East African Cables
Connecting lives

2011 annual report & accounts

Our Vision
To be a dynamic company committed to exceeding customer expectation and increasing our market share through the provision of high quality products and services.

Our Mission
To be the leading and preferred provider of cabling solutions.

Our Core values
- Employees and customer safety comes first.
- Being ethical and acting with respect, integrity, fairness and care in our dealings with all our partners.
- Pride in what we do and continuously pursuing maximum productivity in a safe environment.
- Getting it right the first time and consistently pursuing excellence.
- Freedom with responsibility and accountability in all we do.

Contents

Notice of The Annual General Meeting

Notice is hereby given that the forty seventh Annual General Meeting of the shareholders will be held at East African Cables premises on Addis Ababa road, off enterprise road, Industrial area, Nairobi, on Thursday, 26th April, 2012 at 11.00am for the following purposes.

1. To receive and if approved, adopt the Group's audited financial statements for the year ended 31st December, 2011 together with the Chairman's, Directors' and Auditors' reports thereon.
2. To approve the Directors' remuneration as provided in the accounts for the period ended 31st December, 2011.
3. To approve the payment of a final dividend of 100% representing Kshs. 0.50 per ordinary share.
4. To elect Directors in accordance with the Company's Articles of Association. Mr. Peter Kanyago and Mr. Davinder Sikand retire by rotation and being eligible offer themselves for re- election at the forth coming AGM.
5. To appoint the auditors for the ensuing year and to authorize the Directors to fix their remuneration.
6. To transact any other business which may be properly transacted at an Annual General Meeting.

BY ORDER OF THE BOARD
Virginia Ndunge
Secretary
P.O. Box 61120
00200 City Square
Nairobi
22nd March, 2012

Note:
A member entitled to attend and vote is entitled to appoint a proxy to attend and vote on his/her behalf and such a proxy need not be a member of the Company. To be valid, proxy forms must be deposited at the Registered Office of the Company not less than 48 hours before the appointed time of the meeting.

Tangazo la Mkutano

Mnatangaziwa kwamba mkutano mkuu wa arobaini na saba wa mwaka, wa wenye hisa utafanyika katika kiwanda cha East African Cables kilichopo Addis Ababa road, eneo la viwandani, Nairobi, alhamisi, tarehe 26 Aprili 2012 kuanzia saa tano asubuhi, kujadili mambo yafuatayo:

1. Kupokea, na iwapo itakubalika, kuidhinisha ripoti iliyokaguliwa ya mahesabu ya kipindi cha matumizi ya fedha kilichoisha tarehe 31 Desemba 2011 na ripoti ya wakurugenzi na wakaguzi wa mahesabu zinazofuatia.
2. Kuidhinisha ujira wa wakurugenzi kama ilivyopendekezwa katika mahesabu ya kipindi cha matumizi ya fedha kilichoisha tarehe 31 Desemba 2011.
3. Kutangaza gawio la asilimia mia moja (100% inayowakilisha Senti hamsini kwa kila hisa ya kawaida.
4. Kuchagua wakurugenzi kulingana na kanuni za kampuni. Mabwana Peter Kanyago na Davinder Sikand wanafaa kustaafu kipindi hiki na kwa kuwa wangali na azimio, wamejitolea kuchaguliwa upya katika mkutano huu mkuu wa mwaka.
5. Kuteua wakaguzi wa mahesabu mwakani na kuwapa idhini wakurugenzi kuweka ujira wao.
6. Kushughulikia jambo lingine lolote linaloweza kushughulikiwa katika mkutano mkuu wa kila mwaka.

KWA AMRI YA HALMASHAURI
Virginia Ndunge
Katibu
P.O. Box 61120
00200 City Square
Nairobi.
22 Machi, 2012

Jambo Muhimu:
Mwanachama aliye na haki ya kuhudhuria mkutano huu na kupiga kura, ana uhuru wa kuchagua mwakilishi wake kuhudhuria na kupiga kura kwa niaba yake, ikiwa yeye mwenyewe hawezi kuhudhuria. Mwakilishi huyo si lazima awe mwanachama wa kampuni lakini ili akubalike, fomu za uwakilishi lazima ziwasilishwe katika ofisi iliyosajiliwa kwa kipindi kisichopungua saa 48 kabla ya muda ulioteuliwa wa mkutano.

Report of the Directors

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2011, which disclose the state of affairs of the company and the group.

1. ACTIVITIES
The group's principal activities continue to be the manufacture and sale of electrical cables and conductors.

2. GROUP RESULTS	**KShs'000**
Profit before taxation	464,756
Income tax expense	(150,026)
Profit for the year	**314,730**

The detailed results for the year are set out on page 26.

3. DIVIDENDS
The directors recommend the payment of a final dividend of KShs 0.50 per share. This together with interim dividend of KShs 0.30 per share already paid amounts to a total dividend of KShs 0.80 per share (2010 – KShs 1.00).

4. DIRECTORS
The directors who served since 1 January 2011 are set out on page 4 and 5.

5. AUDITORS
The auditors, KPMG Kenya have indicated their willingness to continue in office in accordance with Section 159(2) of the Kenyan Companies Act.

6. APPROVAL OF FINANCIAL STATEMENTS
The financial statements were approved at a meeting of the directors held on 22 March 2012.

BY ORDER OF THE BOARD
Virginia Ndunge
Secretary
Date: 22 March, 2012

Ripoti ya Wakurugenzi

Wakurugenzi wana furaha kuwasilisha ripoti yao pamoja na taarifa za ukaguzi wa mahesabu za kipindi cha matumizi ya pesa kilichoisha tarehe 31 Desemba 2011, ambayo inaangazia hali ya mambo katika kampuni na shirika kwa jumla.

1. SHUGHULI
Shughuli kuu za shirika hili bado ni uzalishaji na uuzaji wa nyaya za stima pamoja na vipitisha umeme.

2. MATOKEO	**KShs'000**
Faida kabla ya ushuru	464,756
Matumizi ya pato la ushuru	(150,026)
Faida ya mwaka	**314,730**

Matokeo ya mwaka yameainishwa katika ukurasa wa 26.

3. GAWIO
Wakurugenzi wanapendekeza malipo ya gawio la mwisho la senti hamsini kwa kila hisa. Gawio hili pamoja na lile la awali la senti tatu ambalo lililipwa mwakani linafikisha jumla ya senti themanini, kwa gawio la kila hisa (2010 – KShs 1.00).

4. WAKURUGENZI
Wakurugenzi waliohudumu tangu mwezi Januari mwaka wa 2011 wameorodheshwa katika ukurasa wa 4 na 5.

5. WAKAGUZI WA MAHESABU
Wakaguzi wa mahesabu kutoka kampuni ya, KPMG Kenya wameonyesha nia yao ya kuendelea kuhudumu kama wakaguzi kulingana na kifungu 159(2) cha Sheria za Kampuni nchini Kenya.

6. TAARIFA ZA KIFEDHA ZILIZOIDHINISHWA
Taarifa za kifedha ziliidhinishwa katika mkutano wa wakurugenzi uliofanyika 22 Machi 2012.

KWA AMRI YA HALMASHAURI
Virginia Ndunge
Katibu
Tarehe: 22 Machi, 2012

Board of Directors

a. Mr. Zephaniah Mbugua (Chairman)

A graduate of Makerere University where he attained his Bsc. He is currently the CEO of Abcon Group of Companies whose principal business is supply of industrial raw materials. He was appointed a Director of the Board in March 2004. He holds directorships in several other companies.

b. Mr. George Mwangi

A Certified Public Accountant and a member of the ICPAK. He is also a Certified Public Secretary and holds a bachelor's degree in International Business Administration. He has substantial experience in the industry, having worked with the Company for over 12 years at senior levels.

c. Mr. Peter Kanyago

Educated at Nyeri High School, Strathmore College and Pacific States University. He has a wide range of experience in business and is currently the chairman of Ecobank Kenya Ltd, Kenya Tea Development Agency (KTDA) , East African Courier Limited and East African Elevator Co. Limited (OTIS). He is also a board member in a number of companies including Corporate Insurance and a number of tea factories.

d. Mr. Gachao Kiuna

Joined the Trans-Century group from McKinsey & Company in Johannesburg, where he was involved in advising corporate clients in emerging markets on corporate finance, strategy, operational excellence and organizational effectiveness. At Mckinsey he focused on economic development (e.g country strategy) and electric power (particularly generation). He was also the principle consultant that led the Mckinsey assignment to develop the Vision 2030 project for the Government of Kenya. Gachao holds a PHD from the University of Cambridge, Corpus Christi College in the UK and also holds a first Class Honors BSc degree from Imperial College, London in Biochemistry.

e. Mr. Bruno Thomas

Consultant, Bruno Thomas, formerly of the Nexans Group, has a wealth of experience in the energy sector having been, the executive vice president of Nexans Group for the rest of World Area. In addition, he was previously President of the Energy Cables Division, President of the board of Alcatel Kabel KG and Director of Industrial strategy.

f. Ms. Virginia Ndunge

A Certified Public Secretary and a member of the ICPSK. She holds a Bcom. Degree in Finance and Dip. In Project Management. She has substantial experience in Company Secretarial having worked with Emu Registrars, Certified Public Secretaries (where she is the proprietor) for over 13 years.

g. Mr. Davinder Sikand

The Managing Partner at Aureos East Africa Fund, a US$40 Million fund since its inception in 1996. He previously managed the Acacia Fund, a US$20 Million fund for SME's in Kenya. Davinder has 25 years experience in private equity and investment banking, gained in the United States, Europe and East Africa, having worked at various leading firms including Drexel Burnham Lambert, Financial Security Assurance and Pricewaterhousecoopers. He holds an MBA from Kellog School of Business, Northwestern University, USA.

Management

a b c d

a. **George Mwangi**
Chief Executive Officer

b. **Tom Oyugi**
Business Development Manager

c. **David Mwangi**
Group Technical Manager

d. **Joseph Kinyua**
Finance Manager

Corporate Governance

Corporate Governance

The board of East African Cables Limited recognizes the importance of corporate governance and as such it carries out its mandate with honesty, openness and integrity and is committed to applying and enforcing relevant corporate governance principles, policies and practices within the Group. The board is committed to the principles of accountability, compliance with the law and to the provision of relevant and meaningful reporting to all stakeholders.

BOARD OF DIRECTORS

The Board consists of the Chairman, Z. G. Mbugua, four non-executive directors and the Managing Director, George Mwangi. The directors' biographies appear on page 4 and 5. All non-executive directors are considered by the board to be independent of management and have diverse skills, experience and competencies appropriate for effective management of the company's business.

This board meets on a quarterly basis as scheduled during the year, with additional meetings when necessary. The directors are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues. Except for the direction and guidance on general policy, the board has delegated authority for conduct of day-to-day business to the Managing Director.

The Board nonetheless retains responsibility in maintaining the company's overall internal control on financial, operational and compliance issues. All our directors have also attended various corporate governance courses organized by accredited institutions.

All non-executive directors are subject to periodic reappointment in accordance with company's Articles of Association which requires that one third of the longest serving directors (since their last election) retire by rotation every year and if eligible their names are submitted for re-election at the Annual General meeting.

COMMITTEES OF THE BOARD

The following standing committees assist the Board in the discharge of its duties. These committees meet regulary under the terms of reference set by the board.

Audit Committee

The board audit committee meets quarterly or as required. Its membership is composed of Davinder Sikand and Peter Kanyago who are non-executive directors.

Its responsibilities include review of financial information in particular half year and annual financial statements, compliance with accounting standards, liaison with external auditors, remuneration of external auditors and maintaining oversight on internal control systems. Other responsibilities are to receive and consider the company's annual budget, to review the purchasing regulations and to consider recommendations for insurance renewals. The committee is guided by a charter from the board which outlines its mandate. The committee met **five times** in the year.

Staff Committee

The committee meets quarterly or as required. Its membership is composed of Peter Kanyago and Z.G. Mbugua who are non-executive directors. The committee is responsible for monitoring and appraising the performance of management, review of all human resources policies and determining the remuneration of senior management. The committee **met twice** in the year.

Strategy Committee

The committee meets quartely or as required. Its membership is composed of Z. G. Mbugua, Bruno Thomas, Gachao Kiuna and George Njoroge. Z. G. Mbugua, Bruno Thomas and Gachao Kiuna are non-executive directors of the company while George Njoroge, a non-executive director of East African Cables (Tz) Ltd was appointed to the committee in order to benefit from his expertise in the electrical business.

The main responsibility of the committee is to chart the strategy of the company and to oversee implementation of strategic decisions of the board which include product and or geographical diversification, strategic partnerships and also review proposals involving capital expenditure. The committee **met three times** in the year.

