41
16-Apr-99	762	0.84	5.556	0.426	0.074	5.130	2.56	R	69.80	1	7.54
19-Apr-99	763	-0.08	-0.032	-0.014	0.049	-0.018	-0.01		-0.37	2	7.52
20-Apr-99	764	-0.72	0.906	-0.334	0.069	1.240	0.62		17.91	3	8.76
21-Apr-99	765	-0.33	3.715	-0.148	0.054	3.862	1.93		71.66	4	12.62
22-Apr-99	766	-0.4	-4.367	-0.179	0.056	-4.188	-2.09	R	-74.78	5	8.43
23-Apr-99	767	-0.03	-0.137	-0.002	0.049	-0.135	-0.07		-2.77	6	8.30
26-Apr-99	768	0.15	-0.590	0.087	0.049	-0.677	-0.34		-13.73	7	7.62
27-Apr-99	769	0.09	0.604	0.057	0.049	0.548	0.27		11.24	8	8.17
28-Apr-99	770	-0.19	1.117	-0.077	0.050	1.193	0.6		23.68	9	9.36
29-Apr-99	771	-0.72	-0.521	-0.334	0.069	-0.187	-0.09		-2.71	10	9.17
30-Apr-99	772	0.25	-0.890	0.138	0.051	-1.028	-0.51		-20.15	11	8.15
03-May-99	773	-0.58	0.380	-0.268	0.063	0.648	0.32		10.30	12	8.79
04-May-99	774	0.62	1.053	0.318	0.063	0.734	0.37		11.62	13	9.53

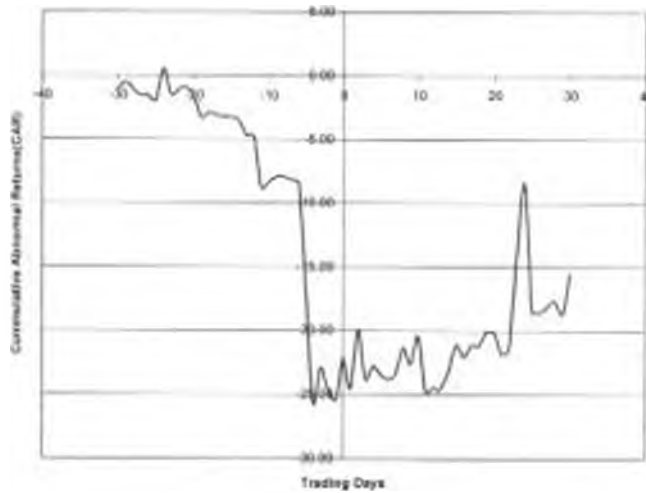
05-May-99	775	0.18	0.521	0.103	0.050	0.418	0.21		8.41	14	9.95
06-May-99	776	0.14	0.000	0.081	0.049	-0.081	-0.04		-1.65	15	9.87
07-May-99	777	-0.41	0.518	-0.185	0.056	0.703	0.35		12.47	16	10.57
08-May-99	778	-0.13	0.000	-0.050	0.050	0.050	0.03		1.01	17	10.62
09-May-99	779	-0.75	-0.278	-0.351	0.071	0.073	0.04		1.03	18	10.69
10-May-99	780	0.34	0.465	0.181	0.053	0.284	0.14		5.35	19	10.98
11-May-99	781	0.24	0.689	0.130	0.051	0.559	0.28		11.05	20	11.54
12-May-99	782	-0.3	0.684	-0.132	0.053	0.798	0.4		15.02	21	12.33
13-May-99	783	0.77	0.508	0.389	0.070	0.119	0.06		1.70	22	12.45
14-May-99	784	0.21	-0.384	0.118	0.050	-0.480	-0.24		-9.57	23	11.97
15-May-99	785	-1.72	-0.172	-0.822	0.128	0.649	0.33	X	5.15	24	12.62
16-May-99	786	1.84	-0.406	0.910	0.131	-1.316	-0.68	X	-10.03	25	11.30
17-May-99	787	-0.44	-2.131	-0.199	0.057	-1.933	-0.97		-33.67	26	9.37
18-May-99	788	-0.01	-1.084	0.011	0.049	-1.094	-0.55		-22.56	27	8.28
19-May-99	789	0.7	0.518	0.358	0.067	0.159	0.08		2.37	28	8.44
20-May-99	790	-0.33	0.576	-0.143	0.054	0.720	0.36		13.40	29	9.16
21-May-99	791	0.83	-0.490	0.323	0.084	-0.813	-0.41		-12.78	30	8.34

Appendix 4: GRAPHS FOR ALL COMPANIES ANALYSED WHICH ARE LISTED AT THE NAIROBI STOCK EXCHANGE.

