

**OWNERSHIP STRUCTURE AND THE FINANCIAL
PERFORMANCE OF LISTED COMPANIES IN KENYA**

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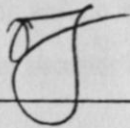
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DECLARATION

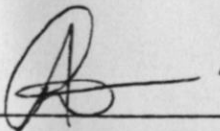
This project is my original work and has not been submitted for a degree in any other University

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This project has been submitted for examination with my approval as University Supervisor

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DEDICATION

To my wife Emily and son Morintat and others like Lekkari, Nkaruyia and Leparan for their understanding and encouragement during the time of the study. May the love we have for each other prosper eternally.

To my parents Oltetia Ole Pempa Semeyioi and mother Nolari N Semeyioi for their love and parental care. The relentless effort to educate me and for their belief in the power of education. Thank you and may the Almighty God bless you.

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Abstract

This study investigates the structure of ownership of companies quoted in the stock exchange and further examines whether ownership structure has significant effects on the performance of publicly listed companies in Kenya. The population of the study included all companies listed in the Main Investment Market Segment (MIMS) of the Nairobi Stock Exchange.

The findings of the study suggest that a typical listed company in Kenya has a mixed ownership structure with the legal persons (Institutions) and foreign investors as the two predominant groups of shareholders, each controlling 41% and 34% ownership respectively. The state with 8% and domestic individuals with 17% hold minority shares in most local listed companies.

The results presented also show that on the one hand, there are no relationships between state, Institution and Individual ownership and performance. On the other hand, there is a significant effect of foreign ownership on performance of listed companies. The performance of firms dominated by foreign investors seem to be higher than those dominated by any other group of investors. This means that the Kenyan Capital Markets seem to recognize the role of foreign investors.

It is recommended therefore that more foreign participation in the stock market be encouraged and the government should divest completely from the stock market. Likewise, competent representatives of institutional investors should be appointed as directors to the boards of listed companies and a mechanism for electing representatives of individual investors be put in place to encourage individual investors participation in the management of firms they own.

LIST OF ABBREVIATIONS

AIMS	Alternative Investment Market Segment
AMEX	American Stock Exchange
CMA	Capital Markets Authority
FISMS	Fixed Income Securities Market Segment
MBV	Market to Book Value Ratio
MIMS	Main Investment Market Segment
NSE	Nairobi Stock Exchange
NYSE	New York Stock Exchange
ROA	Return on Assets
ROE	Return on Equity

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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background

The separation of ownership and control has been at the center of the modern theory of the firm since its presentation by Berle and Means (1932) and the more formal discussion by Jensen and Meckling (1976). At the core of this issue is the agency problem due to conflicts of interest between those who manage the firm and the owners or residual claimants of the firm. In the modern form of the firm with diverse ownership, the resolution of conflicts of interest among residual claimants (owners) and managers become a central issue and determines the ownership structure of the firm.

The ownership structure of the firm may affect the firm's performance by determining the degree of agency conflicts. One argument is that a more concentrated ownership structure will minimize the agency problem by aligning the interests of the residual claimants and the managers (Fama & Jensen, 1983). By contrast, a more concentrated ownership structure may lead to reduction in the value of the firm due to the fact that managers will consume perquisites and misuse the firm's resources due to their increased power (Barclay & Holderness 1989).

A number of studies have examined the impact of the ownership structure on the firm's performance. In a pioneering paper, Demsetz and Lehn (1985) examined the relationship between ownership structure and performance in a sample of 511 U.S. corporations. Their findings showed that there was no significant relation between ownership concentration and accounting profit rates in their sample of firms. Fama (1980) argues that if a firm is viewed as a set of contracts, ownership of the firm is an irrelevant concept. A properly functioned managerial labour market may discipline managers and solve incentive problems caused by the separation between ownership and control. Hart (1983) points out that competition in the product market reduces managerial slack, and thus provides another disciplinary mechanism. Jensen and Ruback (1983) emphasize the

market for corporate control. Martin and McConnel (1991) find that the takeover market has restricted non-value maximizing behaviour of top corporate managers.

On the contrary however, economists argue that ownership matters because it affects at least to some extent the working of the markets. For instance, Grossman and Hart (1980) show that if a firm's ownership is widely dispersed, no shareholder has adequate incentives to monitor the management closely as the gain from a takeover for any individual shareholder is too small to cover the monitoring costs. Shleifer and Vishny (1986) developed a model to demonstrate that a certain degree of ownership concentration is desired in order for the takeover market to work more effectively.

Another branch of literature has examined the role of the board of directors as a corporate governance mechanism. Shareholders can exercise their control on management through their ability to elect the members of the board of directors.

Yermack (1996) argues that the composition of the board, and more specifically the degree of its independence from top management, has a positive effect on a firm's performance. However, Hermalin and Weisbach (1998) have suggested that the board's structure is determined endogenously within a firm and that this is the outcome of an optimizing behaviour.

Publicly listed companies represent only a small subset of Kenya's enterprises. They are an organized and perhaps better-performed group of enterprises, which chose to be listed in the Nairobi Stock Exchange (NSE). This study therefore investigates whether there is any relationship between ownership structure and the financial performance of listed companies in Kenya.

1.2 Ownership Structure

Ownership structure can be categorized into two; Ownership concentration and ownership mix. Ownership concentration is the degree in which ownership of the firm is concentrated among the various categories of owners while ownership mix refers to the

composition of shareholders of the firm. In this case ownership includes the state, management, foreign investors, institutional investors and individual investors.

This study is therefore meant to analyze the ownership structure of Kenya's listed companies with emphasis on the shareholding of the following:

- The state
- Institutional Investors
- Foreign Investors
- Individual Investors
- Employees and management

1.3 Statement of the Problem

Studies have shown that ownership structure indeed has significant effects on the performance of stock companies. First, there is a positive and significant correlation between ownership concentration and profitability. Second, the effect of ownership concentration is stronger for companies dominated by legal person shareholders than for those dominated by the state. Third, firm's profitability is positively correlated with the fraction of legal person shares, but it is either negatively correlated or uncorrelated with the fraction of state shares and the trade able shares held by individuals. Last, labour productivity tends to decline as the proportion of state shares increase (Xu and Wang 1997). On the contrary though, Demsetz (1983) and Demsetz and Lehn (1985) have argued that there should be no relation between ownership concentration and financial performance. According to this hypothesis, the higher costs of monitoring and the loss of control from a more diffused ownership structure must be weighted against the benefits from lower costs of acquiring capital, as well as other profit maximizing motives.

Given the differences in the literature, it is therefore a research question whether ownership structure has any relationship with financial performance. It is also apparent that most of the research studies in this area have been done in the developed markets

with very little evidence for the emerging markets particularly in East Africa. This paper therefore is a first step in trying to breach the gap by investigating whether there is any relationship between ownership structure and the financial performance of listed companies in Kenya.

The research will try to answer the following critical questions

- Is diverse ownership necessary for listed companies, i.e. is the financial performance of publicly owned stock companies better off than those held by the state?
- Is the performance of companies with majority foreign ownership better than those with majority local ownership?
- Is there a significant difference in performance between companies with majority institutional investors than individual investors?

1.4 Objectives of the Study

The objectives of the study are to:

- Determine the ownership structure of listed companies in Kenya
- Investigate whether ownership structure has any significant effects on the financial performance of listed companies in Kenya

1.5 Importance of the Study

- The study is of importance to the management of the various organizations as it gives an insight on the shareholding structure and how it affects the performance of the company
- It is useful to the current and potential investors in shares of the listed stocks as it provides useful information regarding the financial performance of the company
- It is also useful to scholars who may wish to conduct further research in this area.

The study will also contribute to the existing knowledge on corporate governance in three ways. First, it will provide evidence on the impact of agency costs on performance among listed companies. The issues involving corporate governance in the Capital Markets are more complicated due to the existence of multiple principle- agent relationships. Capital markets regulators interact with shareholders and managers to create multiple agency problems. Second, our evidence comes from listed companies of an emerging economy. There is limited empirical evidence on corporate governance issues in emerging economies. Third, it will provide evidence not only on the link between ownership structure and the profitability of listed companies but also the technical efficiency of the listed companies.

CHAPTER TWO: LITERATURE REVIEW

2.1 The Agency Theory

Jensen and Smith (2000) define agency relationship as a contract in which one or more persons (the principals) engage another person (the agent) to take actions on behalf of the principal, which involves the delegation of some decision-making authority to the agent. Spence and Zeckhauser (1971) and Ross (1973) provide early formal analyses of the problems associated with structuring the agent's compensation to align his incentives with the interest of the principle. Jensen and Meckling (1976) argue that agency problems emanating from conflicts of interest are general to virtually all co-operative activity among individuals.

The substantial attention devoted to developing a theory of agency has resulted in two approaches, which are referred to as "Positive theory of agency" and the "Principal – Agent" theory (Jensen & Smith, 2000). Although they differ in many respects, both bodies of literature address the contracting problem among self-interested individuals and assume that in any contracting relationship total agency costs are minimized. The principal-agent literature is generally mathematical and non-empirically oriented, whereas the positive-agency literature is generally nonmathematical and empirically oriented. The principal-agent literature has concentrated more on analysis of the effects of preferences and asymmetric information and less on the effects of the technology of contracting and control.

On the other hand, Jensen and Meckling (1976) define agency costs as the sum of the out-of-pocket costs of structuring, administering and enforcing contracts plus the residual loss. Enforcement costs include both monitoring and bonding costs, that is, the resources expended by the principal and agent, respectively, to ensure contract enforcement. It pays to expend resources on enforcement only to the point where the reduction in the loss from noncompliance equals the increase in enforcement costs. The residual loss represents the opportunity loss remaining when contracts are optimally but imperfectly enforced. Thus

agency costs include all costs frequently referred to as contracting costs, transaction costs, moral hazard costs and information costs.

In listed companies, managers, owners and customers can be separate parties. Separation allows gains from specialization but creates conflicts of interest between owners and managers as well as between customers and owners. Mechanisms that control these conflicts include the corporate charter, the board of directors, incentive compensation, managerial labour markets, capital markets and the threat of outside takeover among others. The board of directors is charged with promoting the interests of company owners. It has the legal authority to ratify and monitor managerial initiatives, evaluate the performance of top managers and reward or penalize that performance. Most corporate boards include some of the firm's top managers as well as directors from outside the firm. The executive directors provide valuable information about the firm's activities while non-executive (outside) directors are expected to contribute both expertise and objectivity in monitoring management decisions (Baysinger & Hoskisson, 1990). Non-executive directors figure prominently in the recent governance debate, the Cadbury Committee recommend that these should be present in sufficient quantity and numbers to bring an independent judgment to bear on issues of strategy, performance, resources and standards of conduct (Cadbury Committee, 1992)

2.2 Ownership Structure and Performance

Berle and Means (1932) argued that the diffuseness of ownership in modern corporations should result in an inverse relation between ownership concentration and firm performance. The argument was that due to the dispersed nature of a large number of shareholders, the typical shareholder does not have enough power to exercise control on management. Given that managers do not have the same interests with shareholders, they may not use the firm's resources in accordance with maximization of shareholder value. Consequently, firms with more concentrated ownership structure should exhibit better performance due to a stronger link between interests of owners and managers.