The Managing Director is invited to all committees while senior managers are invited to the relevant committees. The committees submit their findings and recommendations at the quarterly board meetings.

COMMUNICATION WITH SHAREHOLDERS

The company is committed to ensuring that shareholders and the financial markets are provided with full and timely information about its performance. In the year, the company accomplished this objective through investor briefing held in February 2011, distribution of the company's Annual Report and the release of notices in the national press of its interim and year end results. The company also holds statutory meetings as required.

In this regard, the company complies with the obligations contained in the Nairobi Stock Exchange's Listing Rules, the Capital Markets Authority Act and the Kenyan Companies Act.

DIRECTORS' LOANS

There were no loans made to the directors at any time during the year by virtue of their position in the Group.

DIRECTORS' REMUNERATION

The aggregate amount of emoluments paid to the directors for services rendered during the financial year ended 2011 is disclosed on note 25 to the financial statements. Neither at the end of the financial year nor at any time during the year did there exist any arrangement to which the company is a party, whereby directors might acquire benefits by means of the acquisition of the company's shares.

All business transactions with the directors or related parties are carried out at arms length. Such transactions have been disclosed on note 25.

RISK MANAGEMENT AND CONTROLS

The board recognizes that managing risk to ensure optimal mix between risk and return is an integral part of achieving corporate goals. The board has put in place processes for identifying, assessing, managing and monitoring risks to ensure that the risk of failure to achieve business objectives is mitigated.

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

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

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

EMPLOYMENT EQUITY

The Group is committed to the creation of an organization that supports equality of all employees and is committed to elimination of any form of discrimination in the work place. Our practice is to comply with all laws prohibiting discrimination.

BUSINESS ETHICS

The directors attach great importance to the need to conduct the business and operations of the company with integrity and in accordance with good corporate governance practice as set out in the Capital Markets Authority Guidelines for listed companies in Kenya and any other internationally developed principles on good governance.

The company adopts the best principles of good corporate culture that requires the directors and all employees to maintain the highest personal and ethical standards and to act in good faith and in the interest of the company. The company has developed and implemented a code of conduct that sets out guidelines and rules, which are based on good governance principles of:

- Full compliance with the law
- Application of best accounting practices
- Safety of all stakeholders
- Product quality and customer focus
- Care of our environment
- Application of best business practices
- Fair competition

Corporate Governance continued

SHARE REGISTER DETAILS

Directors' interests in the shares of the company, the distribution of the Company shareholding and analysis of the ten major shareholders as at 31st December 2011 were as follows:

Directors' interest

Name of Director	Number of Shares
Peter Tirus Kanyago	3,000
George Mwangi	109,756

Distribution of Shareholding

Shares range	No. of Shareholders	No. of Shares held	%shareholding
1 - 500	6,347	1,524,127	0.60
501 - 5,000	7,685	12,622,132	4.99
5,001 – 10,000	734	5,118,401	2.02
10,001 – 100,000	864	22,510,724	8.89
100,001 – 1,000,000	99	24,050,893	9.50
Above 1,000,000	9	187,298,723	74.00
Total	**15,738**	**253,125,000**	**100.00**

Major Shareholders

No. Name(s)	No. of shares	% shareholding
1. Cable Holdings (Kenya) Ltd	173,071,149	68.38
2. Zed Holdings Ltd	4,134,025	1.63
3. Ali Mohamed Adam	3,846,562	1.52
4. Direct Investment Company Ltd	1,437,775	0.57
5. Chandubhai Bhikabhai Patel	1,419,462	0.56
6. Chase Bank (Kenya) Limited	1,112,500	0.44
7. CFC Stanbic Nominees Ltd – A/c R48703	1,000,000	0.40
8. Patrick Njogu Kariuki	869,800	0.34
9. Cannon Assurance (Kenya) Limited	762,125	0.30
10. Travis (EA) Ltd	711,900	0.28
11. Others	64,759,702	25.58
Total	**253,125,000**	**100.00**

Utawala wa Shirika

Halmashauri ya East African Cables Limited inatambua umuhimu wa utawala wa shirika kwa hivyo inaendesha shughuli zake kwa uaminifu, uwazi, utaalamu pamoja na kuwa imejitolea kutumia na kutekeleza kanuni, sera na maadili mwafaka ya utawala wa shirika katika kampuni. Halmashauri hii imejitolea kutimiza kanuni za uwajibikaji, kutimiza sheria pamoja na kifungu cha kutoa ripoti zenye maana na zenye umuhimu kwa wadau wake.

HALMASHAURI YA WAKURUGENZI

Halmashauri hii inajumuisha Mwenyekiti Z.G Mbugua, wakurugenzi wanne wasio watendaji na Mkurugenzi Mkuu, Bwana George Mwangi. Wasifu wa wakurugenzi hawa unapatikana katika ukurasa wa 4 na 5. Wakurugenzi wote wasio watendaji wanafikiriwa na halmashauri kuwa huru dhidi ya kuingiliwa kati na usimamizi mbali na kuwa wana maarifa nyingi, tajiriba pana, na ushindani ambao ni mwafaka katika uongozi bora wenye kuifaa shughuli ya kampuni.

Halmashauri hii hukutana mara nne kwa mwaka kama ilivyopangwa, ikiwemo mikutano mingine ijapobidi. Wakurugenzi hupata habari mwafaka na kwa wakati ufaao ili kudumisha udhibiti kamili wa masuala ya kimkakati, kifedha, kiutendakazi na utimilifu. Isipokuwa kwa kuelekeza na kuongoza katika sera za jumla, halmashauri hii imemgawia mamlaka ya kuendesha shughuli za kila siku za kampuni Mkurugenzi Mkuu.

Halmashauri hii hata hivyo inabakia na jukumu la kuanzisha na kudumisha udhibiti wa jumla wa mambo ya ndani ya kampuni katika masuala ya kifedha, utendajikazi na ikibali. Wakurugenzi wetu wote vilevile wamehudhuria kozi mbalimbali za utawala wa shirika zilizoandaliwa na taasisi zenye kutambulika.

Wakurugenzi wote wasio watendaji wanaweza kuteuliwa tena upya kwa kipindi fulani, kutegemea vifungu vya Sheria za Kampuni vinavyohitaji kuwa thuluthi moja ya wakurugenzi waliowahi kuhudumu kwa muda mrefu (tangu uchaguzi wao uliopita) wastaafu kwa awamu kila mwaka na ijapofaa, majina yao yawasilishwe katika mkutano mkuu wa mwaka ili wachaguliwe upya.

KAMATI ZA HALMASHAURI

Kamati zifuatazo ambazo zinahudumu kwa sasa zinaisaidia halmashauri hii kutekeleza majukumu yake. Kamati hizi hukutana mara kwa mara, chini ya hadidu za rejea zilizotengwa na halmashauri hii.

Kamati ya Ukaguzi wa Mahesabu

Kamati hii ya ukaguzi wa mahesabu hukutana kila baada ya miezi mitatu au inapohitajika. Uanachama wake unajumuisha Davinder Sikand na Peter Kanyago ambao ni wakurugenzi wasio watendaji. Majukumu ya kamati hii ni pamoja na kukagua taarifa za kifedha za kipindi fulani cha nusu ya mwaka na taarifa za kifedha za kila mwaka; kutimiza viwango vya uhasibu, ushirikiano na mahasibu wengine wa nje ya shirika, kuwalipa mahasibu wasio wa kampuni na kudumisha uangalizi wa mfumo wa udhibiti wa mambo ya ndani. Majukumu mengine ni kupokea na kuzingatia bajeti ya mwaka ya kampuni, kuchunguza upya taratibu za ununuzi na kutoa mapendekezo ya kukata bima upya. Kamati hii inaongozwa na mkataba kutoka kwa halmashauri, ambao unadokeza wajibu wake. Kamati hii ilikutana **mara tano** mwaka huu.

Kamati ya Wafanyakazi

Kamati hii hukutana kila baada ya miezi mitatu ama inapohitajika. Uanachama wake unajumuisha Peter Kanyago na Z.G. Mbugua ambao ni wakurugenzi wasio watendaji. Kamati hii inawajibika kuchunguza na kutathmini utendaji kazi wa wasimamizi, kuchunguza upya sera zote za utendaji kazi na kuamua kuhusu ujira wa wasimamizi wakuu. Kamati hii ilikutana **mara mbili** mwaka huu.

Kamati ya Mkakati

Kamati hii hukutana mara nne kwa mwaka ama inapohitajika. Uanachama wake unawajumuisha Z. G. Mbugua, Bruno Thomas, Gachao Kiuna na George Njoroge. Z. G. Mbugua, Bruno Thomas na Gachao Kiuna ni wakurugenzi wa kampuni wasio watendaji ilhali George Njoroge, ambaye pia ni mkurugenzi asiye mtendaji, wa East African Cables (Tz) Ltd aliteuliwa kwenye kamati ili kuinufaisha kutokana na maarifa yake katika shughuli za umeme.

Jukumu kubwa la kamati hii ni kupanga mikakati ya kampuni na kuhakikisha utekelezaji wa maamuzi ya kimkakati ya halmashauri, ambayo ni kupanua bidhaa na maeneo ya mauzo, ubia wa kimkakati na kupitia mapendekezo yanayohusu matumizi ya mtaji. Kamati hii ilikutana **mara tatu** mwaka huu. Mkurugenzi Mkuu hupewa mwaliko katika kamati zote ilhali wasimamizi wengine wakuu hualikwa kwa kamati husika. Kamati hizo huwasilisha ripoti pamoja na mapendekezo yao katika mkutano wa halmashauri kila robo ya mwaka.

MAWASILIANO NA WABIA

Kampuni hii imejitolea kuhakikisha kuwa wabia na masoko ya fedha yanapata habari kamili kuhusu utendaji wake kwa wakati ufaao. Katika mwaka huu, kampuni hii ilitimiza lengo hili kupitia ujulishaji wa wawekezaji uliofanyika Februari mwaka wa 2011, ugawaji wa ripoti ya kampuni ya kila mwaka na kutolewa kwa taarifa za matokeo yake ya kifedha kila nusu-mwaka na mwisho wa mwaka kwa vyombo vya habari vya kitaifa. Kampuni hii vilevile hufanya mikutano ya kisheria kama inavyohitajika.

Kwa namna hii, kampuni hii inatimiza wajibu uliowekwa katika sheria za uratibishaji za soko la hisa la Nairobi, sheria za halmashauri ya masoko ya mtaji na sheria za kampuni nchini Kenya.

Utawala wa Shirika kuendelea

MIKOPO YA WAKURUGENZI
Hapakuwa na mikopo iliyotolewa kwa wakurugenzi wakati wowote mwakani kwa kigezo cha nafasi yao katika shirika.

UJIRA WA WAKURUGENZI
Makadirio ya kiasi cha mshahara waliolipwa wakurugenzi kwa huduma walizotoa katika kipindi cha matumizi ya pesa kilichoisha mwaka 2011 kimefafanuliwa katika kijelezi 25 katika taarifa za kifedha. Sio mwishoni mwa kipindi hiki cha matumizi ya pesa au katika kipindi chochote kile mwakani kulipotokea mpango wowote unalioishirikisha kampuni, ambapo wakurugenzi wanaweza kujipa faida kwa umiliki wa hisa za kampuni.

Uendeshaji wa shughuli zote za kibiashara na wakurugenzi au wadau wahusika unafanywa kwa uwazi. Shughuli kama hizo zimefafanuliwa katika kijelezi 25.