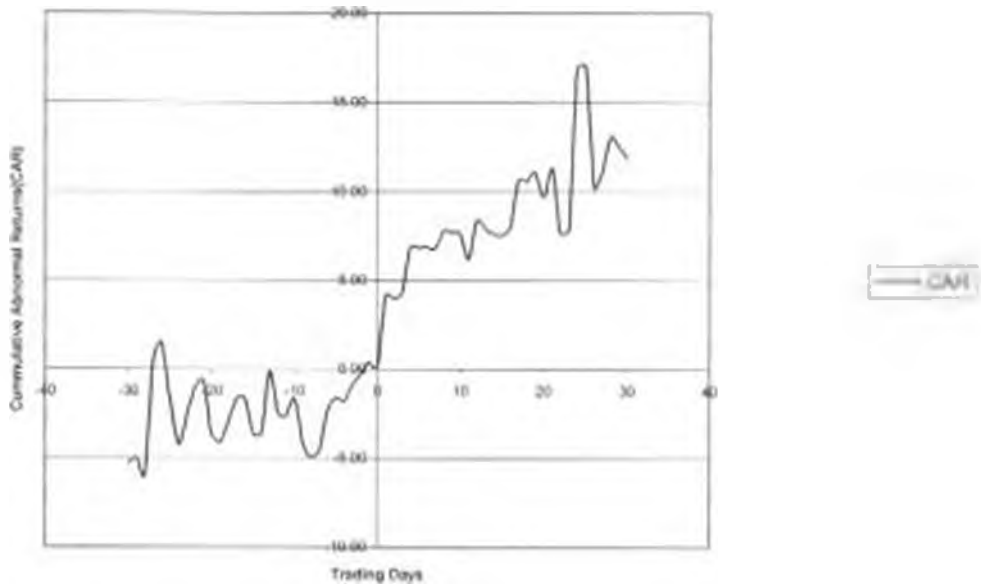
**Graph Bamburi
CAR (1998)**



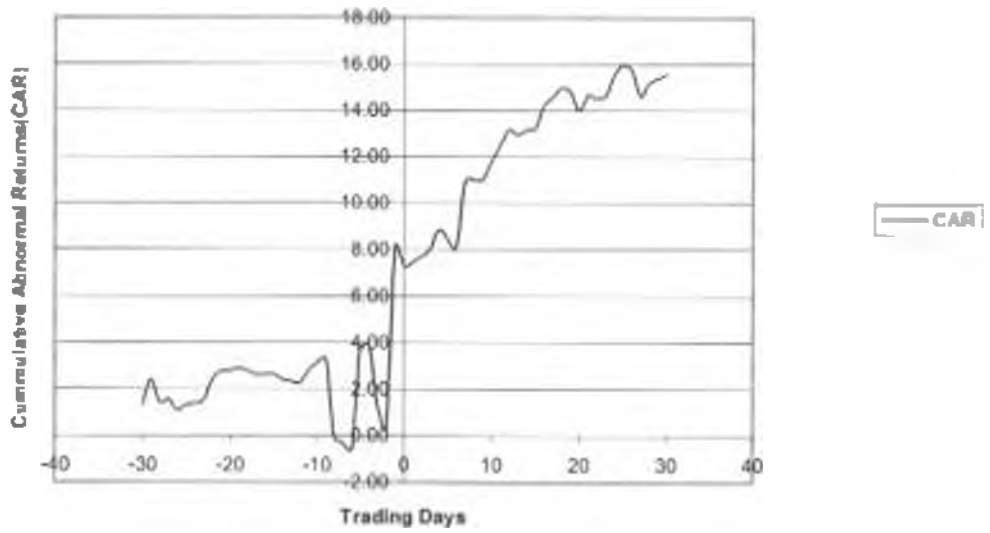
**Graph Bamburi
CAR 1999**



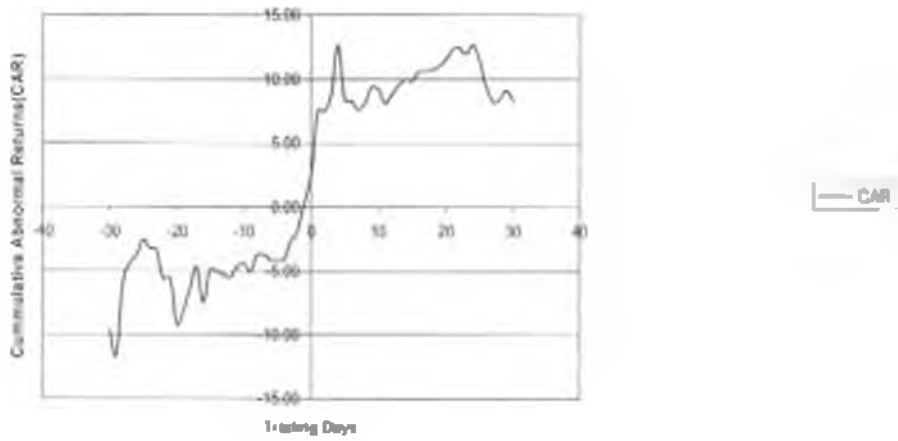
Graph Bamburl
CAR 2000



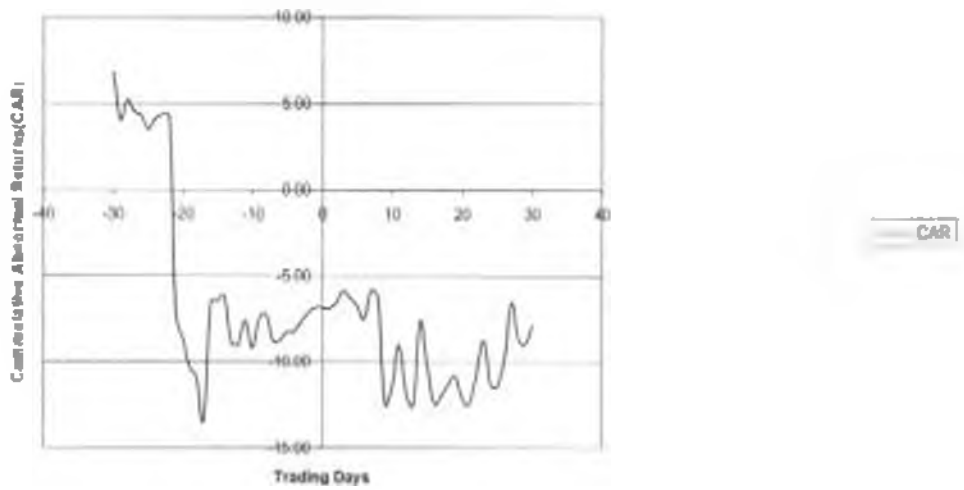
Graph Bamburl
CAR 2001



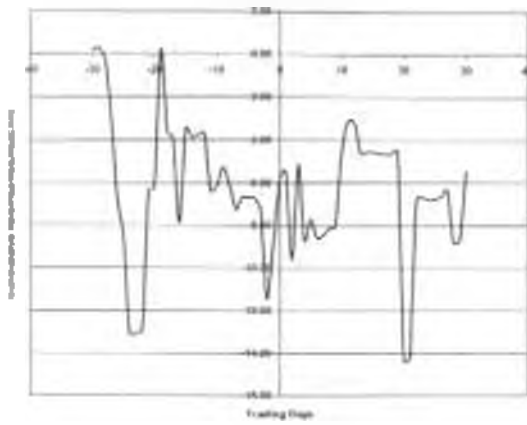
Graph BAT
CAR (1999)



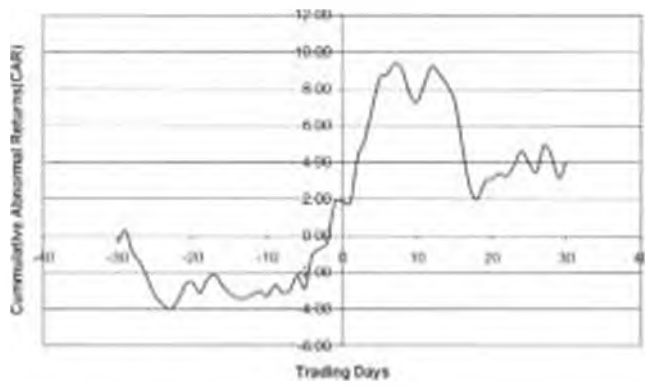
Graph BAT
CAR 2000



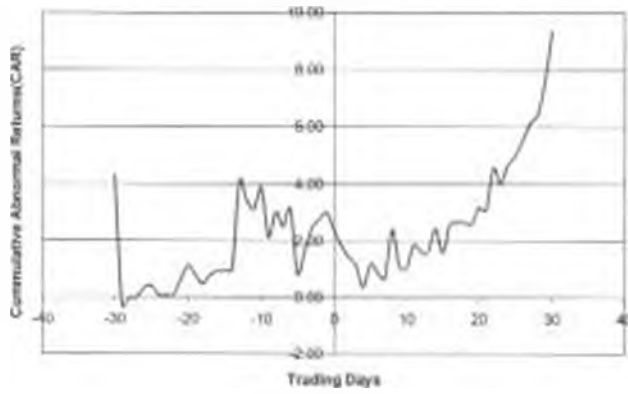
Graph BAT
CAR 2001



Graph EABL BSK
CAR (1998)