However, Demsetz and Lehn (1985) found no significant correlation between ownership concentration and accounting profit rate for 511 large US corporations. Further empirical studies have contributed to the weak empirical link between ownership concentration and performance. Most of the studies have used the share of management holdings as a measure of ownership structure. Morck et al. (1988) estimated a piecewise linear regression and found a positive relation between performance and managerial holdings between 0% and 5% of outstanding shares, a negative relation for holdings between 5% and 25% and again a positive relation for holdings above 25%. Holderness and Sheehan (1988) analyze 114 NYSE or AMEX listed corporations in which a majority shareholder owns at least 50.1% of the common stock. Tobin's Q is higher if the majority owners are corporations, while Tobin's Q as well as the accounting profit rates are significantly lower for firms with individual majority owners.

Further studies have found mixed evidence using different samples and measures of performance. In a recent study, Demsetz and Villalonga (2001) used a simultaneous equations system to examine the relation between ownership structure and performance. Their findings showed that there was no support for the hypothesis that variations in observed ownership structures across firms result in systematic variations in observed firm performance. These studies along with others seem to suggest that: (i) There is a positive correlation between shareholdings of large investors and firm's performance, and (ii) Institutional investors appear to be more effective in monitoring firms' performance than individual shareholders.

2.2.1 The Role of Large Shareholders

The argument of Berle and Means (1932) on the implication of diffused ownership structure on performance does not take into consideration the role of large shareholders. One way of aligning the interests of owners and managers and address the agency problem is to have one or more investors with substantial minority shareholding. Large shareholders have incentives to collect information and monitor the activities of management. Holderness et al. (1999) compared ownership data of approximately 1,500

publicly traded U.S. firms in 1935 with a benchmark of 4,000 exchange listed firms for 1955 and found that managerial shareholding in 1955 was higher than in 1935. Several other studies have examined the significance of both inside and outside large shareholders. Recently, La porta et al. (1999) provided empirical evidence on the ownership structure of large corporations in 27 wealthy economies. Contrary to Berle and Means' (1932) view of dispersed ownership, they showed that except in economies with a very good environment for shareholder protection, most of these large firms are controlled either by families or the state with controlling shareholders having significant power.

In a survey of large shareholders and corporate control, Holderness (2001) states that there are two motives of large shareholdings: the shared benefits of control and the private benefits of control. The shared benefits come from the great incentives of large shareholders to increase firm value. Thus, large shareholders or their representatives are frequently members of the board of directors or the management team. There are also private benefits that come as a result of increased voting power of large shareholders, which can be pecuniary or non-pecuniary. Empirical studies have shown that there is evidence of private benefits of large shareholders. For example, Barclay and Holderness (1989) have found that trades of large blocks are typically priced at substantial premiums to the exchange price.

One factor that affects the level of inside ownership is regulation. Regulation tends to limit both the shared and private benefits of large share holdings due to the fact that the regulatory authorities monitor the activities of the firm and also limit the discretion of management. Therefore, firms that operate in regulated industries, such as banking are expected to have relatively low levels of inside ownership. However, in developing economies, many private banks are controlled by few large shareholders or families. Banking institutions in developing economies have more concentrated ownership structures either due to government ownership or due to the fact that there exists a small number of reputable banks that would have the resources and experience to operate a bank (Kane and Rice, 1998)

2.2.2 The Role of the State as a Shareholder

For listed companies in which the state owns equity, the ministry of finance permanent secretary exercise owner's rights on behalf of the government. The top priority of the permanent secretary as he or his representative seats in boards of all the companies the state has interest in, is to preserve and increase the value of state properties (Smith, 1996). Depending on its shareholding in a firm, the government can influence the appointment of chief officers and it may have veto power over business and investment plans proposed by the management.

A series of principal agent problems may arise from this institutional setting in the state controlled stock companies. First, the government representatives on the boards of the various companies may not have sufficient incentives to preserve and increase the value of state properties. They are civil servants and draw income from the government payroll, which has nothing to do with the performance of the stock companies they oversee. Since corporate officers of state controlled companies are also appointed, they are more likely to be responsible only to their bosses since their promotion depends largely on how well they execute instructions from the top. Second, increasing the value of state assets in a firm may lead to conflicts of interest with other shareholders, For instance, government representatives are aware of a special form of value decreasing or dilution of state shareholding through rights offering. When a proposal of rights offering is under consideration for raising more capital, the government representatives may block it.

It emerges from the above discussion that the different forms of ownership may have implications for the performance of firms.

2.3 Measures of Performance

Performance refers to the extent to which organization goals and objectives are achieved. It looks at both efficiency and effectiveness. Measures of performance include both financial and non-financial measures.

Financial performance measures involve analyzing the financial statements of an organization. The financial statements provide information on the resources available to the management, how these resources were financed, and what the company accomplishes with them.

Corporate shareholder annual and quarterly reports include three required financial statements; the balance sheet, the income statement and the statement of cash flow.

Financial statement analysis seeks to evaluate management performance in several important areas, including profitability, efficiency and risk. In financial statement analysis, financial ratios and cash flows are used to evaluate a company's performance. Financial ratios provide meaningful relationship between individual values in the financial statement. They can be grouped into liquidity, operating, and profitability, risk, growth and market value ratios (Reilly and Brown 1997).

According to Reilly and Brown (1997), no one single ratio gives sufficient information by which to judge the financial condition and performance of a company. A group of ratios need to be analyzed to be able to make reasonable judgment as to the performance of an organization. In this study three accounting ratios will be employed to measure the firm's performance, the market to book value ratio (MBV), Return on Equity (ROE), Return on Assets (ROA) and Tobin's Q.

MBV: Smith (1996) reports that institutional investors in the U.S. use the market to book value ratios to assess performance when selecting target firms. Xu and Wang (1997) used the Market-to-Book ratio as a measure of the market performance of 100 Chinese town and village enterprises listed in two Chinese stock exchanges. Their findings show that

ownership structure has significant effects on the performance of those enterprises. The market-to-book value ratio, is calculated as the share prices on the last day of trading of each year times the number of total outstanding shares divided by the book value of equity (Xu and Wang 1997).

$$\text{MBR} = \frac{\text{Mp} * \text{No. Of share}}{\text{Book value of Equity}}$$

$$\text{ROE: Return on equity} = \frac{\text{after tax profit}}{\text{Book value of Equity}}$$

ROA: This measure of profitability has been widely used in empirical studies of bank performance. Furthermore, Demsetz and Villalonga (2001) discuss the use of accounting profit rates versus Tobin's Q as a measure of firm performance in empirical studies of the ownership-performance relation. They argue that accounting profit rates are not as biased as thought and they support their use as a measure of a firm's performance.

$$\text{Return on Assets:} = \frac{\text{Profit after Tax} + \text{interest (before tax)}}{\text{Total Assets}}$$

Tobin's Q: In the empirical literature, Tobin's Q, the market value of debt plus the market value of equity divided by the replacement cost of all assets, has been used as a major indicator of a firm's performance (Xu and Wang, 1997). Chung and Pruitt (1994) found that the correlation between the 'simple Q' and a measure of Q that attempts to use market values throughout is as high as 0.97. Tobin's Q measures expected future profitability due to valuable growth opportunities and/or competitive advantage.

Although all the three ratios i.e. ROE, ROA and MBV have been used to determine the financial performance of the firms under study, it is only the market to book value ratio (MBV), which has been applied to determine the relationship between performance and ownership structure.

The MBV ratio has been used because as opposed to ROA and ROE it compares the market price of a firm's common stock with the stocks book value per share. Essentially the MBV ratio relates what the investor believe a firm is worth to what the firm's accountants say it is worth according to accepted accounting principles. This is therefore more relevant to the study since the study focuses on shareholders and the firm's performance. A low ratio indicates investor's belief that the firm's assets have been overvalued on its financial statements.

The advantages of the Market to Book Value ratio (MBV) over Book Ratios are:

- It provides a relatively stable, intuitive measure of value which can be compared to market price
- Given reasonably consistent accounting standards across firms, MBV ratio can be compared across similar firms for signs of under and over valuation
- Even firms with negative earnings, which cannot be valued, using PE ratios, can be evaluated using MBV ratio.

Some of its disadvantages are:

- Book values like earnings are affected by accounting decisions on depreciation and other variables. When accounting standards vary widely across firms, the MBV ratio may not be comparable across firms
- Book value may not carry much meaning for service firms, which do not have significant fixed assets.
- The book value of equity can become negative if a firm has a sustained string of negative earnings reports, leading to negative MBV ratio.

CHAPTER THREE: RESEARCH METHODOLOGY

This study investigates whether ownership structure has significant effects on the performance of publicly listed companies in Kenya. The study examines the effects of state ownership, institutional investors, individual investors, foreign investors, employees and management on company performance for 5 years (1997-2001).

3.1 Population & Sample

The population consists of all companies listed on the Main Investment Market Segment (MIMS) of the Nairobi Stock Exchange (NSE) during the period 1997-2001. Currently, there are 51 companies listed in the Nairobi Stock Exchange of which 80% are in MIMS. Other market segments are the Alternative Investment Market Segment (AIMS) and Fixed Income Securities Market Segment (FISMS). Categorization is based on Share Capital and Asset Value of which companies in MIMS are those with a share capital of Kshs. 50 million and Net Asset Value of Kshs. 100 million. Companies in AIMS are those, which have a share capital of Kshs. 20 million and a Net Asset Value of Kshs. 10 million. On the other hand, securities listed in the Fixed Income Securities Market Segment (FISMS) are Preference shares and are required to have a share capital of Kshs.100 million before listing the securities.

3.2 Data Collection

Data used in this study is secondary data; specifically, the companies consolidated financial statements covering a five-year period, from 1997 to 2001.

The use of consolidated statements is considered more appropriate as opposed to the use of the companies' unconsolidated accounts (Reilly and Brown 1997). The consolidated statements comprise of the accounts of the various enterprises and their wholly owned subsidiaries. For those, which do not have subsidiaries, company accounts were used. Companies which have wholly or partially owned subsidiaries are assumed to have direct

control over the operations of those enterprises, thus their performance is expected to impact directly on their subsidiaries. The annual reports of listed companies are available in the Nairobi stock exchange and in the Capital Markets Authority. The data was used to compute the accounting ratios that formed the basis of the analysis. The daily trading data i.e. share prices including open and closing prices was obtained basically from the Nairobi Stock Exchange.

Data on ownership or shareholding structure was also obtained in the Nairobi Stock Exchange. Part of the information was obtained from the Capital Markets Authority, as companies are required by the CMA rules and regulations to send on monthly basis the percentage of foreign ownership in their firms. The rules stipulate specific percentage foreign ownership in local firms. It is required that foreign investors can have up-to 75% ownership in local firms as 25% is reserved to the local investors (CMA Rule and Regulations, 2001).

3.3 Hypotheses

The research will focus on testing the following hypothesis

H₀: There is no significant relationship between ownership structure and the financial performance of listed companies in Kenya

H_A: There is a significant relationship between ownership structure and the financial performance of listed companies in Kenya

3.4 Methods of Data Analysis

Various financial ratios were used to analyze the data since financial ratios summarize large quantities of data and can be used to perform a comparison of performance over time. The ratios used were the market-to-book value ratio (MBR), Return on Assets (ROA) and Return on Equity (ROE). The use of Tobin's Q was not found appropriate in this study because as Xu and Wang (1997) argue, its reliability is highly dependent on financial markets being well developed. As has been mentioned earlier, it is only the MBV ratio, which has been applied against ownership mix to determine the value of the Chi-Square.