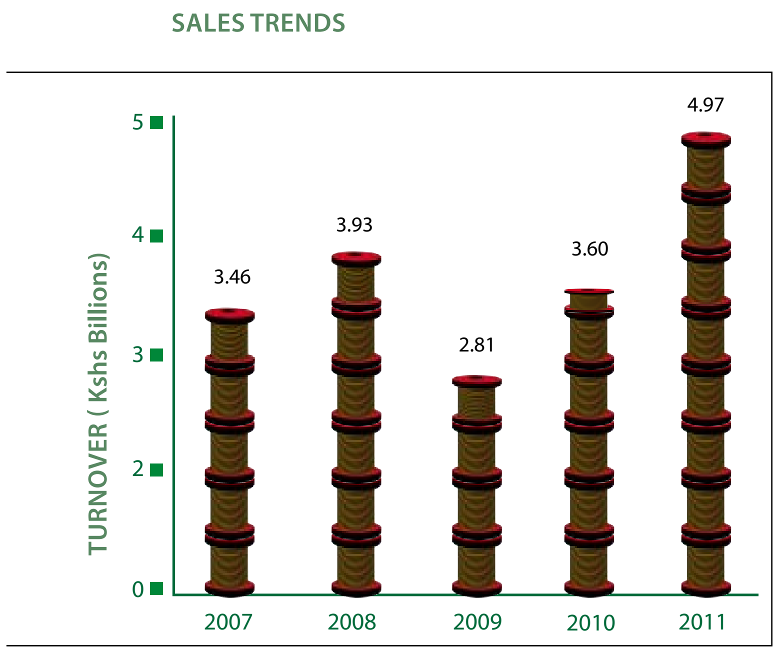
UDHIBITI NA UZUIAJI WA HATARI
Halmashauri hii inatambua kuwa kudhibiti hatari ili kudumisha mseto wa hali ya juu kati ya hatari na mapato ni sehemu muhimu ya kuafikia malengo ya shirika. Halmashauri hii imeweka hatua za kutambua, kutathmini, kudhibiti na kuchunguza hatari ili kuhakikisha kwamba hatari za kukosa kufikia malengo ya kibiashara zimepunguzwa. Kampuni hii imefafanua taratibu bainifu na mikakati ya udhibiti wa kifedha ili kuhakikisha utoaji wa ripoti za uhasibu zilizokamilika na zenye taarifa kamili. Haya yanajumuisha mifumo ya kujipa mamlaka kwa shughuli muhimu na kuhakikisha uzingativu wa sheria na kanuni ambazo zina athari kubwa kifedha. Aidha, taratibu zimewekwa kuhakikisha kwamba rasilimali zinaangaliwa vizuri kihali na kwamba muundo wa shirika unabakia ili kuhakikisha muainisho maalumu wa majukumu.
Katika kukagua upya uwezo wa kutenda kazi wa mifumo ya udhibiti wa mambo ya ndani, halmashauri ya wakurugenzi hutilia maanani matokeo ya kazi zote zilizotekelezwa katika kukagua mahesabu na kuchunguza shughuli za kampuni.
Mfumo mpana kuhusu uwajibikaji katika wasimamizi umewekwa ili kutoa vipimo vya utendaji wa kifedha na kiutendakazi. Mikutano ya mara kwa mara ya wasimamizi wakuu hufanywa ili kuchunguza utendaji na kukubaliana kuhusu taratibu za kujiimarisha.

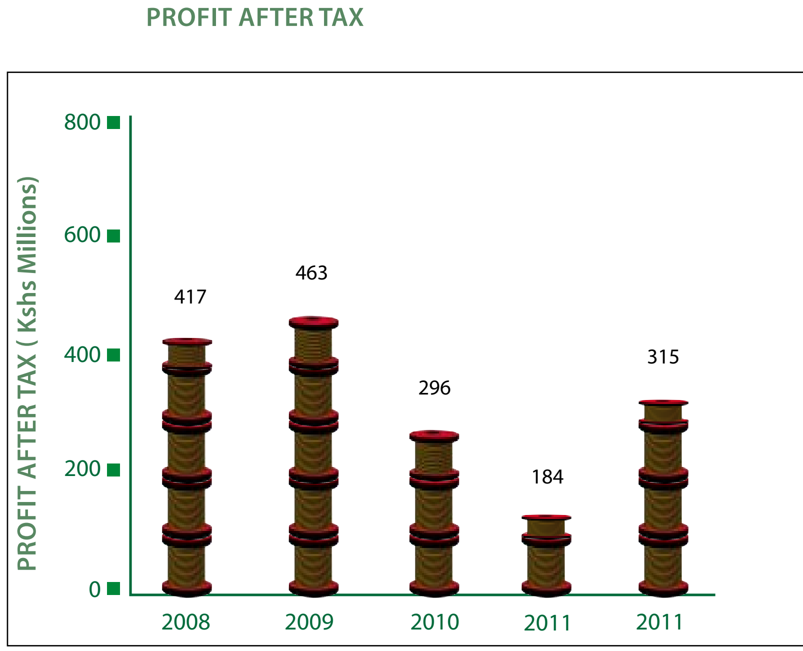
USAWA KATIKA KUAJIRI
Shirika hili limejitolea kuunda shirikisho linalounga mkono usawa kwa wafanyakazi wote pamoja na kujitolea kumaliza namna yoyote ya ubaguzi katika eneo la kazi. Desturi yetu ni kutimiza sheria zote zinazopiga marufuku ubaguzi.

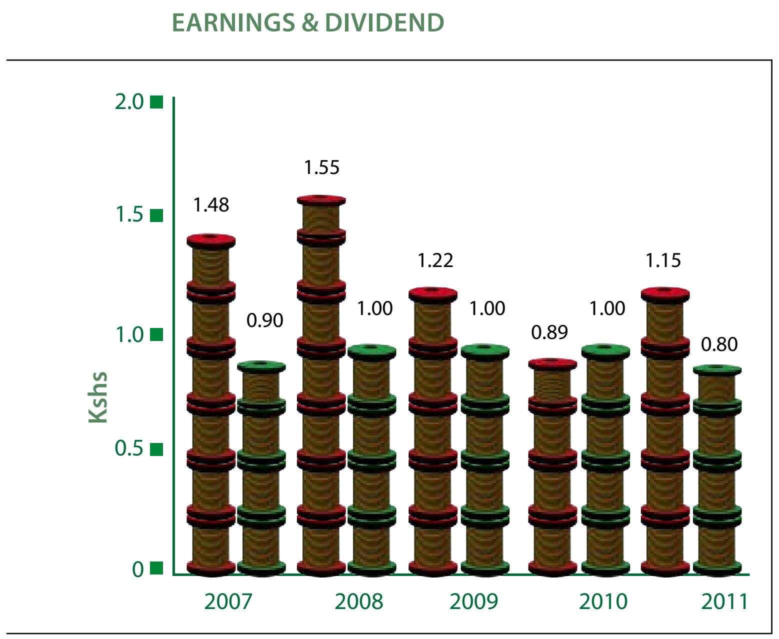
MAADILI YA KIBIASHARA
Wakurugenzi hutilia maanani zaidi haja ya kuendesha biashara na utendakazi wa kampuni kwa utaalamu mkubwa na kwa mujibu wa zoezi la utawala bora wa shirika kama ilivyoainishwa kwenye Mwongozo wa Mamlaka ya Masoko ya Mtaji kwa kampuni zilizoorodheshwa nchini Kenya, yakiwemo maadili mengine ya kimataifa yanayohusu utawala bora. Kampuni hii hupitisha sera bora zaidi za utamaduni wa shirika zinawazohitaji wakurugenzi na wafanyakazi wote kudumisha viwango vya juu vya maadili ya kibinafsi na kikazi pamoja na kuwa kila wafanyalo liwe ni lenye nia njema na lenye kunufaisha kampuni. Kampuni hii imezindua na kutekeleza kanuni ya maadili inayotaja miongozo na sheria ambazo zinaegemea sera nzuri za utawala za:

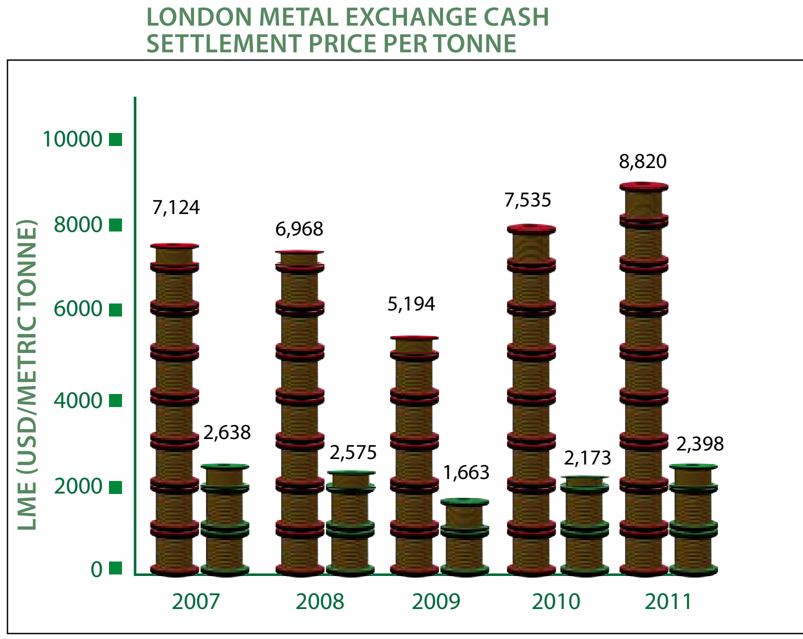
- Kutimiza sheria kikamilifu
- Kutumia njia bora zaidi za uhasibu
- Usalama wa washikadau wote
- Ubora wa bidhaa na kuangazia wateja
- Kutunza mazingira yetu
- Kutumia njia bora zaidi za kuendesha biashara
- Ushindani wa haki

Comparative Results









Statement of Directors' Responsibilities

The Directors are responsible for the preparation and presentation of the company and consolidated financial statements of East African Cables Limited and its subsidiary set out on pages 26 to 57 which comprise the statements of financial positions of the group and of the company as at 31 December 2011, and the group's statement of comprehensive income, the group and company statement of changes in equity and group statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

The Directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances, preparation and presentation of financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Under the Kenyan Companies Act, the Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the company as at the end of the financial year and of the operating results of the group for that year. It also requires the Directors to ensure the company and its subsidiary keep proper accounting records which disclose with reasonable accuracy the financial position of the group and the company.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and the company and of the group operating results.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors have made an assessment of the group and the company's ability to continue as a going concern and have no reason to believe the company and its subsidiary will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved by the Board of Directors on 22 March 2012 and were signed on its behalf by:

Director

Director

statement/ taarifa

Taarifa Ya Majukumu Ya Wakurugenzi

Wakurugenzi wanahusika katika kuandaa na kuwasilisha taarifa za kifedha za kampuni ya East African Cables na washirika wake kama ilivyoainishwa katika kurasa za 26 hadi 57 ambazo zinajumuisha taarifa za matokeo ya kifedha za Shirika na kampuni kufikia tarehe 31 Desemba 2011, na taarifa kamilifu za mapato ya shirika; taarifa kuhusu mapato na matumizi ya fedha za mwaka huo uliomalizika pamoja na ufupisho wa sera muhimu za uhasibu na taarifa nyingine zilizoelezewa.

Majukumu ya wakurugenzi ni pamoja na: kuamua kuwa kanuni za uhasibu zilizoelezewa katika kijelezi 2 ni zenye kukubalika katika kuandaa na kuwasilisha taarifa za kifedha katika hali hizo; kutengeneza, kutekeleza na kudumisha udhibiti wa mambo ya ndani unaofaa katika kuandaa na kuwasilisha taarifa hizi za kifedha zisizo na makosa; aidha ya ulaghai au kasoro, pamoja na kuchagua na kutumia sera zinazofaa za uhasibu pamoja na kufanya ukadiriaji unaofaa wa hesabu katika hali hizo.

Chini ya Sheria za Makampuni ya Kenya, Wakurugenzi wanahitajika kuandaa taarifa za kifedha za kila mwaka zinazobaini ukweli na mtazamo wa haki wa mambo ya shirika na ya kampuni kufikia mwisho wa mwaka huo na ule wa matokeo ya utendaji wa shirika ya mwaka huo. Vilevile, inawahitaji wakurugenzi kuhakikisha kuwa kampuni na washirika wake wanadumisha rekodi sawa za uhasibu ambayo inabainisha kwa uhakika unaofaa hali ya kifedha ya shirika na kampuni.

Wakurugenzi wanawajibikia taarifa za kifedha za kila mwaka ambazo zimeandaliwa kutumia sera zinazofaa za uhasibu kwa kuzingatia maamuzi bora na yenye kufaa pamoja na ukadiriaji, ambao unakubalika na Viwango vya Kimataifa vya Uripoti wa Kifedha na inavyohitajika na sheria za makampuni ya Kenya. Wakurugenzi wanaonelea kuwa taarifa hizi za kifedha zinatoa mtazamo huru na wa haki kuhusiana na hali ya kifedha ya shirika na kampuni pamoja na ile ya matokeo kwa huduma za shirika.

Zaidi, Wakurugenzi wanakubali wajibu wa kuhifadhi rekodi za uhasibu ambazo zinaweza kurejelewa katika matayarisho ya taarifa za kifedha, pamoja na mifumo ya kutosha ya udhibiti wa ndani.

Wakurugenzi wamefanya tathmini ya shirika na uwezo wa kampuni kuendelea kama yenye umuhimu na kwamba hawana budi kuamini kuwa kampuni na washirika wake kwa jumla hawatakosa kujimudu kwa takriban miezi kumi na miwili ijayo tangu kutolewa kwa taarifa hii.

Kuidhinishwa kwa taarifa za kifedha

Taarifa za kifedha, kama ilivyoelezewa hapo juu, ziliidhinishwa na halmashauri ya wakurugenzi tarehe 22, Machi 2012 na kutiwa sahihi kwa niaba yake na:

Mkurugenzi

Mkurugenzi

statement/ taarifa

Chairman's Statement

INTRODUCTION

It is my pleasure to present to you the Annual Report and Financial Statements of East African Cables Limited.