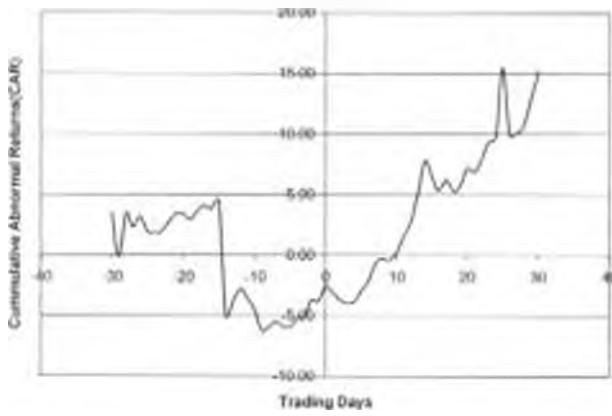


Graph EABL BSK
CAR (1998)



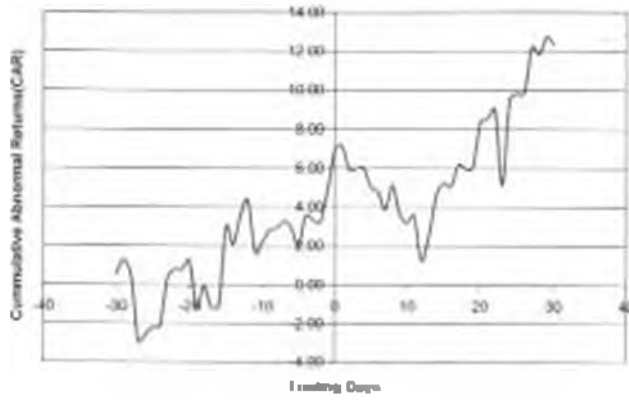
— CAR

Graph EABL BSK
CAR (2001)



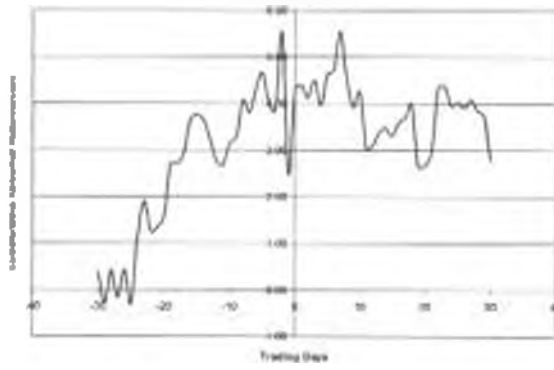
— CAR

**Graph Brooke Bond Tea Ltd
CAR 1998**



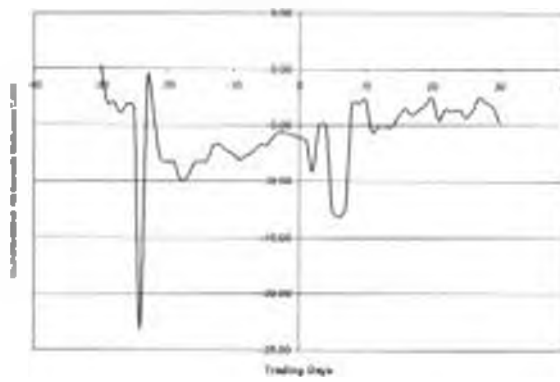
— CAR

**Graph Bbond
CAR (1998)**



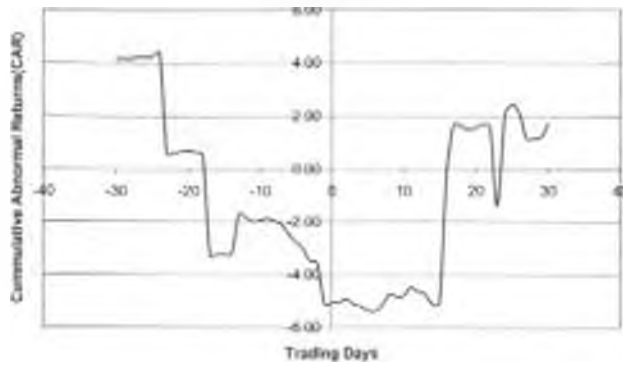
— CAR

**Graph Bbond
CAR (2000)**

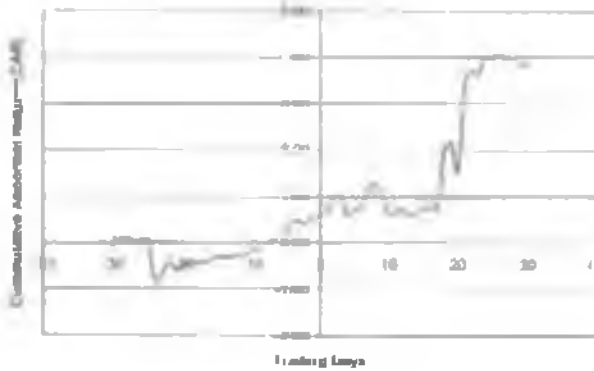


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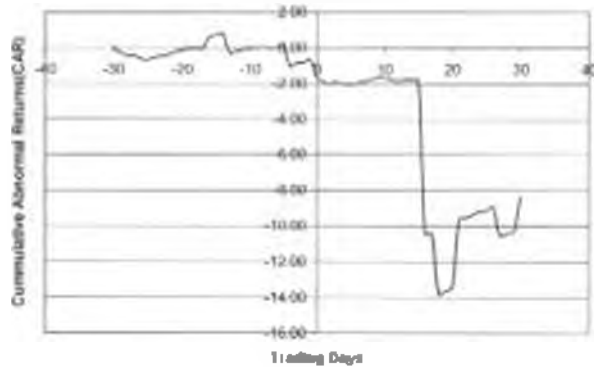
Graph BOC
CAR (2000)



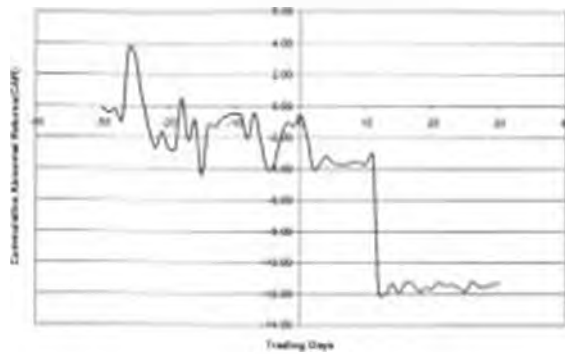
Graph BOC
CAR (2000)



Graph BOC
CAR (2001)

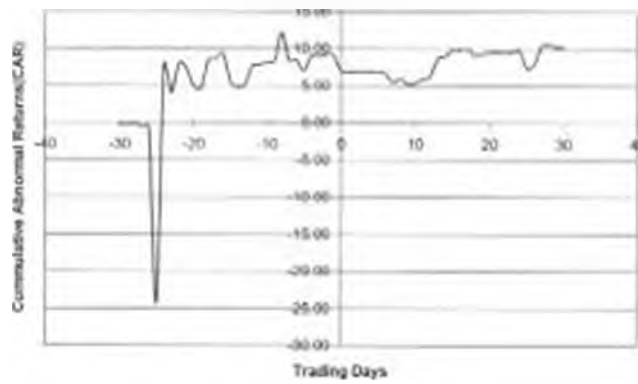


Graph Diamond Trust
CAR (1998)