Firms were grouped according to their shareholding structure i.e. state dominated, institutional investors' dominated, those dominated by foreign investors and individual investors dominated. A particular investor is categorized as dominant if the investor has 'effective control' in that firm. According to the CMA (Take –Over and Mergers regulations, 2002), effective control means the exercise of not less than 25% of the votes attached to the ordinary shares of a particular company. In this case therefore, any investor, the State, Institutions, Individuals or Foreigners holding at least 25% of the shareholding of a company will be categorized as a dominant investor. The government shareholding is the percentage shareholding held on behalf of the government by the treasury.

The average profitability for each category will be calculated for all the years as shown below.

State dominated Firms

	1997	1998	1999	2000	2001	MEAN
MBR						
ROA						
ROE						

The same procedure will be repeated for all the other forms of ownership i.e. institutional investors dominated, individual investors dominated and foreign investor dominated. Test on independence to establish the relationship between ownership structure and performance were undertaken

The data was captured in a 2 x 3 contingency table for each category of investors as shown below.

State dominated Firms

	Performance			
State Ownership	Good	Average	Poor	TOTAL
High				
Low				
TOTALS				

The chi-square (X^2) test of independence was used to test the hypothesis.

If the level of significance is set at 5% and with $(2-1)(3-1)$ degrees of freedom, $X^2_{0.005, 2} =$

5.991. The decision rule was therefore; Reject the null hypothesis if X^2 is greater than 5.991 and do not reject the null hypothesis if X^2 is less than **5.991**

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION OF FINDINGS

4.1 Data Analysis

This paper examines the structure of ownership of quoted companies and the relationship between ownership structure and financial performance of listed companies in Kenya. The data consists of all companies listed in the NSE's Main Investment Market Segment (MIMS) between 1997- 2001 except a few outliers. Outliers are identified in the following way. Firms that have not been listed during the entire five-year period like Mumias Sugar and African Lakes Corporation are excluded. Also excluded are firms whose data for all the five years both financial and ownership structure could not be obtained. This leaves a sample of 32 firms of which a majority is controlled by legal person shareholders (Institutional Investors). Average values are calculated on all the observations over the period.

For each category of investors, average ownership is determined and an average of the averages is calculated to determine the high and low ownership. Average performance is also determined for each firm and the good and poor performance as indicated by the MBV ratios are placed in the respective high or low ownership positions before the chi-square is computed.

A list of all the firms studied, data analysis and variables used are given in the appendix. A summary of the average percentage ownership of the listed companies is given in appendix 1 while the results of the Chi-Square test are presented in appendix 3, tables 1-4.

The presentation of the findings on ownership structure and the relationship between ownership and performance is given below.

4.2 Ownership Structure

Listed companies in Kenya have mixed ownership structures with Institutional and Foreign investors as the two predominant groups of shareholders. On average each of the two holds about 41% and 34% respectively of total outstanding shares. Other investors are the state and individual investors with shareholding of 8% and 17% respectively. Many listed companies do not issue employee and management shares. In those that do offer employee and management shares, they account less than 1% of total outstanding shares. All the shares entitle shareholders the same dividends and voting rights. Appendix 1 shows the average ownership mix of stock companies listed at the NSE over the five-year period.

The proportion of state shares appears to be constant over the years with very little changes. This is due to the fact that unlike other shares, government shares hardly or never trade in the stock exchange. Changes that occur in government shareholding are as a result of capitalization of reserves or offer of rights and bonus issues. Though the state's average shareholding appears to be minimal, the state has a stronger influence in companies which it owns stocks.

A majority of Kenya's individual investors are small shareholders and very few are in the list of the ten largest shareholders. For those individuals in the top ten, their holdings are so small that the companies do not even have to disclose their names. It is conceivable that the dispersed individual ownership may give rise to the classic free-rider problem (Grossman and Hart, 1980). Small investors do not have the incentive or the capability to monitor managerial performance. The small shareholders' inactivism has also been further worsened by block holdings of the state, legal persons and foreign investors. Apparently, individual investors in Kenya tend to seek short term trading profits rather than dividend income or long-term growth. With such a short investment time horizon, it is unlikely that small shareholders are willing and able to monitor the management closely.

On the other hand, Foreign and legal person shareholders in Kenya are not only better motivated but also better equipped with power to control and monitor the management. As argued by Shleifer and Vishny (1986, 1996), large shareholders provide at least a partial solution to the free rider problem of small investors. They have the incentive to monitor the management even though doing so will also benefit other shareholders. Unlike individual investors, representatives of legal person shareholders are elected to the board of directors. Besides their voting power on important issues such as the selection of the management team and dividend policies, they have access to corporate inside information and can question chief officers at any time about the operations of the firm.

In summary, there seem to be a tendency for the proportion of state shares to remain constant over time and the fraction of tradable shares of the Institution, Individual and foreign investors to fluctuate. This is because other than state shares, all other shares are tradable and that explains why there are large variations in ownership in 1997, 1999 and 2000 among institution, individual and foreign investors. It also emerges from the above discussion that different forms of ownership may have different implications on the financial performance of firms.

4.3 Ownership Structure and Firm's Performance

Table 1-4 shows the Chi-Square values for State dominated, Legal persons dominated Individuals dominated and foreign investor dominated firms. Each of their findings is discussed as follows.

Table 1: State dominated firms

Performance				
State Dominated	good	average	poor	Total
high	0.97	0.5	0.35	1.82
low	0.65	0.5	0.29	1.44
Total	1.62	1	0.64	3.26

Looking up critical values for chi at 2 degrees of freedom

Significant levels: 0.20 0.10 0.05 0.025 0.01 0.001

Critical values: 3.22 4.61 5.99 7.38 9.21 13.82

Chi-square = **0.025**

Source: research Data

For significance at the .05 level, chi-square should be greater than or equal to 5.99. In this case, the distribution is not significant.

We therefore fail to reject the null hypothesis and conclude that there is no relationship between state ownership and performance of listed companies.

These findings are consistent with those of Xu and Wang (1997) that state ownership has a significant negative effect on the market-to-book value ratios for the two Chinese stock exchanges. They argue that when a company needs to raise new capital through rights offerings, the state representative on the board will vote against it as the offerings will likely dilute state shares. The blockage by the state may cost the firm investment opportunities and hurt its long-term growth. Other economists have also highlighted the insignificance of the state ownership on the firm's financial performance. Boyco et al (1995) suggest that the government may pursue political objectives such as excess employment rather than profit maximization. Focusing on managerial incentive schemes, Laffont and Tirole (1991) also point out that conflicts between the government and shareholders' goals are a source of inefficiency.

Table 2: Legal Person dominated firms

Performance				
Intitution dominated	Good	Average	poor	Total
High	2.2	0.59	0.35	3.14
Low	1.05	0.51	0.26	1.82
Total	3.25	1.1	0.61	4.96

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Degrees of freedom: 2

Chi-square = **0.080**

For significance at the .05 level, chi-square should be greater than or equal to 5.99.

Source: Research Data

As shown in table 2, the chi-square for Institution-dominated firms is 0.080 and for significance at the 0.05 level, chi-square should be greater than or equal to 5.99. The distribution is not significant and therefore we fail to reject the null hypothesis and conclude that there is no relationship between legal person ownership structure and the financial performance of listed companies. This implies that companies that are dominated by institutional investors do not necessarily perform better than those dominated by non-institutional investors.

These results are largely consistent with those of Fama (1980) who argues that if a firm is viewed as a set of contracts, ownership of the firm is an irrelevant concept. He argues that a properly functioned managerial labour market may discipline managers and solve incentive problems caused by the separation between ownership and control.

However, the results are conflicting with those of Xu and Wang (1997) who found a strong positive correlation between MBV ratio and the proportion of shares held by all legal persons among firms listed in the Chinese stock exchange. To support their findings, they argue that when institutional investors own a small stake in a company, they may try to exert their influence on or collude with the management for undertaking business operations or investments that will benefit themselves but harm the firm's value in the long run. When their equity holdings in the firm increase, their goal coincide with that of outside shareholders, i.e. maximizes the firm's value. The market value of the firm decreases first with legal person ownership as investors see the conflict of interests and then increases when shareholders anticipate the convergence of interests at high level of legal person holdings.

Table 3: Individual Dominated Firms

Performance				
Individual dominated	Good	Average	poor	Total
High	0.91	0.68	0.46	2.05
Low	2.2	0.8	0.35	3.35
Total	3.11	1.48	0.81	5.4

Looking up critical values for chi at $df = 2$:

Significance levels: 0.20 0.10 0.05 0.025 0.01 0.001

Critical values: 3.22 4.61 5.99 7.38 9.21 13.82

Degrees of freedom: 2

Chi-square = **0.262**

Source: Research Data

For significance at the .05 level, chi-square should be greater than or equal to 5.99. The distribution in this case is not significant implying that the individual ownership structure of quoted companies in Kenya has no relationship with company performance.

These results are largely consistent with those of Xu and Wang, (1997) who found that the influence of individual shareholders to firm's profitability is insignificant if not completely irrelevant. In many cases, they observe, that the coefficients for the fraction of equity held by individual investors are significant but negative, indicating that the market values individual private ownership downward.

Apparently, individual investors in Kenya tend to seek short term trading profits rather than dividend income or long-term growth. With such a short investment time horizon, it is unlikely that small shareholders are willing and able to monitor the management closely and that is why probably the performance of individual dominated firms is not better than those dominated by non-individual investors.

Table 4: Foreign Dominated Firms

Performance				
Foreign dominated	Good	Average	poor	Total
High	1130	142.6	0.26	1272.86
Low	1.2	0.55	0.39	2.14
Total	1131.2	143.15	0.65	1275

Significance levels: 0.20 0.10 0.05 0.025 0.01 0.001

Critical values: 3.22 4.61 5.99 7.38 9.21 13.82

Sig. 0.20: chi is greater than or equal to 3.22

Sig. 0.10: chi is greater than or equal to 4.61

Sig. 0.05: chi is greater than or equal to 5.99

Sig. 0.025: chi is greater than or equal to 7.38

Sig. 0.01: chi is greater than or equal to 9.21

Sig. 0.001: chi is greater than or equal to 13.82

Degrees of freedom: 2

Chi-square = **139.528**

The distribution is significant.

Source: Research Data

In table 4, the distribution is significant since the chi-square of foreign dominated firms is 139.528. We therefore reject the null hypothesis and conclude that there is a relationship between foreign ownership (foreign dominated firms) and performance. The performance of firms dominated by foreign investors is far higher than those dominated by any other group of investors. Foreign dominated firms influences the performance of quoted companies in Kenya, an indication that foreign dominated firms perform better than non-foreign dominated firms. It therefore appears that the Kenyan market recognizes the role of foreign investors but only as a group.

The significant impact of foreign ownership on market to book value ratio is in support of the Shleifer and Vishny hypothesis (1986) that large shareholders may help reduce the free-rider problem of small investors and hence are value maximizing. This explanation should be taken with extra caution however. Notice that Institutional investors dominate the majority of firms listed in the stock exchange as a group yet their performance is insignificant.