OVERVIEW OF THE BUSINESS ENVIRONMENT

In 2011, The Kenyan economy went through turbulence which presented serious challenges to manufacturers. Amongst these challenges was spiral inflation fuelled by drought and rising crude oil prices, sharp increase in bank lending rates and an unprecedented depreciation of Kenyan Shilling against all major currencies.

The economic crisis underscores Kenya's structural challenges, amongst them low exports compared to imports, which formed the primary cause of Kenya's recent macroeconomic instability, and contributed to the sharp decline in the Kenyan shilling.

Overall inflation rose from a single digit level of 5.42% in January 2011 to a high of 18.93% in December 2011, while the commercial bank weighted average lending rates increased from 14% to 20% within the same period. Our local currency exchange rate against all major currencies deteriorated significantly within the year thereby resulting to high cost of importation of raw materials and exchange losses. From an exchange rate of Kshs 80.75 to the US dollar at the start of the year, to an all time high of Kshs 105.96 in the month of October. It was however encouraging to see it close at around Kshs 85 at year end.

In the reporting year, Cable manufacturers experienced the highest volatility in world metal prices. The LME prices of copper continued with the upward trend from an average of Usd 7,535 in 2010 to an unprecedented high of Usd 10,148 per Metric Tonne in the month of February. However, the prices stabilised in the 2nd half of the year to close at Usd 7,567 per Metric Tonne as at December 2011. Aluminium, which forms the base metal for all supplies to the local and regional utilities, had its LME prices rise an average of 10%. Prices of other raw materials used in our production processes also went up driven by increase in fuel prices, high transportation costs and inflation.

The negative factors highlighted above, slowed down the economic growth from 5.6% recorded in 2010, to 4.9% in the 1st quarter of 2011. Quarter 2 and Quarter 3 of year 2011 recorded a growth rate of 4.9% and 4.1% respectively. It is gratifying that despite these challenges the economic growth remained positive, providing a platform for the return to 5% growth level for 2012 as projected by the World Bank.

FINANCIAL PERFORMANCE

I am happy to report that the Group recorded a growth of 38% in turnover while earnings after tax grew by 71% compared to last year. The growth was attributable to good response from our new product lines and growth in export markets. The restructuring of our subsidiary in Tanzania started paying back with positive contribution all round. This is extremely encouraging and no effort is being spared in shepherding the unit back to full stability.

MARKET

During the year under review, our industry experienced increased influx of counterfeited and substandard cables. The Group continued to engage with regulatory authorities in order to safeguard our market and protect users from the hazards which can result from use of substandard products.

To this end, the Company rolled out a countrywide campaign to accredit electricians in a move aimed at eliminating unscrupulous players in the construction industry. The initiative is geared at accrediting electrical technicians to provide quality electrical services to the building and construction industry. As part of our corporate citizenship, we shall continue to undertake this responsibility of educating the users to minimise risk. The experience in Kenya is going to be replicated in our immediate markets.

DIVIDEND

Following the good performance, I am pleased to report that the Board of Directors is recommending to the Annual General Meeting a final dividend of Kshs 0.50 per share. This together with the interim dividend of Kshs. 0.30 per share already paid amounts to Kshs. 0.80 per share.

RISK MANAGEMENT

During the past financial year, business consultancy firm Deloitte and Touché was retained to assist in assessment and management of risk within our group. The firm continues to advice the board on best practice systems to be employed in managing our risk exposure.

FUTURE OUTLOOK

We are headed into an election year but with the Government promising to maintain stability, with Oil finds in Uganda, major Gas finds in Tanzania and reported but unquantified oil find in Kenya, for our industry the future promises growth. The World Bank projects a 5.0 percent growth rate on back of which, the company is well placed to sustain the growth trend. Particular attention will be placed on efforts to ensure we are part and parcel of the continued business growth in the region.

The continuous global challenges and the needs of a changing market will continue to stimulate us to constantly adopt our products and services range. To this end, focus will continue on sound technologies that enhance efficiency and human talents. The board remains very confident of the continued growth of our business.

ACKNOWLEDGEMENTS

Let me take this opportunity to thank our staff and the board for their excellent work in the year , and also to say thank you to all our customers and suppliers. We shall continue to pay attention to their suggestions and needs and continue to develop new range of products and increase our service delivery levels.

Zephaniah Gitau Mbugua
Chairman
Board of Directors

statement/ taarifa

Taarifa ya Mwenyekiti

UTANGULIZI

Ni furaha yangu kuwasilisha kwenu ripoti ya kila mwaka na taarifa za kifedha za shirika la East African Cables Limited.

MTAZAMO WA JUMLA WA MAZINGIRA YA KIBIASHARA

Katika mwaka wa 2011, uchumi wa Kenya ulipitia msukosuko mwingi ulioleta changamoto kubwa zaidi kwa wazalishaji bidhaa. Miongoni mwa changamoto hizi ni mfumko wa mara kwa mara wa bei za bidhaa uliotokana na ukame pamoja na ongezeko la bei ya mafuta ambayo hayajasafishwa, ongezeko maradufu la kiwango cha riba kinachotozwa na benki kwa mikopo na kushuka kwa njia isiyokuwa ya kawaida kwa thamani ya shilingi ya Kenya dhidi ya sarafu zote kuu za kigeni.

Mgogoro huo wa kiuchumi unadhihirisha changamoto za kimkakati zinazoikabili Kenya, ikiwemo mauzo ya chini ya bidhaa nje ya nchi, ikilinganishwa na zile zinazoagizwa, ambayo yalikuwa msingi wa msukosuko mkuu wa kiuchumi ulioshuhudiwa hivi karibuni, pamoja na kuchangia kushuka kwa thamani ya shilingi ya Kenya.

Mfumko wa jumla uliongezeka kutoka asilimia 5.42 mwezi Januari 2011 hadi upeo wa asilimia 18.93 mwezi Disemba 2011, huku viwango vya kadiri vya ukopeshaji vilivyowekwa na benki za kibiashara vikiongezeka kutoka asilimia 14 hadi asilimia 20 katika kipindi hicho. Kiwango cha ubadilishanaji cha shilingi ya Kenya dhidi ya sarafu nyingine za kigeni kilishuka maradufu mwaka huo na hivyo basi kusababisha kupanda kwa gharama ya kuagiza malighafi na hasara katika ubadilishanaji. Kutoka kiwango cha ubadilishanaji cha Kshs 80.75 kwa Dola ya Marekani hapo mwanzo wa mwaka 2011, hadi kiwango cha juu zaidi kuwahi kushuhudiwa cha Kshs 105.96 mnamo mwezi Oktoba. Hata hivyo, inatia moyo kuona shilingi ikibadilishwa kwa takriban Kshs. 85.07 mwishoni mwa mwaka.

Katika kipindi hiki, wazalishaji wa bidhaa za umeme walikumbwa na msukosuko mkubwa zaidi katika bei za chuma duniani. Bei za shaba katika soko la chuma la London (LME) zilizidi kuongezeka kutoka kiwango cha wastani cha Dola za Marekani 7,535 mwaka 2010 hadi Dola 10,148 kwa kila tani kufikia mwezi Februari mwaka 2011. Bei za juu za chuma zilisababishwa na mgogoro wa wachimba madini nchini Chile na pia ongezeko la mahitaji ya bidhaa hiyo nchini China. Hata hivyo, bei za shaba katika soko la LME zilidhibitika katika nusu ya pili ya mwaka 2011 na kuuzwa kwa Dola 7,567 kwa kila tani kufikia Disemba 2011. Alumini, ambayo ni chuma cha msingi kwa kila uuzaji kwa shirika la humu nchini na la kanda, ilishuhudia kupanda kwa bei zake katika soko la LME kwa kadiri ya asilimia 10. Bei za malighafi nyingine zinazotumika katika mchakato wa uzalishaji wetu pia zilipanda kutokana na kuongezeka kwa bei ya mafuta, gharama ya juu ya kusafirisha bidhaa na mfumko.

Madhara haya yaliyoangaziwa yalirudisha nyuma ukuaji wa kiuchumi kutoka asilimia 5.6 iliyorekodiwa mwaka 2010, hadi asilimia 4.9 katika robo ya kwanza ya mwaka 2011. Robo ya pili na ya tatu za mwaka 2011 zilirekodi kiwango cha ukuaji cha asilimia 4.9 na 4.1 mtawalia. Inaridhisha kwamba licha ya changamoto hizo, ukuaji wa uchumi ulisalia imara, na kutoa uwezekano wa kurejelea ukuaji wa asilimia 5 wa uchumi katika mwaka wa 2012 kama ilivyokadiriwa na Benki ya Dunia.

UTENDAJI WA KIFEDHA

Nina furaha kuripoti kwamba shirika hili lilirekodi ukuaji wa asilimia 38 katika mauzo na ukuaji wa asilimia 71 ikilinganishwa na mwaka uliopita. Ukuaji huo ulitokana na kupokelewa vyema kwa bidhaa zetu mpya na kuongezeka kwa masoko yetu ya kimataifa. Mpangilio mpya wa tawi letu la Tanzania ulianza kuzaa matunda kwa kutoa mchango maradufu kote. Hii inatia moyo hata zaidi na kila juhudi inawekwa kulirejesha tawi hilo katika udhabiti kamili.

SOKO

Katika kipindi kinachoangaaziwa, sekta yetu ilishuhudia ongezeko maradufu la nyaya ghushi na zisizoafiki viwango vya ubora unaostahili katika masoko yetu. Shirika hili liliendelea kushirikiana na mamlaka ya kudhibiti ubora ili kulilinda soko letu na kuwalinda wateja wetu dhidi ya madhara yanayoweza kutokana na matumizi ya bidhaa za viwango duni.

Kufikia hapa, kampuni hii ilizindua kampeni kote nchini ili kuwatambua mafundi wa stima katika hatua iliyokusudiwa kuwachuja walaghai katika sekta ya ujenzi. Mpango huo unadhamiria kuwawezesha mafundi halali wa stima kutoa huduma bora za stima kwa sekta ya ujenzi. Katika moyo wetu wa ushirika wa kitaifa, tutazidi kuliendeleza jukumu hili la kuwaelimisha wateja wetu ili kupunguza hatari. Maarifa ya nchini Kenya yataenezwa katika masoko yetu yote ya sasa.

RIBA

Kufuatia kufanya vizuri, nina furaha kuripoti kwamba Bodi ya Wakurugenzi inapendekeza kwa mkutano mkuu wa mwaka, riba ya senti 50 kwa kila hisa. Hii, pamoja na riba ya muda ya senti 30 kwa kila hisa ambayo tayari imelipwa, inafikisha jumla ya riba ya senti 80 kwa kila hisa.

KUDHIBITI HATARI

Katika kipindi kilichopita cha matumizi ya pesa, kampuni ya kutoa mashauri ya kibiashara, Deloitte and Touché ilisalishwa ili kusaidia katika kutathmini na kudhibiti hatari katika shirika hili. Kampuni hiyo inaendelea kushauri Bodi kuhusiana na mifumo bora zaidi ya udhibiti ambayo inafaa kutumika katika kudhibiti hatari inayoweza kutukabili.

MTAZAMO WA BAADAYE

Tunaelekea katika mwaka wa uchaguzi lakini licha ya serikali kuahidi kudumisha uthabiti, kupatikana kwa mafuta nchini Uganda, kupatikana kwa kiwango cha juu cha gesi nchini Tanzania na ripoti ya kupatikana, japo haijajulikana kiasi, kwa mafuta nchini Kenya, kwa sekta yetu, mustakabali unahakikisha ukuaji. Benki ya Dunia inakadiria ukuaji wa asilimia 5.0, kiwango ambacho kampuni hii iko katika nafasi nzuri ya kudumisha mkondo huo wa ukuaji. Uzingatifu mahususi utawekwa katika juhudi za kuhakikisha sisi tunashiriki katika maendeleo ya ukuaji wa kibiashara katika eneo hili.

Changamoto za mara kwa mara za dunia na matakwa ya soko linalozidi kubadilika zitaendelea kutusisimua ili kila mara kupitisha idadi ya bidhaa na huduma zetu. Kufikia hapa, uzingativu utakuwa katika teknolojia madhubuti ambazo zitafanikisha ufanisi huu na talanta za kibinadamu. Bodi inasalia na ujasiri kuhusu kuendelea kukua kwa biashara yetu.