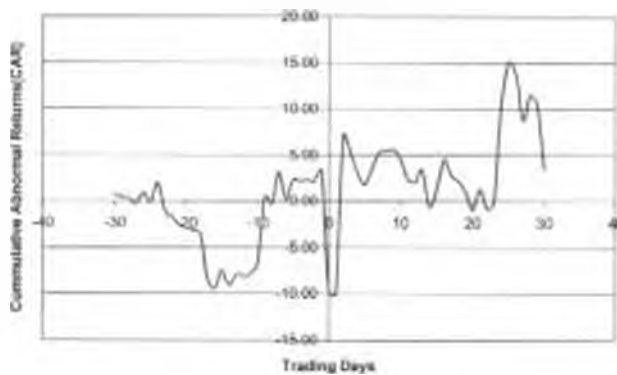
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Graph Diamond Trust
CAR (1999)



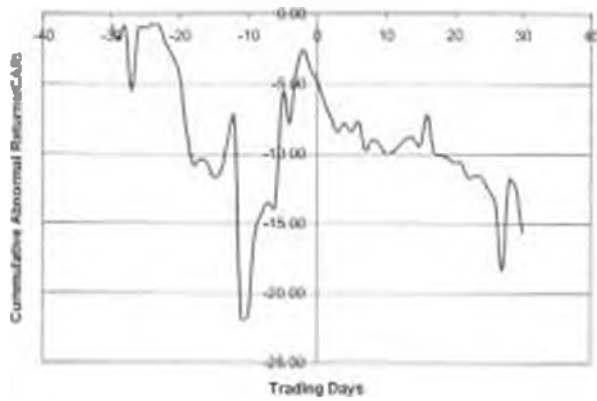
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Graph EABL
CAR (1998)



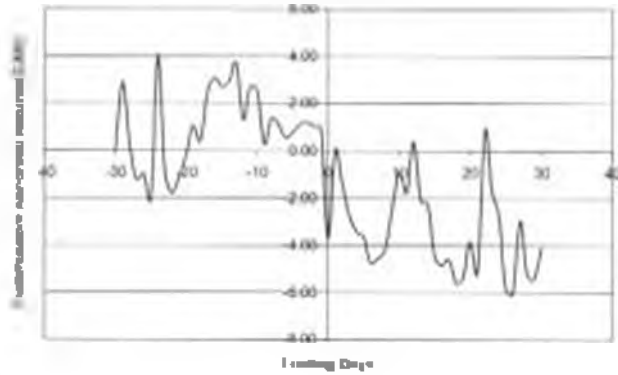
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Graph EABL
CAR (1999)



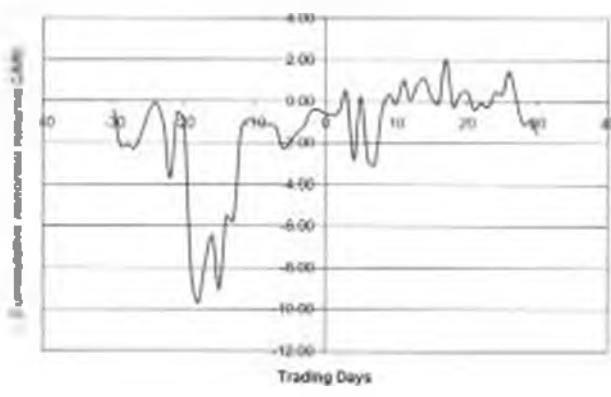
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Graph EABL
CAR (2000)

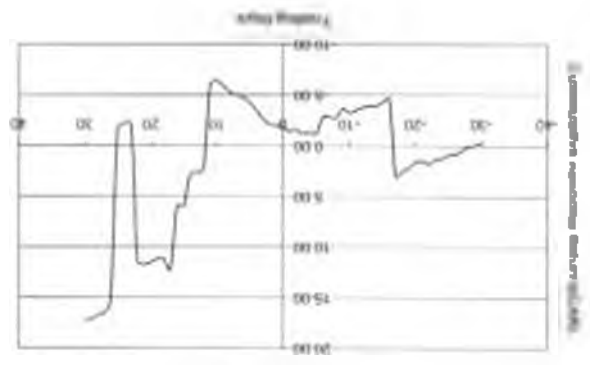


— CAR

Graph Firstone
CAR (1999)

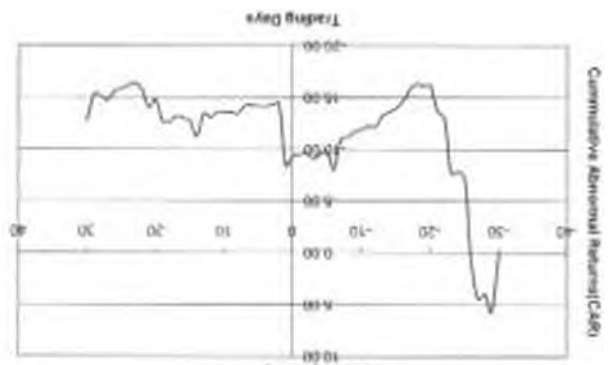


— CAR



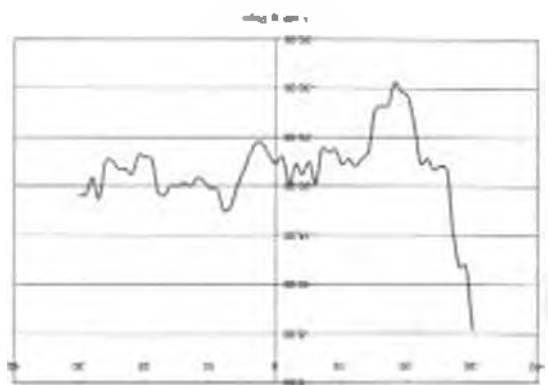
Graph Kibara
CAR (1998)

CAR



Graph EABL
CAR (2001)

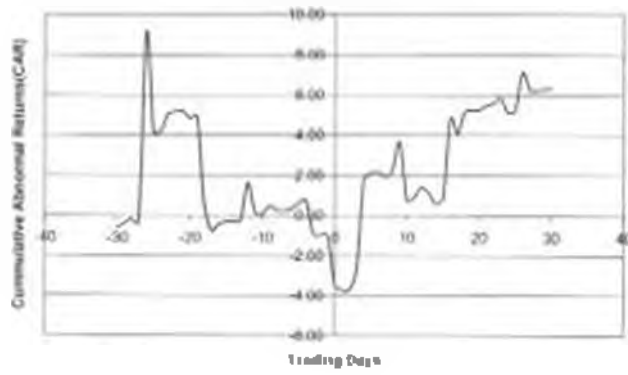
CAR



Graph Firestone
CAR (2000)

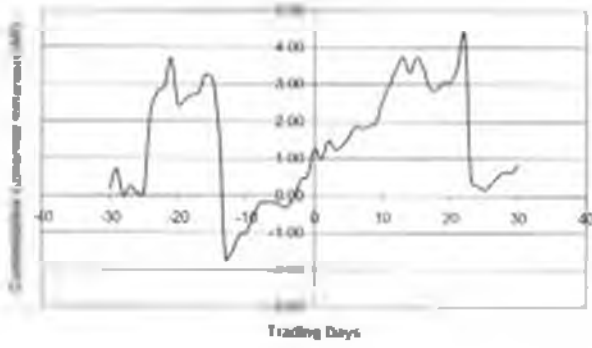
CAR

Graph Kakuzi
CAR (1998)