The main objective of this study was to identify the relationship that exists between ownership structure and firm performance. The study was conducted in Kenya and the results showed that firms with higher foreign ownership have higher market to book value ratios. This is in support of the Shleifer and Vishny hypothesis. The study also found that institutional investors hold majority shares in listed companies.

The study also found that the relationship between foreign ownership and firm performance is not linear. The results showed that firms with 10% to 20% foreign ownership have the highest market to book value ratios. This is in support of the Shleifer and Vishny hypothesis. The study also found that institutional investors hold majority shares in listed companies. The results of the study suggest that the relationship between foreign ownership and firm performance is not linear. The results of the study suggest that the relationship between foreign ownership and firm performance is not linear. The results of the study suggest that the relationship between foreign ownership and firm performance is not linear.

The study also found that the relationship between foreign ownership and firm performance is not linear. The results of the study suggest that the relationship between foreign ownership and firm performance is not linear. The results of the study suggest that the relationship between foreign ownership and firm performance is not linear.

3.5. Recommendations

The study found that the relationship between foreign ownership and firm performance is not linear. The results of the study suggest that the relationship between foreign ownership and firm performance is not linear. The results of the study suggest that the relationship between foreign ownership and firm performance is not linear.

CHAPTER FIVE: SUMMARY OF FINDINGS AND CONCLUSIONS, RECOMMENDATIONS, LIMITATIONS OF THE STUDY AND SUGGESTIONS FOR FURTHER RESEARCH

5.1 Summary of findings and Conclusions

The first objective of this study was to identify the ownership structure of listed companies in Kenya. It was found that Institutional Investors and foreign investors are the two predominant groups of investors controlling on average 41% and 34% ownership respectively. The state and Individual investors hold minority shares in listed companies.

The second objective of the study was to determine the relationship if any between ownership structure and the financial performance of listed companies in Kenya and find evidence to support or reject the null/ research hypothesis. The results presented points to the inefficiency related to state, institutional and individual ownership and to the importance of relative ownership and the role of foreign investors. The results of the study seem to suggest that the influence of the state as a shareholder, institutions and individual shareholders to firms' profitability is insignificant, if not completely irrelevant. However, it was found that foreign investors have a significant impact on firm profitability but only when taken as a group.

It is conjectured that the significance of the performance variables might have something to do with, among many others, the regulation and efficiency of the Kenyan secondary market.

5.2 Recommendations

The study found out that the state is a large shareholder, yet it has insignificant or even negative effects on firms' value. It is therefore recommended that the state divest completely by offloading its shares from listed companies and concentrate in offering

essential services. At the same time, most legal person shareholders have a stake considerably larger than any individual's holding in the sample of firms. Large legal person shareholders almost for sure possess seats on the board of directors yet like the state, their contribution to the performance of the firms is very minimal or insignificant. It is recommended that the board of directors of listed companies be balanced between external and internal directors and that all groups of shareholders are represented in the board to avoid board capture. Since foreign ownership seems to increase the performance of firms listed in the stock exchange, it is recommended that limitations on foreign ownership be done away with in total in order to encourage more foreign participation in the stock market. This will enhance performance of listed companies and growth of the economy in general.

5.3 Limitations of the Study

Caution is needed in interpreting the results of this study. First, this study uses a sub-sample of Kenyan enterprises listed in the Nairobi Stock Exchange. These are an organized and perhaps better-performed group of enterprises, which chose to be listed in the NSE. This study therefore suffers unavoidably from a sample selection bias. Secondly, although this study focused on the firms listed in the Main Investments Market Segment of the NSE, it does not explicitly examine the issue in industry context where firms are represented. Another limitation is that the study has lumped together the various categories of shareholders such that individual foreign investors are grouped together with institutional foreign investors while ownership held by firms owned by the state through state corporations have been categorized as institutional investors.

5.4 Suggestions for further Research

According to the CMA (Foreign Investors) regulations, 2002, every issuer or listed company shall reserve at least 25% of its ordinary shares for investment by local investors. The remaining proportion i.e. 75% of the shares shall be a free float available for investment by any investor. This rule has differed significantly from the previous one, which allowed individual foreign investors to own up to 5% and 40% in aggregate of a listed company shares. This will significantly alter the ownership structure of listed companies. Further research can therefore be done in this area after the change. Research can also be done to examine the contribution of employee and management shareholding in the performance of a firm.

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Appendix 1

State Dominated	Average %
E. A. Portland	27
Kenya Power&Lighting	43
KCB	35
Average	35

Institutions Dominated	Average %
BAT (K)	31
Carbacid Invest.	85
Crown Berger	28
Dunlop Kenya	52
E. A. Cables	42
E. A. Portland	36
EA Breweries	68
Firestone E.A	56
Kenya National Mills	86
Kenya Oil Co	78
Kenya Power&Lighting	29
Unga Group	68
Kakuzi	36
Rea Vipingo	41
Sasini	63
BBK	25
CFC Bank	84
Diamond Trust	26
Housing Finance	31
KCB	38
NBK	64
NIC	66
PanAfrican	62
ICDCI	58
Car & General	85
CMC Holdings	68
Kenya Airways	31
Marshalls E.A	54
TPS Serena	76
Uchumi Supermarkets	46
Average	56

Foreign Dominated	Average %
Bamburi Cement	73
BAT (K)	53
B.O.C. Kenya	66
Crown Berger	60
Dunlop	38
E A Cables	38
E.A Portland	32
Brook Bond	88
Kakuzi	31
Rea Vipingo	48
BBK	66
Diamond Trust	60
Housing Finance	39
SCB	74
KQ	36
Nation Media	61
Average	54

Individuals Dominated	Average %
Kakuzi	27
Sasini	25
CFC Bank	27
KCB	29
NIC	27
PanAfrican	31
ICDCI	36
Marshalls E.A	41
Uchumi Supermarkets	29
Average	30

Appendix 1

SUMMARY OF OWNERSHIP STRUCTURE

	State	Institutions	Individuals	Foreigners
2001	8.20093446	41.12293	16.17880073	34.4973357
2000	8.43120032	38.85215	16.95300048	35.7636489
1999	8.61604356	41.84044	14.60221005	34.9413095
1998	8.05883277	39.50836	16.89387917	35.5389328
1997	7.30219471	41.06326	21.2540326	30.3805115
Average %	8.12184117	40.47743	17.1763846	34.2243477

APPENDIX 2

Companies in MIMS	Percentages 2001			
	%state	% Inst	% Indiv	% Foreign
Bamburi Cement	-	22	4	73
BAT (K)	-	28	15	57
B.O.C. Kenya	-	25	9	66
Carbacid Invest.	-	90	5	5
Crown Berger	-	31	5	64
Dunlop Kenya	-	52	10	38
E. A. Cables	-	60	40	0.04
E. A. Portland	34	54	7	39
EA Breweries	0.3	80	3	18
Firestone E.A	-	77	5	17
Kenya National Mills	-	82	17	0.2
Kenya Oil Co	-	89	9	2
Kenya Power&Lighting	48	81	7	11
Unga Group	-	74	24	2
Brooke Bond	-	9	3	88
Kakuzi	-	47	21	32
Rea Vipingo	-	40	17	42
Sasini	-	80	16	4
BBK	-	17	14	69
CFC Bank	-	49	50	0.5
Diamond Trust	-	21	19	60
Housing Finance	10	34	24	42
KCB	35	33	23	9
NBK	23	65	12	0.01
NIC	-	63	37	1
Standard Chartered	-	20	6	74
PanAfrican	-	76	18	5
ICDCI	-	56	44	0.3
Car & General	-	88	10	2
CMC Holdings	-	72	25	3
Kenya Airways	23	25	12	40
Marshalls E.A	-	57	39	4

Companies in MIMS	Percentages 2000			
	%state	% Inst	% Indiv	% Foreign
Bamburi Cement	-	14	13	73
BAT (K)	-	27	12	60
B.O.C. Kenya	-	19	15	66
Carbacid Invest.	-	84	10	6
Crown Berger	-	25	22	53
Dunlop Kenya	-	54	8	38
E. A. Cables	-	15	10	76
E. A. Portland	26	37	7	30
EA Breweries	0.4	74	13	12
Firestone E.A	-	56	24	20
Kenya National Mills	-	85	15	0.2
Kenya Oil Co	-	87	12	1
Kenya Power&Lighting	52	35	12	1
Unga Group	-	80	18	3
Brooke Bond	-	7	4	89
Kakuzi	-	45	19	35
Rea Vipingo	-	24	13	63
Sasini	-	63	28	9
BBK	-	25	18	57
CFC Bank	-	79	21	0.4
Diamond Trust	-	28	13	59
Housing Finance	9	39	14	38
KCB	35	21	35	8
NBK	23	67	10	0.01
NIC	-	66	31	4
Standard Chartered	-	17	8	74
PanAfrican	-	59	29	12
ICDCI	-	80	20	0.2
Car & General	-	90	8	2
CMC Holdings	-	67	30	3
Kenya Airways	23	28	18	31
Marshalls E.A	-	51	45	4

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Nation Media Group	-	5	15	80
TPS Serena	-	77	22	0.1
Uchumi Supermarkets	0.4	54	30	16
Average				

-	14	14	72
-	79	20	0.1
0.4	34	34	31

	Percentages 1999			
	%state	% Inst	% Indiv	% Foreign
Bamburi Cement	-	19	8	73
BAT (K)	-	23	17	60
B.O.C. Kenya	-	21	13	66
Carbacid Invest.	-	72	23	5
Crown Berger	-	33	3	64
Dunlop Kenya	-	14	48	38
E. A. Cables	-	19	5	76
E. A. Portland	25	28	18	29
EA Breweries	1	67	20	12
Firestone E.A	-	58	20	22
Kenya National Mills	-	87	13	0.2
Kenya Oil Co	-	78	21	1
Kenya Power&Lighting	45	31	11	13
Unga Group	-	49	47	3
Brooke Bond	-	9	3	88
Kakuzi	-	32	48	20
Rea Vipingo	-	49	7	44
Sasini	-	68	22	10
BBK	-	26	6	69
CFC Bank	-	92	8	0.4
Diamond Trust	-	30	10	60
Housing Finance	9	42	11	38
KCB	35	41	12	12
NBK	23	66	11	0.004
NIC	-	88	9	4
Standard Chartered	-	18	7	74
PanAfrican	-	54	34	12
ICDCI	-	61	39	0.2
Car & General	-	67	30	2

	Percentages 1998			
	%state	% Inst	% Indiv	% Foreign
-	22	5	73	
-	40	28	32	
-	20	14	66	
-	85	10	5	
-	37	3	60	
-	50	12	38	
-	74	26	0.04	
25	28	18	29	
1	72	16	11	
-	55	23	22	
-	87	13	0.2	
-	78	21	1	
37	29	20	14	
-	90	6	3	
-	8	3	88	
-	42	21	37	
-	39	17	44	
-	57	32	12	
-	19	13	69	
-	71	29	0	
-	20	21	60	
9	29	24	38	
35	26	25	15	
23	67	10	0.004	
-	66	31	3	
-	15	11	74	
-	51	43	6	
-	58	42	0.3	
-	69	28	3	

CMC Holdings	-	58	39	3
Kenya Airways	23	26	19	32
Marshalls E.A	-	49	47	4
Nation Media Group	-	36	18	46
TPS Serena	-	93	7	0.1
Uchumi Supermarkets	-	54	22	23