SHUKURANI

Naichukua fursa hii kuwashukuru wafanyakazi wetu na bodi kwa kazi yao maridhawa mwakani, na pia kusema asante kwa wateja na wasambazaji wa bidhaa zetu wote. Tutazidi kutilia maanani mapendekezo yao na pia matakwa yao na hivyo basi kuzidi kuzalisha bidhaa mpya mbalimbali pamoja na kuzidisha viwango vyetu vya utoaji wa huduma.

Zephaniah Gitau Mbugua
Mwenyekiti
Bodi ya Wakurugenzi

Corporate Social Responsibility Report

Once again, your company has as part of its corporate mission remained an active player in the social citizenry space. As the leading cables and conductors' manufacturer in the sub-Sahara region, our obligations to deliver exceptional quality products to the market and an attractive return to the shareholder have been maintained.

Indeed, we attach special interest to ensuring that our processes, systems and operations remain ethical and sustainable for generations to come by remaining a socially responsible corporate citizen.

In all our endeavours, we strive to ensure that we maintain ethical standards and take steps to ensure that we mitigate potential adverse effects from the commercial or environmental aspects of our group operations. We also take pride in sharing with our neighbours by facilitating positive social development within the communities in which we operate and derive our income. In everything we do, we strive to ensure that we shall leave the world a better place than we ever found it.

In the past year, your company has continued to maintain sound practices as regards to corporate integrity, ethics, governance, environmental conservation and sustainability. Still under CSR, we have actively maintained sound policies on employee involvement, recognition, satisfaction and social philanthropy.

One of our key involvements in the past year was our role with the Wildlife Foundation which is a Kenyan registered Non-Governmental Organization based at the Kenya Wildlife Service (KWS) headquarters. The Wildlife Foundation was started in the year 2000 to promote and implement conservation projects in wildlife dispersal areas outside Kenya's national parks, teaming up with KWS and the local Maasai pastoralists who share their savanna grass-lands with abundant wildlife.

As has become customary, we have also been actively involved in a strategic training programme for scores of urban and rural based electrical wiring artisans and technicians.

With the realization that more than 90% of fires on property are attributable to electric faults, we have continued to raise awareness levels on the negative use of substandard cables. Thousands of fundis have received refresher courses on wiring procedures, selection of proper cables and identification of substandard cables.

For the benefit of our own staff and aside from ensuring an ideal working environment, timely remuneration and medical cover, we have continued to roll out a series of medical awareness campaigns for both the staff and their families in topics such as HIV/Aids, Blood donation drives and Breast Cancer awareness.

Ripoti ya Uwajibikaji wa Shirika kwa Jamii

Kwa mara nyingine, kampuni yenu, kama ilivyo lengo lake kwa jamii, imesalia kuwa mtendaji mkuu katika huduma za kijamii kwa raia.

Kama wazalishaji wa nyaya na vipitisha umeme katika eneo la Jangwa la Sahara, wajibu wetu kuzalisha bidhaa zenye ubora wa kipekee kwa wateja na mapato ya kuvutia kwa wabia umedumishwa kulingana na ahadi ya kuwajibika kwa wadau wetu wote.

Katika jitihada zetu zote, tunajitahidi kuhakikisha kwamba tunadumisha viwango vya maadili na kuchukua hatua kuhakikisha kwamba tunapunguza madhara yoyote makuu kutoka kwa mtazamo wa kibiashara au kimazingira katika operesheni za shirika hili. Tunajivunia pia kubadilishana na majirani zetu kwa kudhamini ustawi wa kijamii miongoni mwa jamii tunamoendesha biashara zetu na kupata mapato yetu.

Mwaka uliopita, kampuni yenu ilizidi kudumisha mazoea mema kuhusiana na uadilifu wa kijamii, maadili, utawala, uhifadhi wa mazingira na udumishaji. Aidha, tumedumisha sera bora kuhusu ushirikishi wa wafanyakazi, kutuza, kuridhia na kuzikirimia jamii. Tukiendelea, tunazidi kupitisha sera kadha zilizorekebishwa za uwajibikaji wa shirika kwa jamii ili kuelekeza mchakato wa uzalishaji wetu na mingine. Kuhusu uwekezaji wa kijamii, tumesaidia mashirika mengi yanayojihusisha na ustawi wa kijamii kuwezesha ustawi wa kudumu.

Moja kati ya ushirika wetu mwaka uliopita ilikuwa jukumu letu katika wakfu wa wanyamapori ambao ni shirika la Kenya lisilokuwa la serikali na ambalo limesajiliwa lililoko katika makao makuu ya Shirika la Huduma kwa Wanyamapori (KWS). Wakfu wa wanyamapori ulianzishwa mnamo mwaka wa 2000 ili kukuza na kutekeleza miradi ya uhifadhi katika maeneo walikosambaa wanyamapori, nje ya mbuga za wanyama nchini Kenya, kwa ushirikiano na KWS na wafugaji kutoka jamii ya Wamaasai ambao wanatumia kwa pamoja maeneo ya malisho pamoja na wanyamapori.

Tunavyokuwa kidesturi, tumehusika zaidi pia katika mipango ya mafunzo ya kimkakati kwa mafundi wengi wa stima wa mijini na mashambani. Kwa kutambua kuwa zaidi ya asilimia 90 ya moto kwa mali hutokana na hitilafu za stima, tumelichukulia kuwa jukumu letu kutoa hamasisho kuhusu madhara ya matumizi ya nyaya za viwango duni.

Maelfu ya mafundi wamepata upya mafunzo kuhusu hatua za kuunganisha nyaya, kuchagua nyaya zinazofaa na kutambua zile zisizofaa.

Kwa manufaa ya wafanyakazi wetu mbali na kuhakikisha mazingira bora ya kufanya kazi, mishahara ya wakati ufaao na bima ya afya, mwaka uliopita tulizindua msururu wa kampeni za kutoa mahamasisho ya kiafya kwa wafanyakazi na familia zao katika mada kama UKIMWI, kampeni za utoaji damu na hamasisho kuhusu saratani ya matiti.

Report of Independent Auditors

REPORT ON THE FINANCIAL STATEMENTS

We have audited the consolidated financial statements of East African Cables Limited set out on pages 26 to 57 which comprise the statements of financial position of the group and the company as at 31 December 2011, and the consolidated statement of comprehensive income, consolidated and company statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

As stated on page 14, the directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards in the manner required by the Kenyan Companies Act and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the group and the company at 31 December 2011, and the group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

REPORT ON OTHER LEGAL REQUIREMENTS

As required by the Kenyan Companies Act we report to you, based on our audit, that:

(i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

(ii) in our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books; and

(iii) the statement of financial position of the company is in agreement with the books of account.

KPMG Kenya

KPMG Kenya
Certified Public Accountants (Kenya)
P.O. Box 40612 00100 GPO
Nairobi Kenya

Date: 22 March 2012

Directors, Offices and Statutory Information

DIRECTORS

Zephaniah Mbugua	Chairman
George Mwangi	Managing Director
Peter Kanyago	
Davinder Sikand	Alternate: Peter Njoka
Bruno Thomas*	
Gachao Kiuna	

* French

SECRETARY

Virginia Ndunge
Certified Public Secretary (Kenya)
PO BOX 61120 - 00200
Nairobi

REGISTRARS

Custody & Registrar Services
6th Floor, Bruce House
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PO Box 8484
00100 Nairobi GPO

ADVOCATES

Kaplan & Stratton Advocates
9th Floor, Williamson House
4th Ngong Avenue
PO Box 40111
00100 Nairobi GPO

Muthaura Mugambi Ayugi & Njonjo Advocates
4th Floor, Capitol Hill Square
Upper Hill
PO Box 8418 - 00200
Nairobi

AUDITORS

KPMG Kenya
16th Floor, Lonhro House
Standard Street
PO Box 40612
00100 Nairobi GPO

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

East African Cables Limited
Industrial Area
Addis Ababa Road
PO Box 18243 - 00500
Nairobi

BANKERS

Standard Chartered Bank Kenya Limited
Kenyatta Avenue Branch
PO Box 40310
00100 Nairobi GPO

Citibank NA
Upper Hill Branch
PO Box 30711
00100 Nairobi GPO

Commercial Bank of Africa Limited
Upper Hill Branch
PO Box 30437
00100 Nairobi GPO

Kenya Commercial Bank Limited
Industrial Area Branch
PO Box 18031 - 00500
Nairobi

Ecobank Kenya Limited
Ecobank Towers, 13th Floor
Muindi Mbingu Street
PO Box 49584
00100 Nairobi GPO

Chase Bank (Kenya) Limited
Hurligham Branch
PO Box 66049 - 00800
00100 Nairobi GPO

New Products

Aerial Bundled Conductors [ABC]

Overhead power lines made up of insulated phase conductors tightly knit together with a neutral, moving away from the traditional separated bare conductor cables. This is not only highly reliable but safe.

Halogen Free Fire Retardant [HFFR]

These are cables insulated or sheathed with smoke suppressive chemicals that ensure very little smoke is emitted incase of fire, in addition to the non-emission of toxic gases - Environmentally friendly.

Cross-linked Polyethylene [XLPE]

Low voltage cables insulated with better insulation material that operates at high temperatures. It carries more current than the PVC insulated cables hence more economical and also has excellent resistance to extreme weather.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 KShs'000	2010 KShs'000
Revenue		4,971,665	3,604,366
Cost of sales		(3,696,453)	(2,580,638)
Gross profit		1,275,212	1,023,728
Other income	5	5,080	106,328
Factory expenses		(209,664)	(175,338)
Administrative expenses		(227,240)	(219,395)
Distribution costs		(104,319)	(103,259)
Profit before depreciation, impairment and finance costs		739,069	632,064
Impairment reversals/(losses)	6	11,990	(203,066)
Depreciation and amortisation	7	(174,158)	(126,430)
Results from operating activities		576,901	302,568
Finance income	8	-	22,296
Finance costs	8	(112,145)	(66,219)
Net finance costs	8	(112,145)	(43,923)
Profit before income tax	9	464,756	258,645
Income tax expense	10	(150,026)	(74,795)
Profit for the year		314,730	183,850
Other comprehensive income			
Revaluation surplus on property, plant and equipment		-	750,875
Deferred tax on revaluation surplus	22(a)	-	(213,455)
Foreign currency translation differences on foreign operations		(8,769)	(34,491)
Total other comprehensive income		(8,769)	502,929
Total comprehensive income for the year		305,961	686,779
Profit for the year is attributable to:			
Equity holders of the company		291,564	226,211
Non-controlling interest		23,166	(42,361)
		314,730	183,850
Total comprehensive income attributable to:			
Equity holders of the company		290,872	447,245
Non-controlling interest		15,089	239,534
		305,961	686,779
Basic and diluted earnings per share (2010: Restated)	11	KShs 1.15	KShs 0.89

The notes set out on pages 32 to 57 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Notes	2011 KShs'000	2010 KShs'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	2,244,332	2,376,178
Prepaid operating lease rentals	13	157,868	159,963
Investment property	14	178,581	180,502
Intangible assets	15	4,747	6,116
		2,585,528	2,722,759
Current assets			
Inventories	17	727,918	662,452
Trade and other receivables	18	1,648,425	1,088,600
Cash and cash equivalents		31,161	44,634
		2,407,504	1,795,686
TOTAL ASSETS		**4,993,032**	**4,518,445**
EQUITY AND LIABILITIES			
Capital and reserves (Page 30)			
Issued capital	19(a)	126,563	101,250
Share premium		545	545
Revaluation reserve	19(b)	669,644	669,644
Retained earnings		1,075,665	1,087,852
Foreign currency translation reserve	19(c)	(23,576)	(22,885)
Total equity attributable to equity holders of the company		1,848,841	1,836,406
Non-controlling interest		424,991	409,903
Total equity		**2,273,832**	**2,246,309**
Non-current liabilities			
Bank loans and borrowings	20(a)	150,397	402,630
Liability for staff gratuity	21	21,730	19,297
Deferred tax liability	22(a)	472,761	450,847
		644,888	872,774
Current liabilities			
Bank overdraft		67,816	86,358
Trade and other payables	23	870,333	532,321
Current income tax payable		63,923	53,172
Short-term portion of bank loan	20(a)	1,001,922	712,610
Dividends payable	24	70,318	14,901
		2,074,312	1,399,362
TOTAL EQUITY AND LIABILITIES		**4,993,032**	**4,518,445**

The financial statements on pages 26 to 57 were approved by the Board of Directors on 22 March 2012 and were signed on its behalf by:

Director: ______________ Director: ______________

The notes set out on pages 32 to 57 form an integral part of the financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Notes	2011 KShs'000	2010 KShs'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	1,289,702	1,360,722
Prepaid operating lease rentals	13	109,837	113,609
Investment property	14	60,000	60,000
Intangible assets	15	3,223	3,107
Investment in subsidiary	16	115,037	115,037
		1,577,799	1,652,475
Current assets			
Inventories	17	529,912	542,521
Trade and other receivables	18	1,469,484	1,152,783
Current income tax receivable		-	8,328
Cash and cash equivalents		27,846	44,221
		2,027,242	1,747,853
TOTAL ASSETS		**3,605,041**	**3,400,328**
EQUITY AND LIABILITIES			
Capital and reserves (Page 31)			
Issued capital	19(a)	126,563	101,250
Share premium		545	545
Revaluation reserve	19(b)	397,570	397,570
Retained earnings		1,044,624	1,072,538
		1,569,302	1,571,903
Non-current liabilities			
Bank loan	20(b)	129,156	367,672
Liability for staff gratuity	21	12,717	10,138
Deferred tax liability	22(b)	284,481	282,872
		426,354	660,682
Current liabilities			
Bank overdraft		54,558	77,326
Current tax liabilities		8,537	-
Trade and other payables	23	603,857	479,034
Short-term portion of bank loans and borrowings	20(b)	872,115	596,482
Dividends payable	24	70,318	14,901
		1,609,385	1,167,743
TOTAL EQUITY AND LIABILITIES		**3,605,041**	**3,400,328**

The financial statements on pages 26 to 57 were approved by the Board of Directors on 22 March 2012 and were signed on its behalf by:

Director: ____________________ Director: ____________________

The notes set out on pages 32 to 57 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 KShs'000	2010 KShs'000
Cash generated from operations	26(a)	413,407	445,324
Income taxes paid		(113,491)	(88,895)
Cash generated from operating activities		299,916	356,429
Cash flows from investing activities			
Purchase of property, plant and equipment		(47,367)	(176,972)
Purchase of intangible asset		(3,022)	(1,003)
Cash used in investing activities		(50,389)	(177,975)
Cash flows from financing activities			
Loans and borrowings incurred		3,019,884	1,848,234
Repayment of loans and borrowings		(2,982,805)	(1,822,170)
Interest paid on bank loans and borrowings		(58,516)	(61,879)
Dividend paid		(223,021)	(121,004)
Cash used in financing activities		(244,458)	(156,819)
Net increase in cash and cash equivalents		5,069	21,635
Cash and cash equivalents at 1 January		(41,724)	(63,359)
Cash and cash equivalents at 31 December	**26(b)**	**(36,655)**	**(41,724)**

The notes set out on pages 32 to 57 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

	Share capital KShs '000	Share premium KShs '000	Revaluation reserve KShs '000	Retained earnings KShs '000	Foreign currency translation reserve KShs'000	Total equity attributable to equity holders of company KShs'000	Non-controlling interest KShs'000	Total equity KShs'000
Balance at 1 January 2010	101,250	545	424,024	962,891	1,701	1,490,411	170,369	1,660,780
Comprehensive income for the year								
Profit for the year	-	-	-	226,211	-	226,211	(42,361)	183,850
Other comprehensive income								
Revaluation surplus on property, plant and equipment	-	-	380,621	-	-	380,621	370,254	750,875
Deferred tax on revaluation surplus	-	-	(108,861)	-	-	(108,861)	(104,594)	(213,455)
Transfer	-	-	(26,140)	-	-	(26,140)	26,140	-
Foreign currency translation differences on foreign operations	-	-	-	-	(24,586)	(24,586)	(9,905)	(34,491)
Total comprehensive income	-	-	245,620	226,211	(24,586)	447,245	239,534	686,779
Contributions by and distributions to owners								
Dividend - 2009 paid	-	-	-	(101,250)	-	(101,250)	-	(101,250)
Balance at 31 December 2010	**101,250**	**545**	**669,644**	**1,087,852**	**(22,885)**	**1,836,406**	**409,903**	**2,246,309**
Comprehensive income for the year								
Profit for the year	-	-	-	291,564	-	291,564	23,166	314,730
Other comprehensive income								
Foreign currency translation differences on foreign operations	-	-	-	-	(691)	(691)	(8,078)	(8,769)
Total comprehensive income	-	-	-	291,564	(691)	290,873	15,088	305,961
Contributions by and distributions to owners								
Bonus shares issue (Note 19(a))	25,313	-	-	(25,313)		-		-
Dividend - 2010 paid	-	-	-	(202,500)	-	(202,500)	-	(202,500)
Interim dividend - 2011	-	-	-	(75,938)	-	(75,938)	-	(75,938)
Total distribution to owners of the company	25,313	-	-	(303,751)	-	(278,438)	-	(278,438)
Balance at 31 December 2011	**126,563**	**545**	**669,644**	**1,075,665**	**(23,576)**	**1,848,841**	**424,991**	**2,273,832**

The notes set out on pages 32 to 57 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2011

	Share capital KShs '000	Share premium KShs '000	Revaluation reserve KShs '000	Retained earnings KShs '000	Total KShs'000
Balance at 1 January 2010	101,250	545	402,315	900,538	1,404,648
Comprehensive income for the year					
Profit for the year	-	-	-	272,956	272,956
Other comprehensive income					
Adjustment on revaluation	-	-	(4,745)	-	(4,745)
Foreign currency translation differences for foreign operations	-	-	-	294	294
Total comprehensive income for the year	-	-	(4,745)	273,250	268,505
Contributions by and distributions to owners					
Dividend - 2009 final paid	-	-	-	(101,250)	(101,250)
Balance at 31 December 2010	**101,250**	**545**	**397,570**	**1,072,538**	**1,571,903**
Comprehensive income for the year					
Profit for the year	-	-	-	275,559	275,559
Other comprehensive income					
Foreign currency translation differences for foreign operations	-	-	-	278	278
Total comprehensive income for the year	-	-	-	275,837	275,837
Contributions by and distributions to owners					
Dividend– 2010 paid	-	-	-	(202,500)	(202,500)
Interim dividend- 2011	-	-	-	(75,938)	(75,938)
Bonus shares issue (Note 19(a))	25,313	-	-	(25,313)	-
Total distribution to owners of the company	25,313	-	-	(303,751)	(278,438)
Balance at 31 December 2011	**126,563**	**545**	**397,570**	**1,044,624**	**1,569,302**

The notes set out on pages 32 to 57 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. REPORTING ENTITY
East African Cables Limited ("the Company") is a limited liability company incorporated in Kenya under the Kenyan Companies Act, and is domiciled in Kenya. The consolidated financial statements of the company as at and for the year ended 31 December 2011 comprise the company and its subsidiaries (together referred to as the "Group"). The Group primarily is involved in the manufacture and sale of electrical cables and conductors.

2. BASIS OF PREPARATION

(a) Statement of compliance
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

(b) Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis as modified by revaluation of certain property, plant and equipment, and investment property which is measured at fair value.

(c) Functional and presentation currency
These consolidated financial statements are presented in Kenya shillings (KShs), which is the Company's functional and presentation currency. All financial information presented has been rounded to the nearest thousand except where otherwise indicated.

(d) Use of estimates and judgements
The preparation of financial statements in conformity with IFRSs requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

The estimates and assumptions are based on the Directors' best knowledge of current events, actions, historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3. SIGNIFICANT ACCOUNTING POLICIES
The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

(a) Revenue recognition

(i) Goods sold
Revenue from the sale of goods is measured at the fair value of the consideration receivable, net of value added taxes, returns, trade discounts and volume rebates. Revenue is recognised when the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Transfers of risks and rewards vary depending on the individual terms of the contract of sale, which in most cases occurs on delivery of products.

(ii) Rental income
Rental income on the investment property is recognised in profit or loss on a straight line basis over the term of the lease. Rental income is presented in other income.

(b) Consolidation principles

(i) Subsidiaries
The consolidated financial statements include the Company (which also includes a branch in Uganda) and its subsidiary, East African Cables (Tanzania) Company Limited in which the Group holds 51% of the voting rights and Yana Trading Company Limited in which the company holds 100% voting rights (refer to Note 16).

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until that control ceases. In the company financial statements the investment in subsidiary is carried at cost and assessed for impairment at each reporting date.

(ii) Transactions eliminated on consolidation
All intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group balances, are eliminated in preparing consolidated financial statements.

(iii) Business combinations
All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of acquisition and the fair value of the net identifiable assets acquired. A gain arising on a bargain acquisition is recognised directly in profit or loss.

(c) Foreign currencies

(i) Foreign currency transaction
Transactions in foreign currencies during the year are converted into Kenya Shillings at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the reporting date. Resulting exchange differences are recognised in profit or loss. Non-monetary assets and liabilities measured at historical cost denominated in foreign currency are translated at the exchange rate ruling at the date of transaction.

(ii) Foreign operations
The assets and liabilities of foreign operations (which includes subsidiaries and branches), including fair value adjustments arising on consolidation, are translated to Kenya Shillings at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to Kenya Shillings at rates approximating the foreign exchange rates ruling at the dates of transaction. Foreign exchange differences arising on translation are recognised through other comprehensive income and accumulated as a separate component of equity (foreign currency translation reserve) until the disposal of the foreign operation.

(d) Property, plant and equipment

(i) Recognition and measurement
Items of property, plant and equipment are measured at cost or at the revalued amount (as appropriate) less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and is recognised net within profit or loss and presented within other income/expense. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

(ii) Subsequent costs
The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

(iii) Depreciation
Depreciation is based on the cost of an asset less its residual value. Depreciation is charged on a straight-line basis over the estimated useful lives of the assets. The annual rates of depreciation used are as follows:

Freehold land	Nil
Freehold buildings	2%
Leasehold buildings	Over the shorter of the lease period and the asset's useful life
Plant and machinery	5% - 12.5%
Computers	33.3%
Motor vehicles	25%
Furniture, fittings and equipment	12.5% - 33.3%

Construction work-in-progress is not depreciated.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted as appropriate at each reporting date.

(iv) Reclassification to investment property
When the use of a property changes from owner- occupied to investment property, the property is reclassified as investment property and re-measured to fair value. Any gain arising on re-measurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in equity. Any loss is recognised immediately in profit or loss.

(e) Investment properties
Investment property is property held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in production or supply of goods and services or for administrative purposes.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of an item) is recognized in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation is transferred to retained earnings.

Investment properties are measured at fair value. External valuations are obtained on such a basis as to ensure that substantially all properties are valued once every three years. In the event of a material change in market conditions between the valuation date and the reporting date an internal valuation is performed and adjustments made to reflect any material changes in value.

Surpluses and deficits arising from changes in fair value are recognised in profit or loss for the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

(f) Leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Investment property held under an operating lease is recognised in the Group's statement of financial position at its fair value. Proceeds under these leases are recognised in the profit or loss.

(g) Impairment

(i) Financial assets

At each reporting date the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the future cash flows on the asset than can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Group considers evidence of impairment for loans and receivables at a both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and Receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables.

When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) Non financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Impairment losses in respect of goodwill are not reversed.

(h) Inventories

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

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

(i) Employee benefits

(i) Defined contribution plan

Non-unionisable employees of the Group are eligible for retirement benefits under a defined contribution plan provided through a separate fund arrangement.

Contributions to the defined contribution plan are recognised in profit or loss as incurred. The Group has no further obligation once the contributions have been paid.

(ii) Staff gratuity

Unionisable staff are eligible to a gratuity upon retirement based on 16 days pay if an employee has served 1-5years, 20 days pay if an employee has served 6-10 years and 23 days pay if an employee has served 11 years and above. Gratuity is computed at current salary.

Unionisable employees of East African Cables (Tanzania) Limited are eligible to a gratuity upon retirement based on two months salary for each complete year of service at current salary; the employee's age must also exceed 49 years at the time of retirement. A liability is recognised in the financial statements for estimated amount of such gratuity payable. Gratuity is computed at current salary. Movements in the liability are recognised in profit or loss.

(iii) Leave accrual

The monetary value of the unutilised leave by staff as at year end is carried in the accruals as a payable and the movement in the year is recognised in profit or loss.

(iv) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(j) Taxation

Income tax comprises current tax and change in deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or in equity respectively.

Current tax is provided on the results in the year as shown in the financial statements adjusted in accordance with tax legislation.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

notes

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

(k) Related party transactions
The group discloses the nature, volume and terms and conditions of amounts outstanding at the end of each financial year from transactions with related parties, which include transactions with the directors, executive officers and group or related companies.

(l) Dividends
Dividends are recognised as a liability in the period in which they are declared. Withholding tax is withheld for all cases where the percentage of ownership is less than 12.5%. Proposed dividends are disclosed on Note 19(d).

(m) Financial instruments
A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise.

The Group initially recognises loans and receivables on the date that they are originated and financial liabilities on the date that they are originated.

Management determines the appropriate classification of its financial instruments at the time of purchase and re-evaluates its portfolio every reporting date to ensure that all financial instruments are appropriately classified. The re-classification of financial assets is only permitted in certain instances.