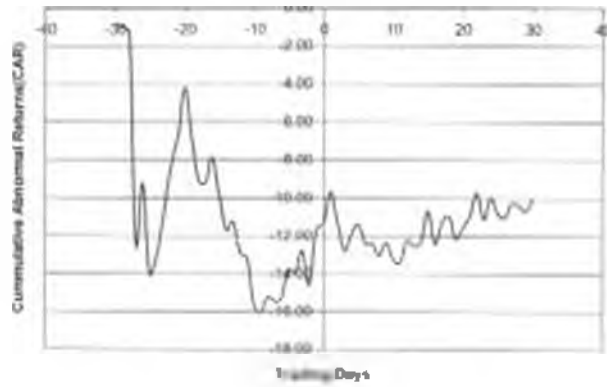
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Graph Kakuzi
CAR (2000)

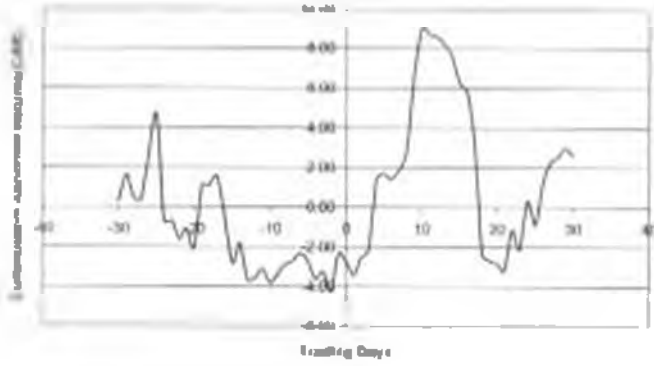


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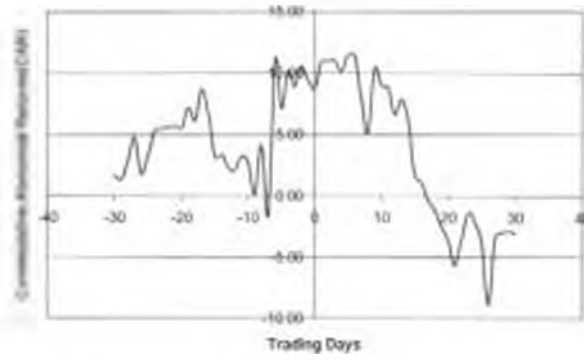
Graph EABL
CAR (1998)



Graph EABL
CAR (1999)

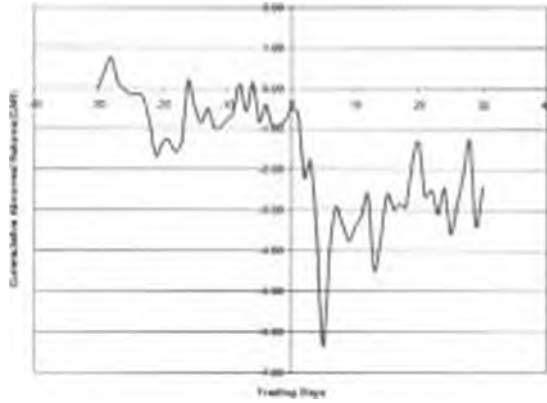


Graph EABL
CAR (2000)



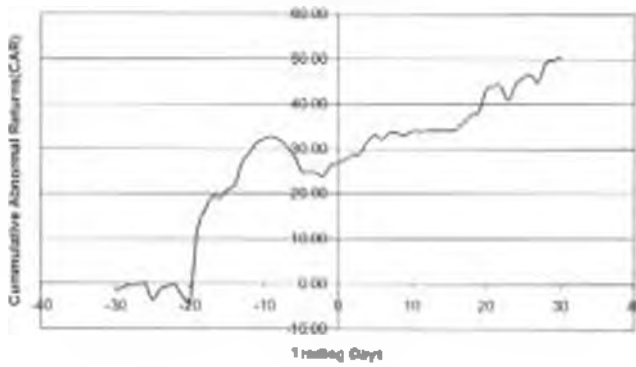
— CAR

Graph EABL BBL
CAR (2000)



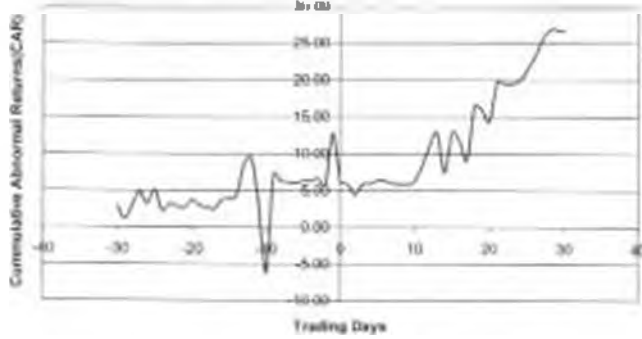
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Graph EABL
CAR (1999)



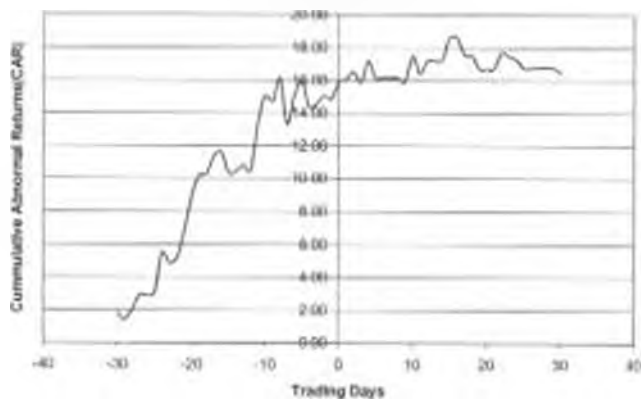
— CAR

Graph Kenya Airways
CAR (2000)



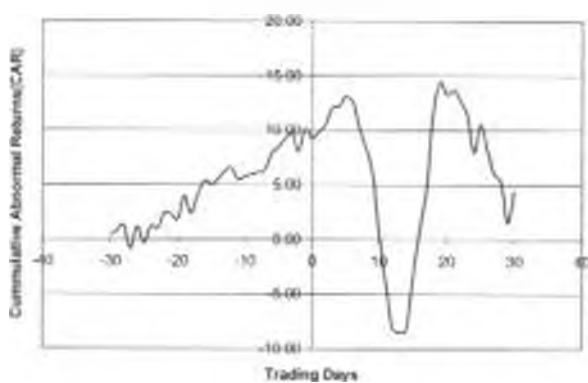
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Graph Kenya Airways
CAR (2000)