-	57	40	3
23	23	15	39
-	59	38	4
-	43	11	46
-	89	11	0.1
-	42	33	25

Percentages 1997				
	%state	% Inst	% Indiv	% Foreign
Bamburi Cement	-	41	26	33
BAT (K)	-	23	16	60
B.O.C. Kenya	-	17	17	66
Carbacid Invest.	-	58	37	5
Crown Berger	-	22	18	60
Dunlop Kenya	-	76	21	2
E. A. Cables	-	7	17	76
E. A. Portland	25	44	17	14
EA Breweries	0.4	55	43	2
Firestone E.A	-	63	17	20
Kenya National Mills	-	87	13	0.2
Kenya Oil Co	-	40	60	0.3
Kenya Power&Lighting	33	32	21	14
Unga Group	-	61	36	4
Brooke Bond	-	11	1	88
Kakuzi	-	33	32	35
Rea Vipingo	-	33	23	44
Sasini	-	62	25	13
BBK	-	39	27	35
CFC Bank	-	56	44	0.4
Diamond Trust	-	22	3	75
Housing Finance	30	21	8	41
KCB	35	35	23	7
NBK	23	67	10	0.004
NIC	-	54	39	7
Standard Chartered	-	15	11	74

ICDCI	-	69	28	3.4
CMC Holdings	-	49	47	4
Kenya Airways	23	25	12	40
Marshalls E.A	-	71	29	0
Nation Media Group	-	47	28	26
TPS Serena	-	71	29	0.4
Uchumi Supermarkets	-	54	22	23

Appendix 3

Table 1

	Financial Performance			TOTAL
	Good	Average	Poor	
State dominated				
High	0.97	0.5	0.35	1.82
Low	0.65	0.5	0.29	1.44
TOTAL	1.62	1	0.64	3.26

Looking up critical values for chi at $df = 2$:

>> Sig levels: 0.20 0.10 0.05 0.025 0.01 0.001

>> Crit vals: 3.22 4.61 5.99 7.38 9.21 13.82

Degrees of freedom: 2

Chi-square = **0.025**

For significance at the .05 level, chi-square should be greater than or equal to 5.99.

Table 2

	Financial Performance			TOTAL
	Good	Average	Poor	
Institution dominated				
High	2.2	0.59	0.35	3.14
Low	1.05	0.51	0.26	1.82
TOTAL	3.25	1.1	0.61	4.96

Degrees of freedom: 2

Chi-square = **0.080**

For significance at the .05 level, chi-square should be greater than or equal to 5.99. The distribution is not significant.

p is less than or equal to 1.

Table 3

	Financial Performance			TOTAL
	Good	Average	Poor	
Individual dominated				
High	0.91	0.68	0.46	2.05
Low	2.2	0.8	0.35	3.35
TOTAL	3.11	1.48	0.81	5.4

Looking up critical values for chi at df = 2:

>> Sig levels: 0.20 0.10 0.05 0.025 0.01 0.001

>> Crit vals: 3.22 4.61 5.99 7.38 9.21 13.82

Degrees of freedom: 2

Chi-square = **0.262**

For significance at the .05 level, chi-square should be greater than or equal to 5.99.

The distribution is not significant.

p is less than or equal to 1.

Table 4

	Financial Performance			TOTAL
	Good	Average	Poor	
Foreign dominated				
High	1130.15	142.6	0.26	1273.01
Low	1.2	0.55	0.39	2.14
TOTAL	1131.35	143.15	0.65	1275.15

Looking up critical values for chi at df = 2:

>> Sig levels: 0.20 0.10 0.05 0.025 0.01 0.001

>> Crit vals: 3.22 4.61 5.99 7.38 9.21 13.82

>>Sig. 0.20: chi is greater than or equal to 3.22

>>Sig. 0.10: chi is greater than or equal to 4.61

>>Sig. 0.05: chi is greater than or equal to 5.99

>>Sig. 0.025: chi is greater than or equal to 7.38

>>Sig. 0.01: chi is greater than or equal to 9.21

>>Sig. 0.001: chi is greater than or equal to 13.82

Degrees of freedom: 2

Chi-square = **139.528**

p is less than or equal to 0.001.

The distribution is significant.

SUMMARY OF MBV RATIO FOR THE FIVE YEARS

APPENDIX 4

	MBR 2001	MBR 2000	MBR 1999	MBR 1998	MBR 1997	AVERAGE
Bamburi Cement	0.58	1.36	1.05	1.28	1.50	0.85
BAT (K)	1.18	1.40	1.15	1.27	0.99	1.20
B.O.C. Kenya	0.59	0.94	1.55	1.92	1.35	1.00
Carbacid Invest.	0.61	0.62	1.04	1.08	1.31	0.67
Crown Berger	0.24	0.38	0.38	0.31	0.39	0.26
E. A. Cables	0.68	0.65	0.75	1.19	1.86	0.65
E. A. Portland	0.45	0.65	1.23	0.92	2.47	0.65
EA Breweries	0.78	0.79	0.92	0.89	0.39	0.68
Firestone E.A	0.95	0.01	2.22	2.23	2.84	1.08
Kenya National Mills	0.51	0.48	0.40	0.51	0.71	0.38
Kenya Oil Co	0.43	0.43	0.44	0.44	0.52	0.35
Kenya Power&Lighting	1.39	0.81	1.30	1.34	2.08	0.97
Unga Group	0.29	0.53	0.55	0.88	0.38	0.45
Brooke Bond	0.80	1.08	1.28	1.75	1.25	0.98
Kakuzi	0.35	0.52	0.81	1.13	0.83	0.56
Rea Vipingo	0.32	0.42	0.60	0.94	1.07	0.46
Sasini	0.89	0.59	0.80	0.96	1.27	0.65
BBK	1.45	1.35	1,818.88	3,829.05	2,246.06	1,130.15
CFC Bank	0.59	0.65	0.80	0.98	1.50	0.60
Diamond Trust	1.02	0.89	1.76	1.58	2.27	1.05
Housing Finance	0.07	0.45	0.76	1.20	1.45	0.50
KCB	0.29	0.36	0.40	0.68	1.01	0.35
NBK	0.11	0.29	0.47	4.08	0.87	0.99
NIC	0.78	0.64	1.08	0.32	2.01	0.56
Standard Chartered	2.00	1.98	1.51	2.17	2.65	1.53
ICDCI	0.81	0.86	0.82	2.04	1.57	0.91
CMC Holdings	0.11	0.19	1.97	0.64	0.77	0.58
Kenya Airways	0.43	0.55	0.47	0.53	0.70	0.39
Marshalls E.A	0.75	0.89	0.35	0.30	0.32	0.46
Nation Media Group	0.74	1.30	21.42	3.18	1.84	5.33
TPS Serena	0.66	0.61	1.11	0.99	0.59	0.67
Uchumi Supermarkets	1.84	3.13	2.35	3.66	4.61	2.20

APPENDIX 5

FINANCIAL PERFORMANCE RATIOS FOR 2001

MIMS	Profit after taxation (000)	Interest Expense (000)	Total Assets Shs (000)	Number of shares (000)	Shareholders Equity (000)	MPS	ROA	ROE	Market to Book Value (MBR)
Bamburi Cement	787.00	-	15,597.00	363.00	10,418.00	16.65	0.05	0.08	0.58
BAT (K)	604,109.00	(124,283.00)	6,742,607.00	100,000.00	4,182,712.00	49.50	0.07	0.14	1.18
B.O.C. Kenya	75,050.00	(421.00)	1,298,386.00	19,525.00	986,406.00	30.00	0.06	0.08	0.59
Carbacid Invest.	42,640.00	-	740,801.00	11,327.00	643,128.00	34.50	0.06	0.07	0.61
Crown Berger	23,210.00	10,256.00	931,370.00	21,570.00	547,712.00	6.00	0.04	0.04	0.24
E. A. Cables	17,729.00	-	337,176.00	20,250.00	284,644.00	9.50	0.05	0.06	0.68
E. A. Portland	736,485.00	97,613.00	8,127,892.00	90,000.00	2,556,847.00	12.70	0.10	0.29	0.45
EA Breweries	1,552,324.00	(12,809.00)	15,134,076.00	109,030.50	10,314,701.00	74.00	0.10	0.15	0.78
Firestone E.A	333,600.00	(359.00)	2,824,352.00	278,342.40	2,054,510.00	7.00	0.12	0.16	0.95
Kenya National Mills	(228,097.00)	133,118.00	3,791,436.00	67,236.00	888,330.00	6.70	(0.03)	(0.26)	0.51
Kenya Oil Co	375,072.00	(5,170.00)	3,664,326.00	10,079.61	1,723,530.00	74.00	0.10	0.22	0.43
Kenya Power&Lighting	(2,876,711.00)	559,822.00	28,812,360.00	79,128.00	1,085,786.00	19.05	(0.08)	(2.65)	1.39
Unga Group	(132,484.00)	(129,384.00)	3,837,229.00	52,955.00	1,223,842.00	6.80	(0.07)	(0.11)	0.29
Brooke Bond	221,842.00	5,767.00	6,516,599.00	48,875.00	4,374,826.00	72.00	0.03	0.05	0.80
Kakuzi	(54,159.00)	(97,678.00)	3,175,616.00	19,600.00	1,997,922.00	36.00	(0.05)	(0.03)	0.35
Rea Vipingo	(66,888.00)	(23,574.00)	852,935.00	60,000.00	562,586.00	3.00	(0.11)	(0.12)	0.32
Sasini	13,863.00	(1,852.00)	2,470,290.00	40,000.00	716,362.00	15.90	0.00	0.02	0.89
BBK	2,955,000.00	-	73,647,000.00	185,200.00	9,316,000.00	73.00	0.04	0.32	1.45
CFC Bank	192,000.00	-	5,530,000.00	79,500.00	1,218,000.00	9.00	0.03	0.16	0.59
Diamond Trust	41,000.00	-	11,828,000.00	115,000.00	1,016,000.00	9.00	0.00	0.04	1.02
Housing Finance	(185,000.00)	-	65,206,000.00	149,600.00	8,380,000.00	4.00	(0.00)	(0.02)	0.07
KCB	381,980.00	(2,511,504.00)	65,206,208.00	149,600.00	8,379,804.00	16.35	(0.03)	0.05	0.29
NBK	299,000.00	-	8,408,000.00	82,400.00	2,327,000.00	3.00	0.04	0.13	0.11
NIC	254,000.00	-	54,480,000.00	247,200.00	4,749,000.00	15.00	0.00	0.05	0.78
Standard Chartered	2,235,228.00	(1,375,858.00)	54,480,344.00	247,243.60	5,800,415.00	47.00	0.02	0.39	2.00
ICDCI	210,066.00	(12,269.00)	2,395,920.00	46,031.20	2,158,001.00	38.00	0.08	0.10	0.81
CMC Holdings	88,642.00	(164,074.00)	4,351,974.00	24,279.56	2,059,289.00	9.00	(0.02)	0.04	0.11
Kenya Airways	1,357,000.00	(163,000.00)	23,267,000.00	461,615.50	7,925,000.00	7.30	0.05	0.17	0.43
Marshalls E.A	(308,673.00)	(110,165.00)	1,207,237.00	14,418.00	351,252.00	18.30	(0.35)	(0.88)	0.75
Nation Media Group	263,200.00	(7,800.00)	2,922,100.00	35,700.00	2,081,600.00	43.00	0.09	0.13	0.74
TPS Serena	138,699.00	-	2,071,577.00	38,679.00	1,001,778.00	17.00	0.07	0.14	0.66
Uchumi Supermarkets	89,198.00	-	2,070,971.00	60,000.00	1,024,531.00	31.50	0.04	0.09	1.84