The Group's financial instruments are classified as loans and receivables and financial liabilities at amortised cost.

Financial instruments, not measured at fair value through profit or loss, are measured initially at cost, including transaction costs.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method. These financial liabilities comprise of loans and borrowings, trade and other payables and bank overdrafts.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

A financial asset is derecognised when the contractual rights from the financial asset expire or it transfers the rights to receive the contractual cash flows on the financial asset transferred.

A financial liability is derecognised when its contractual obligations are discharged, cancelled or expire. Financial assets and liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(n) Intangible assets
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software and are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives (3 years) of intangible assets.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(o) Provisions
A provision is recognised in the statement of financial position when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(p) Finance income and expenses
Finance income and expenses comprise interest expense on borrowings and foreign currency losses. Borrowing costs, not relating to qualifying assets, are recognised in profit or loss using the effective interest rate. Foreign exchange gains and losses are report on a gross basis.

(q) Segmental reporting
The Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker.

The Group has three reportable segments which are the Group's geographic locations.

The geographic locations offer similar products to different markets and are managed separately because they require different marketing strategies.

The Group Chief Executive Officer (CEO) reviews the internal management reports on each of the segments on a monthly basis. The performance of each segment is measured on segment profit as included in the management report. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the businesses.

(r) Earnings per share
The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(s) Comparative information
Where necessary, comparative figures have been represented to conform with changes in presentation in the current year.

(t) New standards and interpretations not yet adopted
The following standards, amendments to the standards and interpretation are not yet effective for the year ended 31December 2011, and have not been applied in preparing these consolidated financial statements. These are summarized below and are not expected to have a significant impact on the consolidated financial statements of the Group:

- IFRS 9 ***Financial Instruments***. IFRS 9 will become mandatory for the Group's 2015 consolidated financial statements.
- IFRS 10 ***Consolidated Financial Statements*** (effective for annual periods beginning on or after 1 January 2013).
- IFRS 11 ***Joint Arrangements*** (effective for annual periods beginning on or after 1 January 2013).
- IFRS 12 ***Disclosure of Interests in Other Entities*** (effective for annual periods beginning on or after 1 January 2013).
- IFRS 13 ***Fair Value Measurement*** (effective for annual periods beginning on or after 1 January 2013).
- IAS 19 ***Employee Benefits (Amended)*** (effective for annual periods beginning on or after 1 January 2013).
- IAS 27 (2011) ***Separate Financial Statements.*** (effective 1 January 2013)
- IAS 28 (2011) ***Investments in Associates and Joint Ventures*** (effective 1 January 2013)
- Amendments to IAS 1 ***presentation of items of other comprehensive income*** (effective 1 January 2012)
- Amendments to IAS 12 Deferred tax: ***Recovery of underlying assets statements*** (effective 1 January 2012)
- Amendments to IFRS 7 Disclosures ***– Transfer of financial assets*** (effective for annual period beginning 1 July 2011)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 KShs '000	2010 KShs '000
4. STAFF COSTS		
Direct labour	66,200	61,655
Indirect factory salaries	45,847	48,365
Administration salaries and wages	57,780	54,631
Distribution salaries and wages	34,830	27,720
Re-organisation costs	-	10,198
Pension contributions	11,336	9,178
	215,993	**211,747**
5. OTHER INCOME		
Fair value gain on investment property	-	97,864
Rental income	5,080	5,090
Other	-	3,374
	5,080	**106,328**
6. IMPAIRMENT LOSSES		
Impairment on inventory	-	58,782
Receivables impairment (recovered)/losses	(11,990)	86,551
Write off of unreconciled differences	-	57,733
	(11,990)	**203,066**
7. DEPRECIATION AND AMORTISATION		
Depreciation	165,083	118,097
Amortisation of intangible assets	4,417	3,685
Amortisation of operating lease rentals	4,658	4,648
	174,158	**126,430**
8. NET FINANCE COST		
Finance income		
Net gain on exchange	-	22,296
Finance cost		
Interest paid	(58,516)	(61,879)
Net loss on exchange	(53,629)	(4,340)
	(112,145)	(66,219)
Net finance cost	**(112,145)**	**(43,923)**

	2011 KShs '000	2010 KShs '000
9. PROFIT BEFORE TAX		
Profit before tax is arrived at after charging/(crediting):		
Depreciation expense (Note 12)	165,083	118,097
Amortisation of operating lease rentals (Note 13)	4,658	4,648
Amortisation of intangible assets (Note 15)	4,417	3,685
Interest expense (Note 8)	58,516	61,879
Executive officers' remuneration (Note 25)	10,710	10,200
Directors' emoluments: - Fees (Note 25)	13,779	15,533
- Other (Note 25)	3,411	4,607
Auditors' remuneration	4,070	4,407
Re-organisation costs (Note 4)	-	10,198
Write off of property, plant and equipment	473	2,911
Fair value gain on investment property (Note 14)	-	(97,864)
10. INCOME TAX		
Current tax expense – current year	124,242	101,940
Previous year's over provision	-	(1,720)
	124,242	100,220
Deferred tax charge/(credit) (Note 22)	25,784	(32,845)
Deferred tax on a branch written off	-	7,420
	150,026	**74,795**
The tax on the consolidated results differs from the theoretical amount using the basic tax rate as follows:		
Profit before income tax	**464,756**	**258,645**
Tax calculated at the statutory income tax rate of 30%	139,427	77,593
Prior years' under provision	-	(1,720)
Less non-taxable income	-	(1,078)
Non-deductible costs	10,599	-
	150,026	**74,795**
11. BASIC AND DILUTED EARNINGS PER SHARE		
The calculation of basic and diluted earnings per share is based on:		
Profit attributable to ordinary shareholders (KShs'000)	291,564	226,211
Weighted average number of ordinary shares outstanding during the year (2010 – Restated)	253,125	253,125
Basic and diluted earnings per share	**KShs 1.15**	**KShs 0.89**

notes

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

12. PROPERTY, PLANT AND EQUIPMENT

(a) Group 2011:	Leasehold buildings KShs'000	Plant and machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings & equipment KShs'000	Construction work in progress KShs'000	Total KShs'000
Cost or valuation:						
At 1 January 2011	1,377,713	1,103,305	44,003	32,263	-	2,557,284
Additions	-	30,060	8,072	7,435	1,800	47,367
Write offs	-	(414)	-	(175)	-	(589)
Exchange differences	(10,968)	(6,478)	1,348	(211)	-	(16,309)
At 31 December 2011	1,366,745	1,126,473	53,423	39,312	1,800	2,587,753
Depreciation:						
At 1 January 2011	13,800	132,696	15,959	18,651	-	181,106
Charge for the year	42,271	108,615	8,147	6,050	-	165,083
Write offs	-	-	-	(116)	-	(116)
Exchange differences	(1,402)	(802)	(289)	(159)	-	(2,652)
At 31 December 2011	54,669	240,509	23,817	24,426	-	343,421
Net carrying value:						
At 31 December 2011	**1,312,076**	**885,964**	**29,606**	**14,886**	**1,800**	**2,244,332**
2010:						
Cost or valuation:						
At 1 January 2010	779,402	863,149	48,474	41,785	132	1,732,942
Additions	-	31,708	-	1,715	143,549	176,972
Transfers	-	143,681	-	-	(143,681)	-
Transfer to investment properties (Note 14)	(32,415)	-	-	-	-	(32,415)
Write offs	-	(841)	4,331	(10,093)	-	(6,603)
Surplus/losses on revaluation	635,021	67,868	(7,542)	-	-	695,347
Revaluation adjustment	-	9,084	-	6	-	9,090
Exchange differences	(4,295)	(11,344)	(1,260)	(1,150)	-	(18,049)
At 31 December 2010	1,377,713	1,103,305	44,003	32,263	-	2,557,284
Depreciation:						
At 1 January 2010	14,300	69,415	22,045	18,126	-	123,886
Charge for the year	17,703	84,226	8,134	8,034	-	118,097
Transfer to investment properties (Note 14)	(7,735)	-	-	-	-	(7,735)
Write offs	2,516	(2,261)	2,824	(6,771)	-	(3,692)
Depreciation on Revaluation surplus	(12,384)	(31,364)	(16,525)	-	-	(60,273)
Revaluation adjustment	-	14,159	-	(324)	-	13,835
Exchange differences	(600)	(1,479)	(519)	(414)	-	(3,012)
At 31 December 2010	13,800	132,696	15,959	18,651	-	181,106
Net carrying value:						
At 31 December 2010	**1,363,913**	**970,609**	**28,044**	**13,612**	**-**	**2,376,178**

12.PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Company 2011:	Leasehold buildings KShs'000	Plant and machinery KShs'000	Motor vehicles KShs'000	Furniture, fittings & equipment KShs'000	Construction work in progress KShs'000	Total KShs'000
Cost or valuation:						
At 1 January 2011	689,998	803,484	22,243	19,057	-	1,534,782
Additions	-	27,821	8,072	5,456	1,614	42,963
Write offs	-	(414)	-	(175)	-	(589)
At 31 December 2011	689,998	830,891	30,315	24,338	1,614	1,577,156
Depreciation:						
At 1 January 2011	13,800	130,268	15,958	14,034	-	174,060
Charge for the year	13,800	93,104	2,296	4,310	-	113,510
Write offs	-	-	-	(116)	-	(116)
At 31 December 2011	27,600	223,372	18,254	18,228	-	287,454
Net carrying value:						
At 31 December 2011	**662,398**	**607,519**	**12,061**	**6,110**	**1,614**	**1,289,702**
2010:						
Cost or valuation:						
At 1 January 2010	689,998	627,003	22,243	17,849	132	1,357,225
Additions	-	30,841	-	1,715	143,549	176,105
Transfers	-	143,681	-	-	(143,681)	-
Write offs	-	(7,125)	-	(513)	-	(7,638)
Revaluation adjustment	-	9,084	-	6	-	9,090
At 31 December 2010	**689,998**	**803,484**	**22,243**	**19,057**	**-**	**1,534,782**
Depreciation:						
At 1 January 2010	-	44,194	14,282	12,300	-	70,776
Charge for the year	13,800	72,440	1,676	2,058	-	89,974
Write offs/disposals	-	(525)	-	-	-	(525)
Revaluation adjustment	-	14,159	-	(324)	-	13,835
At 31 December 2010	13,800	130,268	15,958	14,034	-	174,060
Net carrying value:						
At 31 December 2010	**676,198**	**673,216**	**6,285**	**5,023**	**-**	**1,360,722**

Revaluation

The buildings, plant and machinery of the company were revalued in December 2009 by Lloyd Masika Limited, a firm of independent professional valuers on the basis of open market value for existing use. The increase in net carrying value as a result of the revaluation is dealt with through other comprehensive income.

All the property, plant and equipment of the subsidiary, East African Cables (Tanzania) Limited, were revalued in December 2010 by Lloyd Masika Limited, a firm of independent professional valuers on the basis of open market value for existing use. The resulting revaluation surplus is dealt with through other comprehensive income.

Security

At 31 December 2011, property with a carrying amount of KShs 870 million (2010 – KShs 870 million) are subject to a registered debenture to secure a bank loan facility for the company.

The subsidiary has charged property, plant and equipment of KShs 155,502,392.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

13. PREPAID OPERATING LEASE RENTALS	2011 KShs'000	2010 KShs'000
Group:		
Carrying value of leasehold land at 1 January	159,963	167,174
Amortisation for the year	(4,658)	(4,648)
Exchange adjustment	2,563	(2,563)
Balance at 31 December	**157,868**	**159,963**
Company:		
Carrying value of leasehold land at 1 January	113,609	117,380
Amortisation for the year	(3,772)	(3,771)
Balance at 31 December	**109,837**	**113,609**

14. INVESTMENT PROPERTIES	2011 KShs'000	2010 KShs'000
Group:		
At 1 January	180,502	60,000
Transfer from property, plant and equipment (Note 12):		
– Cost	-	32,415
– Depreciation	-	(7,735)
Change in fair value	-	97,864
Exchange differences	(1,921)	(2,042)
At 31 December	**178,581**	**180,502**
Company:		
At 1 January and 31 December	**60,000**	**60,000**

Investment properties comprise of residential houses that have been leased to third parties.

The investment properties of parent company and of the subsidiary, East African Cables (Tanzania) Limited, were revalued in December 2009 and December 2010 respectively by Lloyd Masika Limited, a firm of independent professional valuers on the basis of open market value for existing use. The open market values are the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The resulting fair value change is dealt with through profit or loss.