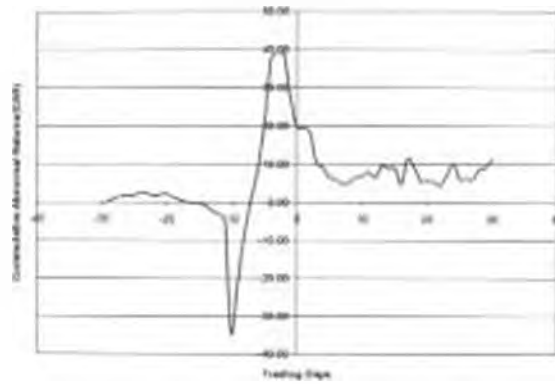
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Graph Kenya Airways
CAR (2001)



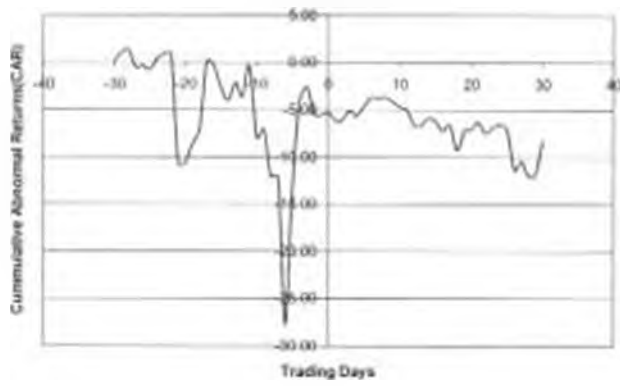
— CAR

Graph NMG
CAR (1998)



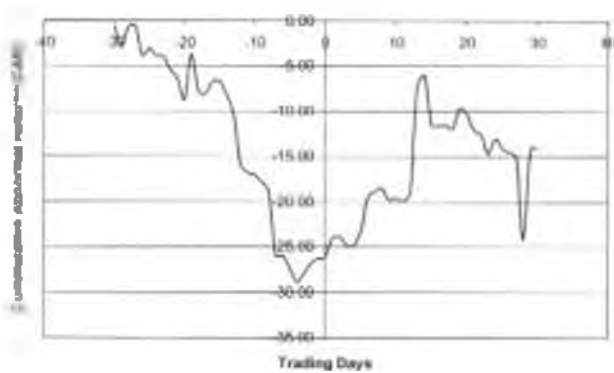
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Graph NMG
CAR (1998)



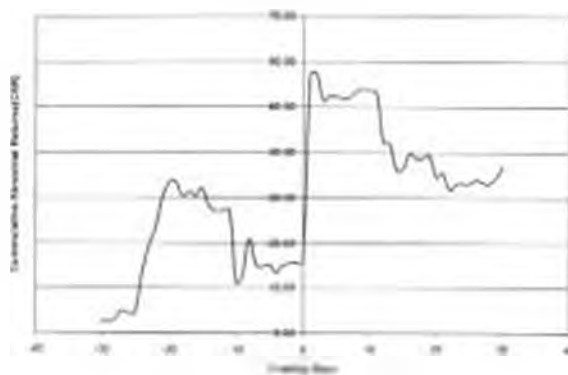
— CAR

Graph NMG
CAR (2001)



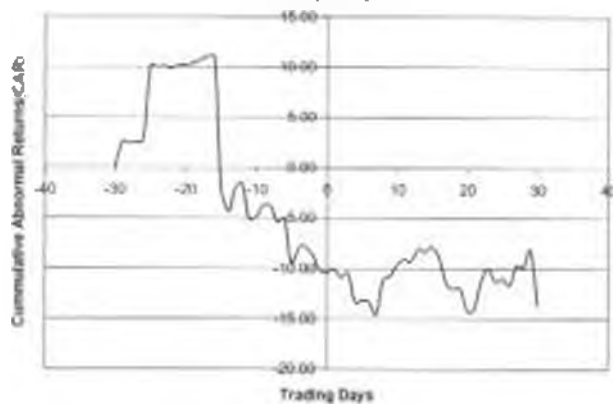
— CAR

Graph Saaini
CAR (1998)



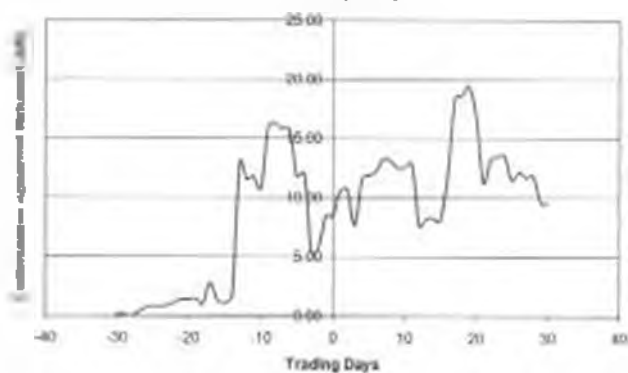
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Graph Saaini
CAR (2000)



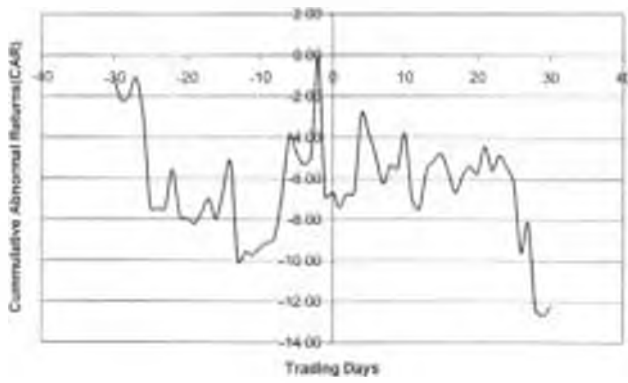
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Graph Saaini
CAR (2001)

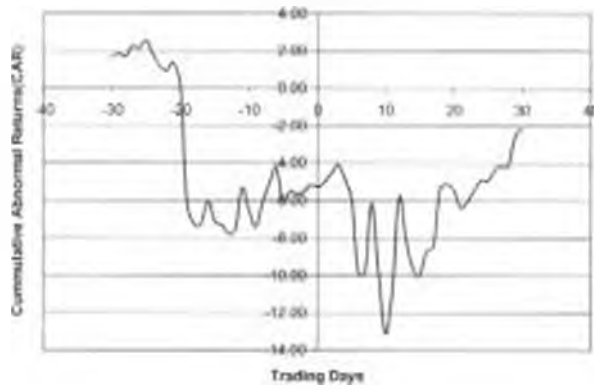


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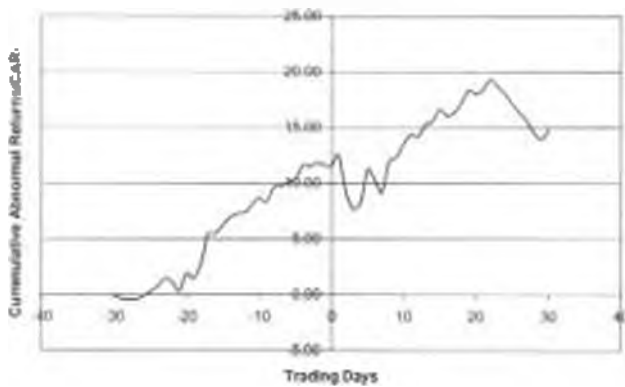
Graph SCBank
CAR (2000)