**APPENDIX 5
FINANCIAL PERFORMANCE RATIOS FOR 2000**

MIMS	Profit after taxation (000)	Interest Expense (000)	Total Assets Shs (000)	Number of shares (000)	Shareholders Equity (000)	MPS	ROA	ROE	Market to Book Value (MBR)
Bamburi Cement	370,000.00	(401,000.00)	14,137,000.00	362,950.93	8,981,000.00	33.75	(0.00)	0.04	1.36
BAT (K)	582,710.00	(24,897.00)	7,156,581.00	100,000.00	4,323,603.00	60.50	0.08	0.13	1.40
B.O.C. Kenya	74,715.00	-	1,298,386.00	19,525.00	980,671.00	47.25	0.06	0.08	0.94
Carbacid Invest.	92,213.00	-	715,148.00	9,438.96	610,095.00	40.00	0.13	0.15	0.62
Crown Berger	20,454.00	(31,996.00)	919,196.00	21,570.00	516,042.00	9.00	(0.01)	0.04	0.38
E. A. Cables	30,394.00	-	360,577.00	20,250.00	289,190.00	9.25	0.08	0.11	0.65
E. A. Portland	(419,468.00)	(93,097.00)	8,083,428.00	90,000.00	1,625,576.00	11.70	(0.06)	(0.26)	0.65
EA Breweries	1,174,797.00	(175,547.00)	15,134,076.00	109,030.50	10,314,701.00	74.50	0.07	0.11	0.79
Firestone E.A	292,484.00	(23,215.00)	2,824,352.00	1,391.70	2,021,189.00	11.50	0.10	0.14	0.01
Kenya National Mills	(589,729.00)	(303,309.00)	4,475,708.00	67,235.66	989,224.00	7.00	(0.20)	(0.60)	0.48
Kenya Oil Co	155,601.00	(41,890.00)	2,068,773.00	7,199.80	1,219,043.00	73.00	0.05	0.13	0.43
Kenya Power&Lighting	(1,607,982.00)	(704,140.00)	25,501,415.00	81,278.00	4,005,497.00	40.00	(0.09)	(0.40)	0.81
Unga Group	(659,689.00)	(298,610.00)	4,501,036.00	46,858.76	1,237,852.00	13.90	(0.21)	(0.53)	0.53
Brooke Bond	454,664.00	-	6,516,599.00	48,875.00	4,409,499.00	97.00	0.07	0.10	1.08
Kakuzi	(43,631.00)	(112,133.00)	3,313,383.00	19,599.99	2,054,325.00	55.00	(0.05)	(0.02)	0.52
Rea Vipingo	(34,010.00)	(35,368.00)	849,546.00	60,000.00	445,781.00	3.10	(0.08)	(0.08)	0.42
Sasini	108,640.00	(1,546.00)	2,550,915.00	38,009.25	2,198,878.00	34.00	0.04	0.05	0.59
BBK	2,068,000.00	(1,678,000.00)	70,377,000.00	185,000.00	10,343,000.00	75.50	0.01	0.20	1.35
CFC Bank	234,910.00	(70,637.00)	9,914,064.00	120,000.00	1,865,923.00	10.05	0.02	0.13	0.65
Diamond Trust	163,574.00	(313,554.00)	5,155,303.00	79,500.00	1,257,130.00	14.00	(0.03)	0.13	0.89
Housing Finance	52,223.00	(1,159,358.00)	13,134,215.00	115,000.00	1,418,701.00	5.50	(0.08)	0.04	0.45
KCB	(464,469.00)	(4,342,316.00)	73,328,493.00	112,200.00	8,048,418.00	25.50	(0.07)	(0.06)	0.36
NBK	(2,206,254.00)	(1,290,449.00)	23,939,798.00	200,000.00	2,155,993.00	3.15	(0.15)	(1.02)	0.29
NIC	312,589.00	(337,195.00)	7,442,493.00	82,414.50	2,296,255.00	17.75	(0.00)	0.14	0.64
Standard Chartered	2,167,520.00	(1,242,848.00)	49,188,750.00	247,243.50	6,185,968.00	49.50	0.02	0.35	1.98
ICDCI	227,147.00	-	2,203,853.00	38,364.00	2,070,889.00	46.50	0.10	0.11	0.86
CMC Holdings	122,458.00	(239,803.00)	4,873,499.00	24,279.56	1,959,441.00	15.25	(0.02)	0.06	0.19
Kenya Airways	2,922,000.00	-	22,940,000.00	461,615.50	7,610,000.00	9.00	0.13	0.38	0.55
Marshalls E.A	(104,235.00)	(89,872.00)	1,238,886.00	14,418.00	300,332.00	18.60	(0.16)	(0.35)	0.89
Nation Media Group	200,100.00	(43,600.00)	2,919,000.00	35,700.00	1,890,600.00	69.00	0.05	0.11	1.30
TPS Serena	138,699.00	-	2,071,577.00	38,679.00	1,001,778.00	15.80	0.07	0.14	0.61
Uchumi Supermarkets	320,048.00	-	2,263,412.00	60,000.00	938,044.00	49.00	0.14	0.34	3.13

APPENDIX 5

FINANCIAL PERFORMANCE RATIOS FOR 1999

MIMS	Profit after taxation (000)	Interest Expense (000)	Total Assets Shs (000)	Number of shares (000)	Shareholders Equity (000)	MPS	ROA	ROE	Market to Book Value (MBR)
Bamburi Cement	716,000.00	(105,000.00)	13,765,000.00	362,931.73	9,104,000.00	26.25	0.04	0.08	1.05
BAT (K)	1,237,398.00	-	7,138,690.00	75,000.00	4,965,893.00	76.00	0.17	0.25	1.15
B.O.C. Kenya	112,187.00	-	1,252,793.00	19,525.00	811,864.00	64.50	0.09	0.14	1.55
Carbacid Invest.	108,546.00	-	675,003.00	9,439.00	605,443.00	67.00	0.16	0.18	1.04
Crown Berger	42,956.00	(5,304.00)	538,235.00	21,570.00	560,459.00	10.00	0.07	0.08	0.38
E. A. Cables	63,685.00	-	419,688.00	20,250.00	349,257.00	13.00	0.15	0.18	0.75
E. A. Portland	(878,586.00)	(97,568.00)	6,305,014.00	90,000.00	821,620.00	11.25	(0.15)	(1.07)	1.23
EA Breweries	1,127,930.00	(253,850.00)	14,637,900.00	93,602.25	7,158,466.00	70.00	0.06	0.16	0.92
Firestone E.A	390,289.00	(51,301.00)	2,740,308.00	278,342.40	2,009,541.00	16.05	0.12	0.19	2.22
Kenya National Mills	(317,683.00)	(376,407.00)	4,501,499.00	67,235.66	1,584,515.00	9.50	(0.15)	(0.20)	0.40
Kenya Oil Co	211,132.00	-	1,809,367.00	7,199.80	1,122,812.00	68.50	0.12	0.19	0.44
Kenya Power&Lighting	1,305,252.00	(180,253.00)	21,648,786.00	81,278.00	5,773,665.00	92.00	0.05	0.23	1.30
Unga Group	(380,301.00)	(291,834.00)	4,440,564.00	46,859.00	2,183,907.00	25.50	(0.15)	(0.17)	0.55
Brooke Bond	219,744.00	-	6,105,882.00	48,875.00	3,960,510.00	104.00	0.04	0.06	1.28
Kakuzi	37,892.00	(102,741.00)	3,277,951.00	19,599.99	2,109,745.00	87.00	(0.02)	0.02	0.81
Rea Vipingo	(6,603.00)	(37,369.00)	1,006,012.00	60,000.00	479,503.00	4.80	(0.04)	(0.01)	0.60
Sasini	21,384.00	(2,334.00)	2,455,969.00	38,009.25	2,145,401.00	45.00	0.01	0.01	0.80
BBK	2,254.00	(1,700.00)	69,292.00	154,305.00	8,738.00	103.00	0.01	0.26	1,818.88
CFC Bank	206,261.00	(56,625.00)	7,606,416.00	100,000.00	1,745,728.00	14.00	0.02	0.12	0.80
Diamond Trust	104,224.00	(413,301.00)	5,995,848.00	79,500.00	1,137,763.00	25.25	(0.05)	0.09	1.76
Housing Finance	70,684.80	(1,145,115.00)	13,061,147.00	115,000.00	1,558,682.00	10.30	(0.08)	0.05	0.76
KCB	(1,554,665.00)	(5,084,686.00)	75,260,365.00	112,200.00	8,841,231.00	31.50	(0.09)	(0.18)	0.40
NBK	(2,428,762.00)	(1,626,295.00)	25,113,510.00	200,000.00	2,116,980.00	5.00	0.04	(1.15)	0.47
NIC	300,823.00	-	7,211,743.00	82,415.00	2,041,714.00	26.75	0.01	0.15	1.08
Standard Chartered	1,753,636.00	(1,183,676.00)	43,966,940.00	164,829.00	6,110,516.00	56.00	0.11	0.29	1.51
ICDCI	271,982.00	(6,906.00)	2,458,358.00	37,678.00	2,321,316.00	50.50	0.11	0.12	0.82
CMC Holdings	167,671.00	(139,501.00)	5,073,675.00	121,398.00	1,850,641.00	30.00	0.01	0.09	1.97
Kenya Airways	1,207,000.00	(339,000.00)	17,340,000.00	461,615.48	7,689,000.00	7.75	0.05	0.16	0.47
Marshalls E.A	(211,153.00)	-	1,738,902.00	14,418.00	966,327.00	23.50	(0.12)	(0.22)	0.35
Nation Media Group	249,800.00	(35,500.00)	2,598,400.00	356,000.00	1,678,300.00	101.00	0.08	0.15	21.42
TPS Serena	66,362.00	(23,914.00)	945,890.00	38,679.00	561,544.00	16.10	0.04	0.12	1.11
Uchumi Supermarkets	245,573.00	-	1,830,130.00	30,000.00	500,882.00	39.25	0.13	0.49	2.35