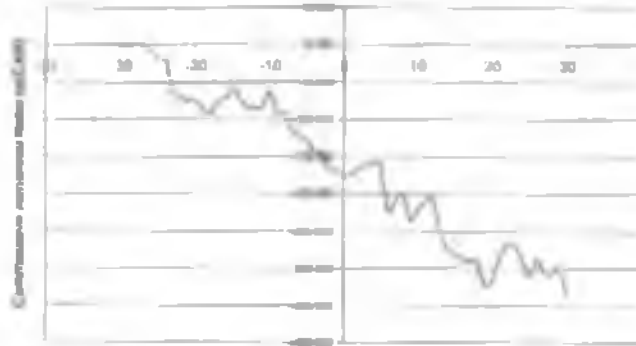
Graph SCBank
CAR (2000)



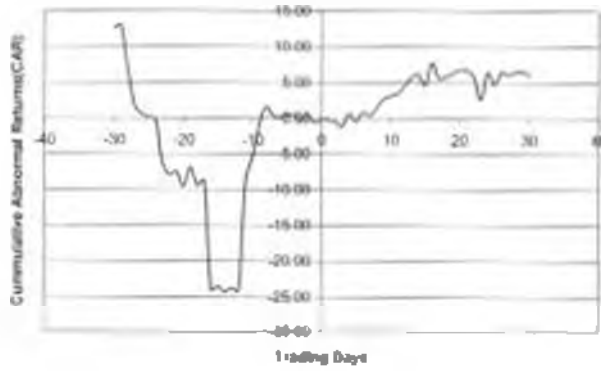
Graph SCBank
CAR (2001)



Graph Total
CAR (1998)



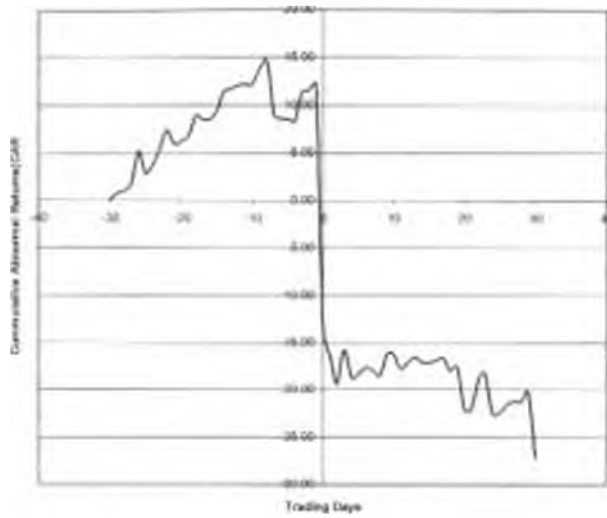
Graph Total
CAR (1999)



Graph Total
CAR (2000)

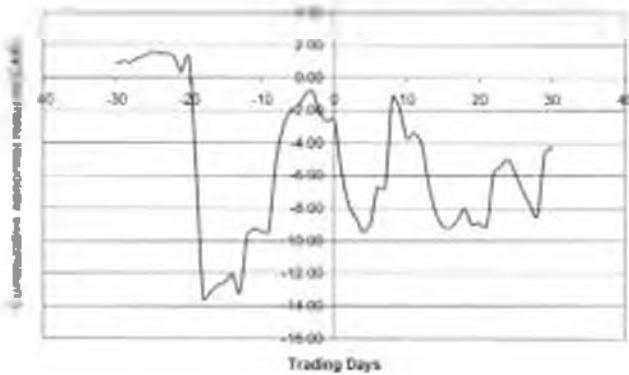


**Graph Total
CAR (2001)**



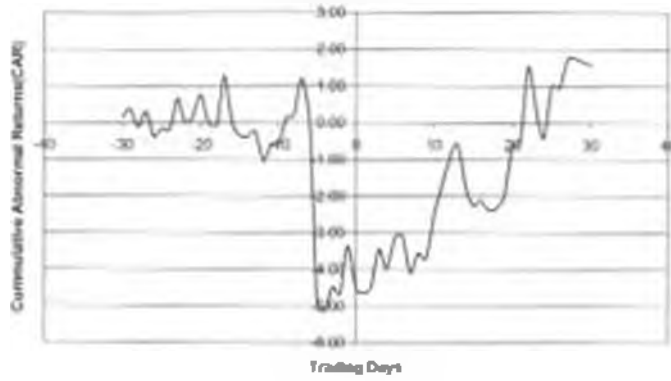
— CAR

**Graph TP Serena
CAR (1998)**

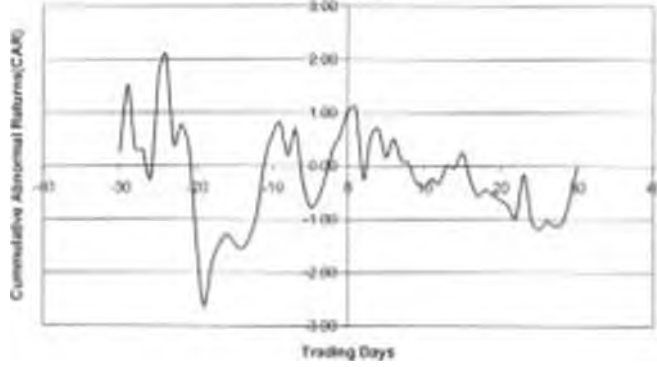


— CAR

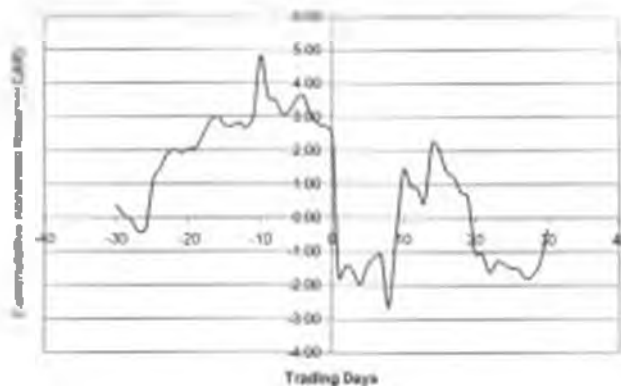
Graph TPBerona
CAR (1999)



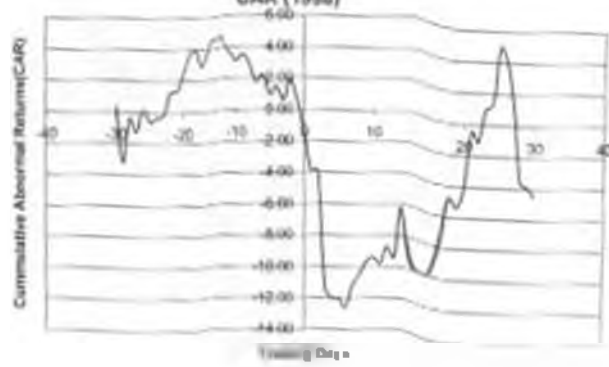
Graph TPBerona
CAR (2000)



Graph TPBerona
CAR (2001)