APPENDIX 5
FINANCIAL PERFORMANCE RATIOS FOR 1998

MIMS	Profit after taxation (000)	Interest Expense (000)	Total Assets Shs (000)	Number of shares (000)	Shareholders Equity (000)	MPS	ROA	ROE	Market to Book Value (MBR)
Bamburi Cement	568,000.00	(4,000.00)	11,548,000.00	362,931.73	10,533,000.00	37.25	0.05	0.05	1.28
BAT (K)	1,156,914.00	(86,191.00)	6,465,724.00	75,000.00	4,385,837.00	74.00	0.17	0.26	1.27
B.O.C. Kenya	158,432.00	-	1,119,661.00	19,525.00	727,061.00	71.50	0.14	0.22	1.92
Carbacid Invest.	80,854.00	-	574,911.00	9,439.00	544,092.00	62.50	0.14	0.15	1.08
Crown Berger	22,610.00	(23,180.00)	522,589.00	21,570.00	560,643.00	8.05	(0.00)	0.04	0.31
E. A. Cables	63,930.00	-	379,124.00	20,250.00	326,072.00	19.20	0.17	0.20	1.19
E. A. Portland	375,707.00	(165,096.00)	5,790,621.00	90,000.00	1,700,206.00	17.30	0.04	0.22	0.92
EA Breweries	327,382.00	(397,891.00)	14,922,673.00	93,602.25	7,295,015.00	69.50	(0.00)	0.04	0.89
Firestone E.A	390,289.00	(51,301.00)	2,848,922.00	278,342.40	2,009,541.00	16.10	0.12	0.19	2.23
Kenya National Mills	(795,066.00)	(310,820.00)	5,004,068.00	67,235.67	2,097,563.00	16.05	(0.22)	(0.38)	0.51
Kenya Oil Co	170,415.00	(23,311.00)	1,413,757.00	7,199.80	906,763.00	55.00	0.10	0.19	0.44
Kenya Power&Lighting	1,346,731.00	(157,427.00)	21,648,786.00	54,902.00	5,103,357.00	125.00	0.05	0.26	1.34
Unga Group	(758,488.00)	(309,664.00)	5,111,426.00	46,859.00	2,508,794.00	47.00	(0.21)	(0.30)	0.88
Brooke Bond	235,888.00	-	1,558,625.00	48,875.00	3,857,396.00	138.00	0.15	0.06	1.75
Kakuzi	142,633.00	(41,940.00)	2,982,172.00	19,599.90	2,354,052.00	136.00	0.03	0.06	1.13
Rea Vipingo	44,084.00	-	843,342.00	60,000.00	508,824.00	8.00	0.05	0.09	0.94
Sasini	124,317.00	-	2,438,114.00	38,009.00	2,777,067.00	70.00	0.05	0.04	0.96
BBK	3,000.00	(3,491.00)	70,362.00	254,305.00	8,169.00	123.00	(0.01)	0.37	3,829.05
CFC Bank	279,350.00	(30,483.00)	6,908,639.00	100,000.00	1,535,316.00	15.10	0.04	0.18	0.98
Diamond Trust	148,278.00	(1,047,219.00)	6,608,868.00	79,500.00	1,105,437.00	22.00	(0.14)	0.13	1.58
Housing Finance	285,734.50	(1,589,511.00)	12,840,825.00	115,000.00	1,553,788.00	16.20	(0.10)	0.18	1.20
KCB	914,800.00	(525,798.00)	78,497,656.00	112,200.00	10,144,455.00	61.50	0.00	0.09	0.68
NBK	(2,821,773.00)	(913,791.00)	25,762,640.00	200,000.00	406,646.00	8.30	(0.14)	(6.94)	4.08
NIC	289,613.00	-	7,342,844.00	65,932.00	7,342,844.00	35.50	0.04	0.04	0.32
Standard Chartered	1,592,707.00	(2,240,217.00)	37,932,287.00	164,828.98	3,993,588.00	52.50	(0.02)	0.40	2.17
ICDCI	149,744.00	-	616,034.00	28,258.00	582,701.00	42.00	0.24	0.26	2.04
CMC Holdings	154,896.00	-	4,119,900.00	24,280.00	1,369,924.00	36.00	0.04	0.11	0.64
Kenya Airways	1,314,000.00	(263,000.00)	12,252,000.00	461,615.48	6,507,000.00	7.50	0.09	0.20	0.53
Marshalls E.A	22,210.00	-	2,185,707.00	14,418.00	1,208,032.00	25.00	0.01	0.02	0.30
Nation Media Group	315,900.00	(10,900.00)	2,199,000.00	35,600.00	1,490,900.00	133.00	0.14	0.21	3.18
TPS Serena	45,314.00	(30,369.00)	929,732.00	38,679.00	533,861.00	13.60	0.02	0.08	0.99
Uchumi Supermarkets	312,612.00	-	1,859,712.00	60,000.00	737,886.00	45.00	0.17	0.42	3.66

APPENDIX 5
FINANCIAL PERFORMANCE RATIOS FOR 1997

MIMS	Profit after taxation (000)	Interest Expense (000)	Total Assets Shs (000)	Number of shares (000)	Shareholders Equity (000)	MPS	ROA	ROE	Market to Book Value (MBR)
Bamburi Cement	780,000.00	-	11,268.00	362,931.73	10,608,000.00	43.75	69.22	0.07	1.50
BAT (K)	634,049.00	(225,090.00)	6,127,330.00	75,000.00	3,791,423.00	50.00	0.07	0.17	0.99
B.O.C. Kenya	136,315.00	-	1,204,663.00	19,525.40	956,285.00	66.00	0.11	0.14	1.35
Carbacid Invest.	59,102.00	-	574,911.00	9,438.90	484,004.00	67.00	0.10	0.12	1.31
Crown Berger	44,443.00	-	876,362.00	21,570.00	560,643.00	10.15	0.05	0.08	0.39
E. A. Cables	63,930.00	-	379,124.00	20,250.00	326,072.00	30.00	0.17	0.20	1.86
E. A. Portland	90,499.00	(47,602.00)	5,559,978.00	90,000.00	1,414,499.00	38.75	0.01	0.06	2.47
EA Breweries	906,598.00	(385,753.00)	13,346,000.00	65,521.58	8,551,672.00	50.50	0.04	0.11	0.39
Firestone E.A	670,521.00	-	2,414,680.00	185,561.60	1,684,873.00	25.75	0.28	0.40	2.84
Kenya National Mills	173,209.00	(181,423.00)	3,331,603.00	26,894.27	1,923,631.00	50.50	(0.00)	0.09	0.71
Kenya Oil Co	136,033.00	-	1,153,988.00	7,199.80	679,695.00	49.50	0.12	0.20	0.52
Kenya Power&Lighting	1,554,028.00	(100,177.00)	20,207,160.00	54,902.00	5,050,196.00	191.00	0.07	0.31	2.08
Unga Group	199,954.00	(185,275.00)	3,424,409.00	7,809.79	2,485,929.00	120.00	0.00	0.08	0.38
Brooke Bond	(229,069.00)	-	6,551,656.00	48,875.00	5,248,608.00	134.00	(0.03)	(0.04)	1.25
Kakuzi	218,871.00	(35,394.00)	2,674,575.00	19,599.90	2,273,938.00	96.00	0.07	0.10	0.83
Rea Vipingo	55,625.00	-	795,656.00	56,000.00	478,429.00	9.15	0.07	0.12	1.07
Sasini	101,765.00	-	2,393,910.00	30,000.00	2,240,662.00	94.50	0.04	0.05	1.27
BBK	2,687.00	(2,869.00)	60,563.00	128,587.00	6,870.00	120.00	(0.00)	0.39	2,246.06
CFC Bank	294,030.00	(7,094.00)	6,723,968.00	100,000.00	1,334,124.00	20.00	0.04	0.22	1.50
Diamond Trust	(334,646.00)	(3,312.00)	7,247,757.00	79,500.00	803,869.00	23.00	(0.05)	(0.42)	2.27
Housing Finance	297,127.00	(25,009.00)	10,055,660.00	92,000.00	1,456,034.00	23.00	0.03	0.20	1.45
KCB	2,566,412.00	(309,107.00)	73,122,274.00	112,200.00	9,806,502.00	88.00	0.03	0.26	1.01
NBK	650,059.00	(118,911.00)	29,027,012.00	200,000.00	3,328,421.00	14.50	0.02	0.20	0.87
NIC	398,561.00	(10,576.00)	8,000,999.00	65,931.64	1,707,774.00	52.00	0.05	0.23	2.01
Standard Chartered	1,064,790.00	-	32,707,544.00	164,829.00	3,173,937.00	51.00	0.03	0.34	2.65
ICDCI	108,695.00	-	514,481.00	18,837.00	514,481.00	42.75	0.21	0.21	1.57
CMC Holdings	188,517.00	-	4,171,202.00	12,140.00	1,234,771.00	78.00	0.05	0.15	0.77
Kenya Airways	851,000.00	(128,000.00)	10,218,000.00	461,615.48	5,921,000.00	9.00	0.07	0.14	0.70
Marshalls E.A	37,518.00	-	2,447,607.00	9,595.40	1,225,883.00	41.00	0.02	0.03	0.32
Nation Media Group	284,300.00	(96,100.00)	2,009,900.00	17,820.00	1,269,900.00	131.00	0.09	0.22	1.84
TPS Serena	138,699.00	-	2,071,577.00	38,679.00	1,001,778.00	15.25	0.07	0.14	0.59
Uchumi Supermarkets	224,948.00	-	1,501,218.00	60,000.00	650,274.00	50.00	0.15	0.35	4.61

APPENDIX 6

	2000				
	State	Institutions	Individuals	Foreigners	Total
Bamburi Cement	-	49,475,172.00	47,149,275.00	266,326,478.00	362,950,925.00
BAT (K)	-	27,450,900.00	12,419,700.00	60,129,400.00	100,000,000.00
B.O.C. Kenya	-	3,698,303.00	2,905,810.00	12,921,333.00	19,525,446.00
Carbacid Invest.	-	7,903,302.00	976,813.00	558,848.00	9,438,963.00
Crown Berger	-	5,452,769.00	4,728,861.00	11,388,370.00	21,570,000.00
E. A. Cables	-	2,956,486.00	1,970,991.00	15,322,523.00	20,250,000.00
E. A. Portland	22,799,505.00	31,792,710.00	5,874,129.00	26,386,309.00	86,852,653.00
EA Breweries	376,487.00	69,569,260.00	12,380,741.00	11,275,764.00	93,602,252.00
Firestone E.A	-	156,844,583.00	67,219,107.00	54,278,703.00	278,342,393.00
Kenya National Mills	-	57,243,744.00	9,858,664.00	133,257.00	67,235,665.00
Kenya Oil Co	-	6,242,064.00	885,009.00	72,727.00	7,199,800.00
Kenya Power&Lighting	40,932,351.00	27,988,295.00	9,213,116.00	994,238.00	79,128,000.00
Unga Group	-	41,061,325.00	9,175,501.00	1,407,441.00	51,644,267.00
Brooke Bond	-	3,533,797.00	1,798,292.00	43,542,911.00	48,875,000.00
Kakuzi	-	8,898,462.00	3,813,626.00	6,887,911.00	19,599,999.00
Rea Vipingo	-	14,405,356.00	8,035,715.00	37,558,929.00	60,000,000.00
Sasini	-	23,768,276.00	10,678,502.00	3,562,472.00	38,009,250.00
BBK	-	46,411,914.00	32,576,357.00	105,711,470.00	184,699,741.00
CFC Bank	-	78,547,236.00	21,005,661.00	447,103.00	100,000,000.00
Diamond Trust	-	22,035,397.00	10,369,594.00	47,095,007.00	79,499,998.00
Housing Finance	8,422,850.00	35,892,079.00	12,610,730.00	35,074,341.00	92,000,000.00
KCB	39,270,000.00	23,905,423.00	39,827,973.00	9,196,604.00	112,200,000.00
NBK	45,000,000.00	134,836,449.00	20,147,975.00	15,575.00	199,999,999.00
NIC	-	54,006,056.00	25,379,710.00	3,028,785.00	82,414,551.00
Standard Chartered	-	43,208,730.00	20,333,520.00	183,701,214.00	247,243,464.00
ICDCI	-	30,000,272.00	7,584,634.00	92,999.00	37,677,905.00
CMC Holdings	-	16,267,132.00	7,308,421.00	704,006.00	24,279,559.00
Kenya Airways	106,171,561.00	127,841,585.00	84,951,270.00	143,026,067.00	461,990,483.00
Marshalls E.A	-	7,345,072.00	6,513,555.00	534,478.00	14,393,105.00
Nation Media Group	-	3,084,210.00	3,174,140.00	16,159,126.00	22,417,476.00
TPS Serena	-	30,725,802.00	7,919,084.00	35,114.00	38,680,000.00
Uchumi Supermarkets	225,785.00	20,463,518.00	20,438,876.00	18,871,785.00	59,999,964.00
TOTAL	263,198,539.00	1,212,855,679.00	529,225,352.00	1,116,441,288.00	3,121,720,858.00

8.43

38.85

16.95

35.76

	1999				
MIMS					
Industrial & Allied	State	Institutions	Individuals	Foreigners	Total
Bamburi Cement	-	69,070,125.00	27,786,825.00	266,060,025	362,916,975
BAT (K)	-	17,044,036.00	12,857,782.00	45,098,181	74,999,999
B.O.C. Kenya	-	4,092,745.00	2,508,456.00	12,924,245	19,525,446
Carbacid Invest.	-	6,792,055.00	2,180,679.00	466,229	9,438,963
Crown Berger	-	7,111,927.00	703,378.00	13,754,695	21,570,000
E. A. Cables	-	3,899,391.00	1,036,547.00	15,314,062	20,250,000
E. A. Portland	22,799,506.00	24,896,653.00	15,917,532.00	26,386,309	90,000,000
EA Breweries	670,755.00	62,715,792.00	18,939,941.00	11,275,764	93,602,252
Firestone E.A	-	161,847,530.00	55,306,535.00	61,188,328	278,342,393
Kenya National Mills	-	58,379,774.00	8,723,415.00	132,476	67,235,665
Kenya Oil Co	-	5,627,113.00	1,495,815.00	76,872	7,199,800
Kenya Power&Lighting	36,649,051.00	25,823,023.00	8,826,998.00	10,797,928	82,097,000
Unga Group	-	23,103,605.00	22,197,580.00	1,557,573	46,858,758
Brooke Bond	-	4,476,022.00	1,262,468.00	43,136,510	48,875,000
Kakuzi	-	11,051,999.00	16,514,448.00	6,896,551	34,462,998
Rea Vipingo	-	29,336,711.00	4,383,647.00	26,279,642	60,000,000
Sasini	-	25,731,431.00	8,426,847.00	3,850,972	38,009,250
BBK	-	39,846,695.00	8,746,835.00	105,711,470	154,305,000
CFC Bank	-	91,731,943.00	7,868,429.00	399,627	99,999,999
Diamond Trust	-	23,664,361.00	8,314,505.00	47,521,134	79,500,000
Housing Finance	8,422,850.00	38,323,408.00	10,187,235.00	35,066,507	92,000,000
KCB	39,270,000.00	46,169,818.00	13,022,256.00	13,737,926	112,200,000
NBK	45,000,000.00	127,093,358.00	20,798,704.00	8,100	192,900,162
NIC	-	72,246,501.00	7,145,259.00	3,022,789	82,414,549
Standard Chartered	-	30,076,168.00	12,284,632.00	122,468,176	164,828,976
ICDCI	-	22,930,189.00	14,660,284.00	87,433	37,677,906
CMC Holdings	-	14,099,636.00	9,450,784.00	729,440	24,279,860
Kenya Airways	106,171,561.00	121,755,321.00	88,167,568.00	145,521,033	461,615,483
Marshalls E.A	-	7,067,900.00	6,790,728.00	534,478	14,393,106
Nation Media Group	-	12,977,276.00	6,391,792.00	16,283,562	35,652,630
TPS Serena	-	35,977,458.00	2,666,428.00	35,114	38,679,000
Uchumi Supermarkets	-	32,692,928.00	13,353,449.00	13,953,622	59,999,999
TOTAL	258,983,723.00	1,257,652,892.00	438,917,781.00	1,050,276,773.00	3,005,831,169.00

Average %

8.62

41.84

14.60

34.94

APPENDIX 6

	1998				Total
	State	Institutions	Individuals	Foreigners	
Bamburi Cement	-	79,518,776.00	17,337,343.00	266,060,856.00	362,916,975.00
BAT (K)	-	56,789,693.00	40,066,426.00	45,137,023.00	141,993,142.00
B.O.C. Kenya	-	3,894,706.00	2,706,492.00	12,924,245.00	19,525,446.00
Carbacid Invest.	-	7,985,733.00	987,001.00	466,229.00	9,438,963.00
Crown Berger	-	8,025,900.00	604,100.00	12,940,000.00	21,570,000.00
E. A. Cables	-	14,978,739.00	5,262,800.00	8,461.00	20,250,000.00
E. A. Portland	22,799,506.00	24,896,653.00	15,917,532.00	26,386,309.00	90,000,000.00
EA Breweries	675,755.00	67,710,504.00	14,858,574.00	10,357,419.00	93,602,252.00
Firestone E.A	-	153,380,050.00	62,648,189.00	62,314,153.00	278,342,393.00
Kenya National Mills	-	58,351,649.00	8,719,212.00	137,076.00	67,207,938.00
Kenya Oil Co	-	5,624,475.00	1,495,114.00	80,211.00	7,199,800.00
Kenya Power&Lighting	20,387,216.00	15,969,692.00	10,858,329.00	7,686,763.00	54,902,000
Unga Group	-	42,396,392.00	3,002,001.00	1,460,365.00	46,858,758.00
Brooke Bond	-	4,074,328.00	1,664,162.00	43,136,510.00	48,875,000.00
Kakuzi	-	8,287,524.00	4,081,915.00	7,230,560.00	19,599,999.00
Rea Vipingo	-	23,129,047.00	10,391,311.00	26,479,642.00	60,000,000.00
Sasini	-	21,516,392.00	12,102,971.00	4,389,886.00	38,009,249.00
BBK	-	28,670,183.00	19,923,347.00	105,711,470.00	154,305,000.00
CFC Bank	-	70,716,265.00	28,884,108.00	399,627.00	100,000,000.00
Diamond Trust	-	15,705,272.00	16,346,304.00	47,448,424.00	79,500,000.00
Housing Finance	8,422,850.00	26,231,212.00	22,345,106.00	35,000,832.00	92,000,000.00
KCB	39,270,000.00	28,810,488.00	27,680,665.00	16,438,847.00	112,200,000.00
NBK	45,000,000.00	134,843,823.00	20,149,077.00	7,100.00	200,000,000.00
NIC	-	43,284,591.00	20,369,220.00	2,277,830.00	65,931,641.00
Standard Chartered	-	24,992,872.00	17,367,928.00	122,468,176.00	164,828,976.00
ICDCI	-	16,346,612.00	11,837,202.00	74,615.00	28,258,429.00
CMC Holdings	-	13,837,994.00	9,616,233.00	825,632.00	24,279,860.00
Kenya Airways	106,171,561.00	106,651,204.00	68,186,836.00	180,605,882.00	461,615,483.00
Marshalls E.A	-	8,460,426.00	5,409,125.00	523,554.00	14,393,105.00
Nation Media Group	-	15,301,563.00	4,067,504.00	16,283,562.00	35,652,629.00
TPS Serena	-	34,450,347.00	4,199,126.00	29,527.00	38,679,000.00
Uchumi Supermarkets	-	25,133,284.00	19,747,581.00	15,119,135.00	60,000,000.00
TOTAL	242,726,888.00	1,189,966,389.00	508,832,834.00	1,070,409,921.00	3,011,936,032.00

8.06

39.51

16.89

35.54

APPENDIX 6

MIMS	1997				
	State	Institutions	Individuals	Foreigners	Total
Industrial & Allied					
Bamburi Cement	-	149,253,989.00	94,746,011.00	118,238,304	362,916,975
BAT (K)	-	17,615,105.00	12,241,006.00	45,143,889	75,000,000
B.O.C. Kenya	-	3,244,794.00	3,377,234.00	12,903,372	19,525,400
Carbacid Invest.	-	5,472,964.00	3,499,108.00	466,918	9,438,990
Crown Berger	-	4,832,800.00	3,797,200.00	12,940,000	21,570,000
E. A. Cables	-	1,145,137.00	2,803,612.00	12,251,250	16,199,999
E. A. Portland	1,519,967.00	2,623,704.00	1,020,329.00	837,600	6,001,600
EA Breweries	287,466.00	35,808,704.00	28,135,411.00	1,289,996	65,521,577
Firestone E.A	-	117,693,588.00	31,285,638.00	36,582,374	185,561,600
Kenya National Mills	-	23,353,339.00	3,489,579.00	51,348	26,894,266
Kenya Oil Co	-	2,871,162.00	4,306,743.00	21,896	7,199,801
Kenya Power&Lighting	18,153,636.00	17,727,576.00	11,334,025.00	7,686,763	54,902,000
Unga Group	-	4,743,272.00	2,785,731.00	280,790	7,809,793
Brooke Bond	-	5,347,651.00	402,349.00	43,125,000	48,875,000
Kakuzi	-	6,452,099.00	6,199,076.00	6,948,724	19,599,900
Rea Vipingo	-	19,777,011.00	13,743,347.00	26,479,642	60,000,000
Sasini	-	15,698,574.00	6,412,094.00	3,228,832	25,339,500
BBK	-	98,065,143.00	68,146,964.00	88,092,893	254,305,000
CFC Bank	-	55,778,393.00	43,825,880.00	395,727	100,000,000
Diamond Trust	-	14,027,759.00	2,096,103.00	47,476,138	63,600,000
Housing Finance	21,000,000.00	14,200,000.00	5,800,000.00	28,000,000	69,000,000
KCB	39,270,000.00	39,518,903.00	25,266,484.00	8,144,613	112,200,000
NBK	45,000,000.00	134,843,823.00	20,149,077.00	7,100	200,000,000
NIC	-	35,691,120.00	25,845,294.00	4,395,586	65,932,000
Standard Chartered	-	24,992,872.00	17,367,928.00	122,468,176	164,828,976
ICDCI	-	14,881,389.00	3,955,812.00	-	18,837,201
CMC Holdings	-	8,325,994.00	3,400,758.00	413,048	12,139,800
Kenya Airways	54,147,496.00	58,855,974.00	28,250,868.00	94,169,558	235,423,896
Marshalls E.A	-	7,080,596.00	6,802,926.00	534,478	14,418,000
Nation Media Group	-	13,430,872.00	13,979,070.00	8,190,058	35,600,000
TPS Serena	-	27,263,971.00	11,135,988.00	139,520	38,539,480
Uchumi Supermarkets	-	28,101,588.00	16,504,108.00	15,394,304	60,000,000
TOTAL	179,378,565.00	1,008,719,866.00	522,105,753.00	746,297,897.00	2,456,502,081.00

Average %

7.30

41.06

21.25

30.38