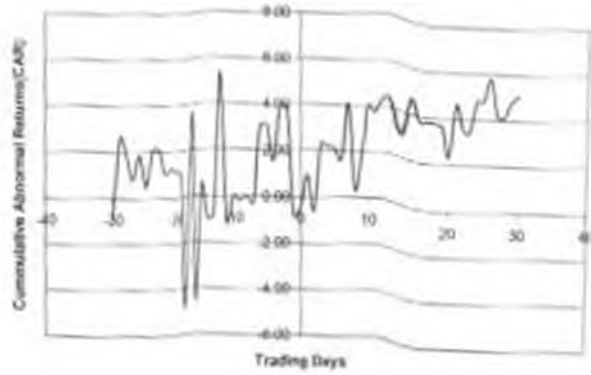


Graph Uchumi
CAR (1998)



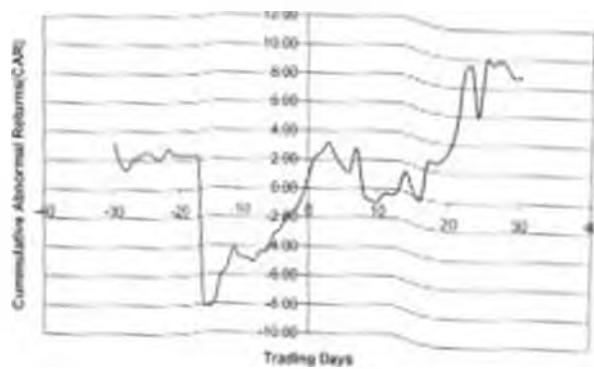
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Graph Uchumi
CAR (2000)



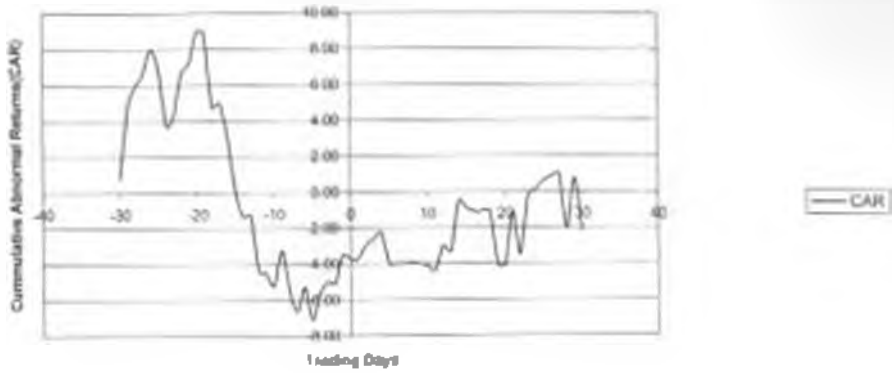
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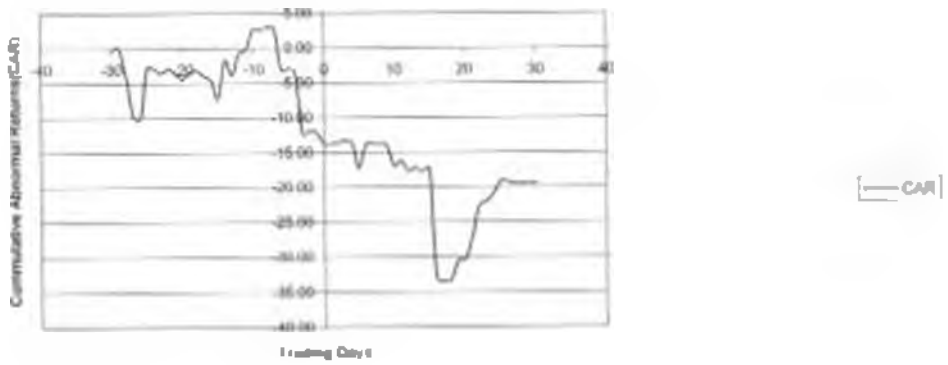


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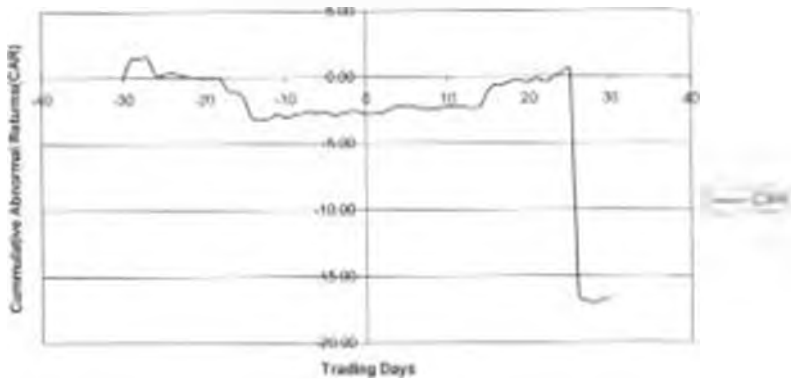
Graph Uchumi
CAR (2001)



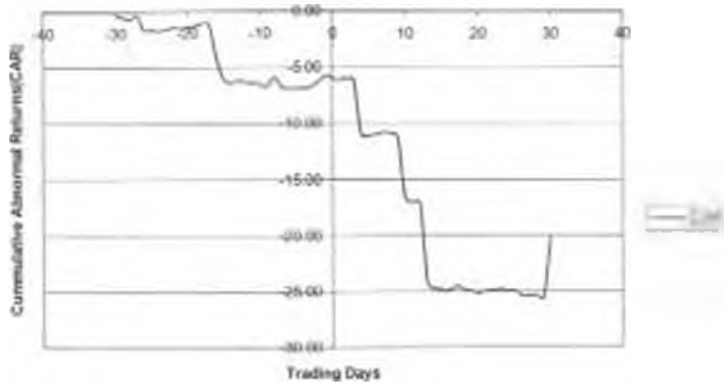
Graph Williamson Tea Co Ltd
CAR (1998)



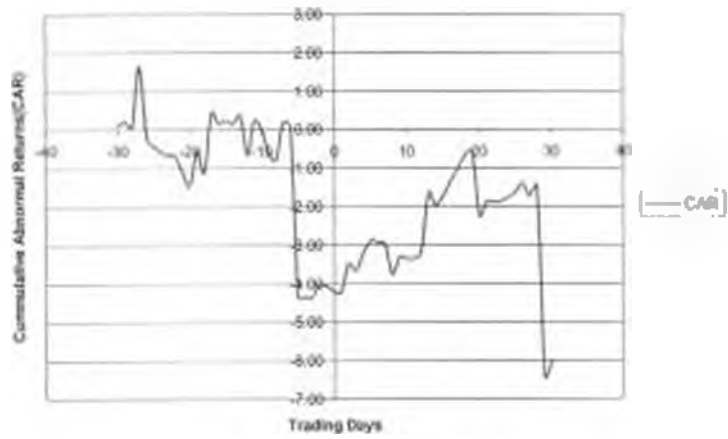
Graph Williamson Tea Co Ltd
CAR (1999)



Graph Williamson Tea Co Ltd
CAR (2000)



Graph Williamson Tea Co Ltd
CAR (2001)



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