15. INTANGIBLE ASSETS	2011 KShs '000	2010 KShs '000
Computer software:		
Group:		
Net carrying value at 1 January	6,116	7,997
Additions during the year	3,022	1,003
Amortisation for the year	(4,417)	(3,685)
Exchange adjustment	26	801
Net carrying value at 31 December	**4,747**	**6,116**
Company:		
Net carrying value at 1 January	3,107	3,535
Additions during the year	3,022	1,003
Amortisation for the year	(2,906)	(1,431)
Net carrying value at 31 December	**3,223**	**3,107**

16. INVESTMENT IN SUBSIDIARY COMPANY	2011 KShs '000	2010 KShs '000
East African Cables (Tanzania) Limited	115,037	115,037

On 31 October 2005, the Company purchased 51% of the share capital of East African Cables (Tanzania) Limited, a company incorporated in Tanzania.

The company also owns Yana Trading Limited a company incorporated in South Africa which is dormant.

The overall results of operations for the subsidiary, East African Cables (Tanzania) Limited is as follows:

	2011 KShs '000	2010 KShs '000
Revenue for the year ended 31 December	**987,844**	**607,916**
Profit/(loss) after tax for the year ended 31 December	**48,164**	**(85,575)**

17. INVENTORIES		
Group		
Raw materials	184,195	221,499
Finished goods	393,697	239,220
Work in progress	87,055	153,880
Strategic spares and lubricants	58,484	45,446
Stationery and printing	4,487	2,407
	727,918	**662,452**
Company		
Raw materials	139,058	201,120
Finished goods	302,924	171,798
Work in progress	52,790	139,924
Strategic spares and lubricants	33,711	29,012
Stationery and printing	1,429	667
	529,912	**542,521**

18. TRADE AND OTHER RECEIVABLES	2011 KShs '000	2010 KShs '000
Group		
Trade receivables	1,356,889	964,471
Prepaid expenses	9,436	47,177
Due from related parties (Note 25 (c)	47,717	47,213
Prepayments	234,383	29,739
	1,648,425	**1,088,600**
Company		
Trade receivables	983,913	774,131
Prepaid expenses	576	649
Prepayments	159,200	87,329
Due from subsidiary (Note 25 (c)	302,329	260,380
Due from other related parties (Note 25 (c)	23,466	30,294
	1,469,484	**1,152,783**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

19. CAPITAL AND RESERVES

(a) Share capital
Group and Company:
Authorised, issued and fully paid:

	2011 Number of shares (Thousands)	2011 KShs'000	2010 Number of shares (Thousands)	2010 KShs'000
Ordinary shares of KShs 0.50 each at 1 January	202,500	101,250	202,500	101,250
Bonus shares issued in the year	50,625	25,313	-	-
Ordinary shares of KShs 0.50 each at 31 December	**253,125**	**126,563**	**202,500**	**101,250**

During the year, the company issued a bonus of 1 ordinary share for every 4 ordinary shares held.

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

(b) Revaluation reserve
The revaluation reserve related to the revaluation of property, plant and equipment and investment property revaluation prior to transfer on reclassification as investment property.

The revaluation reserve is stated net of the associated deferred tax and is not available for distribution as dividends.

(c) Foreign currency translation reserve
The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statement of foreign operations, which include subsidiaries and branches.

(d) Dividend per share
The directors have proposed the payment of a final dividend of KShs 0.50 per share in respect of the year ended 31 December 2011. This together with the interim dividend of KShs 0.30 per share already paid brings the total dividend to KShs 0.80 (2010 – KShs 1.00) per share. The dividend will be paid less withholding tax where applicable.

20. BANK FACILITY

	2011 KShs'000	2010 KShs'000
(a) Group		
Bank loan:		
Standard Chartered Bank Kenya Limited	917,431	964,155
Standard Chartered Bank Tanzania Limited	122,882	116,127
Kenya Commercial Bank Tanzania Limited	28,166	34,958
Ecobank Kenya Limited	83,840	-
	1,152,319	**1,115,240**
Comprising:		
Non current liability	150,397	402,630
Current liability	1,001,922	712,610
	1,152,319	**1,115,240**

	KShs'000	KShs'000
(b) Company		
Bank loan:		
Standard Chartered Bank Kenya Limited	917,431	964,155
Ecobank Kenya Limited	83,840	-
	1,001,271	**964,155**
Comprising:		
Non current liability	129,156	367,672
Current liability	872,115	596,482
	1,001,271	**964,154**

Kenya:
The company entered into a facility with a bank and is secured over certain land and buildings for KShs 870 million and a debenture over all assets of the company for KShs 2.1 billion (2010 - KShs 1.84 billion). The bank facility comprises overdraft, term loan, letters of credit, bonds/guarantee and forex dealing.

Tanzania:
The subsidiary, East African Cables (Tanzania) Limited, has a bank overdraft for working capital management and a short term post-import financing loan with Standard Bank (Tanzania) Limited. The facility is charged against the leasehold land and moveable assets of the subsidiary. The subsidiary also has a long term facility of KShs 44 million equivalent with Kenya Commercial Bank Tanzania Limited for the purchase of machinery. The loan is secured by the machinery purchased.

21. RETIREMENT BENEFITS OBLIGATIONS

	Balance at 1/1/2011 KShs'000	Movement KShs'000	Balance at 31/12/2011 KShs'000
2011:			
Group			
Staff gratuity	**19,297**	**2,433**	**21,730**
Company			
Staff gratuity	**10,138**	**2,579**	**12,717**

	Balance at 1/1/2010 KShs'000	Movement KShs'000	Balance at 31/12/2010 KShs'000
2010:			
Group			
Staff gratuity	**17,116**	**2,181**	**19,297**
Company			
Staff gratuity	**7,496**	**2,642**	**10,138**

The Company operates a defined contribution retirement benefits scheme for its non-unionisable employees. The scheme is administered independently by Eagle Africa Insurance Brokers Limited and is funded by contributions from both the company and the employees. The scheme's funds are managed by Old Mutual Asset Managers (Kenya) Limited. During the year, the company expensed KShs 5,823,000 (2010 – KShs 5,140,000) in contributions payable. The group expensed KShs 11,336,000 (2010 – KShs 11,931,190).

Staff affiliated with unions are eligible to a gratuity upon retirement based on 16 days pay if an employee has served 1-5years, 20 days pay if an employee has served 6-10 years and 23 days pay if an employee has served 11 years and above. Gratuity is computed at current salary. A provision is made in the financial statements for the estimated liability of such gratuity payable.

The subsidiary makes statutory contributions to the National Social Security Fund (NSSF) and the Parastatal Pension Fund (PPF). The subsidiary's obligations in respect of contributions to such funds are 15% of the employee basic salary in respect of PPF and 10% of the employee gross emoluments in respect of NSSF. Contributions to these pension funds are recognised as an expense in the period the employee renders the relative service.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

22. DEFERRED TAX LIABILITIES

(a) Group

Movements in the deferred tax liabilities during the year are as follows:

2011:	Balance at 1 January KShs'000	Recognised through statement of comprehensive income KShs'000	Recognised through equity KShs'000	Exchange difference KShs'000	Balance at 31 December KShs'000
Staff gratuity provision	(5,789)	(773)	-	43	(6,519)
Other provisions and accruals	(115,344)	13,270	-	885	(101,189)
Tax loss	(18,383)	19,027	-	(644)	-
Property, plant and equipment	583,631	(28,211)	-	(5,632)	549,788
Unrealised exchange gain	6,732	22,471	-	1,478	30,681
	450,847	**25,784**	**-**	**(3,870)**	**472,761**
2010:					
Staff gratuity provision	(5,135)	(794)	-	140	(5,789)
Other provisions and accruals	(75,013)	(44,228)	-	3,897	(115,344)
Tax loss	-	(18,809)	-	426	(18,383)
Property, plant and equipment	360,156	15,205	213,455	(5,185)	583,631
Unrealised exchange gain	(9,049)	15,781	-	-	6,732
	270,959	**(32,845)**	**213,455**	**(722)**	**450,847**

(b) Company

Movements during the year are as follows:

2011:	Balance at 1 January KShs'000	Recognised through statement of comprehensive income KShs'000	Balance at 31 December KShs'000
Staff gratuity provision	(3,042)	(773)	(3,815)
Other provisions and accruals	(21,433)	798	(20,635)
Unrealised exchange gain	8,209	23,948	32,157
Property, plant and equipment	299,138	(22,364)	276,774
	282,872	**1,609**	**284,481**
2010:			
Staff gratuity provision	(2,249)	(793)	(3,042)
Other provisions and accruals	(8,775)	(12,658)	(21,433)
Unrealised exchange gain	(9,049)	17,258	8,209
Property, plant and equipment	277,957	21,181	299,138
	257,884	**24,988**	**282,872**

23. TRADE AND OTHER PAYABLES

	2011 KShs'000	2010 KShs'000
Group:		
Trade payables	689,009	470,675
Due to related parties (Note 25 (d))	396	63
Other payables and accrued expenses	180,928	62,583
	870,333	**532,321**
Company:		
Trade payables	580,079	412,497
Other payables and accrued expenses	23,778	66,537
	603,857	**479,034**

24. DIVIDEND PAYABLE

The movement in the dividend payable account is as follows:

	Group 2011 KShs'000	Group 2010 KShs'000	Company 2011 KShs'000	Company 2010 KShs'000
At beginning of year	14,901	34,655	14,901	34,655
Declared during the year	278,438	101,250	278,438	101,250
Paid during the year	(223,021)	(121,004)	(223,021)	(121,004)
At end of year	**70,318**	**14,901**	**70,318**	**14,901**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

25. RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties:

(a) Directors and executives officers

The total remuneration of directors and executive officers is as follows:

	2011 KShs'000	2010 KShs'000
Directors (Note 9) – Fees	13,779	15,533
– Others	3,411	4,607
Executive officers' remuneration	10,710	10,200
	27,900	**30,340**

(b) Amounts due from the directors

This relates to balance from managing director's expense account.

The terms and conditions of the transactions with key management personnel were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

(c) Due from related parties

	2011 KShs'000	2010 KShs'000
Group:		
Kewberg Cables & Braids (Pty) Limited	5,181	4,097
Cableries du Congo	392	24,473
Abcon Group of Companies	-	1,131
Tanalec Limited	41,117	17,512
Avery East Africa Limited	1,027	-
	47,717	**47,213**
Company:		
Subsidiary		
East African Cables (Tanzania) Limited	302,329	260,380
Other related parties		
Kewberg Cables & Braids (Pty) Limited	5,181	4,097
Cableries du Congo	392	24,473
Abcon Group of Companies	-	1,131
Tanalec Limited	17,529	593
Avery East Africa Limited	364	-
	325,795	**290,674**

(d) Amounts due to related parties

	2011 KShs'000	2010 KShs'000
Group:		
Avery East Africa Limited	**396**	**63**
Company:		
Avery East Africa Limited	**396**	**-**

All entities mentioned in (c) and (d) above have common ownership with the Group. All outstanding balances with these related parties are priced on an arm's length basis and on the same terms and conditions as those entered into by other Group employees or customers. None of the balances is secured.

The company has a secured bank borrowing with a related party of KShs 83,840,000 as at 31 December 2011 (2010 – Nil).

26. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before tax to cash flow from operating activities	2011 KShs'000	2010 KShs'000
Profit before tax	464,756	258,645
Adjustments for:		
Depreciation	165,083	118,097
Amortisation of prepaid operating lease	4,658	4,648
Amortisation of intangible assets	4,417	3,685
Property, plant and equipment write off	473	2,911
Fair value gain on investment property	-	(97,864)
Interest expense	58,516	61,879
Net foreign currency changes	350	(16,371)
Increase in provision for staff gratuity	2,433	2,180
Operating profit before working capital changes	**700,686**	**337,810**
(Increase)/decrease in inventories	(65,466)	48,612
Increase in trade and other receivables	(559,825)	(111,640)
Increase in trade and other payables	338,012	170,542
Cash generated from operations	**413,407**	**445,324**

(b) Cash and cash equivalents at 31 December	2011 KShs'000	2010 KShs'000	Change in year KShs'000
Bank overdraft	(67,816)	(86,358)	18,542
Cash and bank balances	31,161	44,634	(13,473)
	(36,655)	**(41,724)**	**5,069**

27. CONTINGENT LIABILITIES

Claims have been made by certain former employees of the Group and Company resulting from termination of employment. However, in the opinion of the Directors, a significant liability is unlikely to crystallise and cannot be currently established.

Guarantees with the bankers amounted to KShs 288,880,650 as at 31 December 2011 (2010 – KShs 112,739,927). Letters of credit amounted to KShs 570,101,710 (2010 – KShs 280,676,369) as at 31 December 2011.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2011

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Group has exposure to the following risks from its use of financial instruments:

(a) Credit risk;
(b) Liquidity risk; and
(c) Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The board of directors has overall responsibility for the establishment and oversight the Group's risk management framework. The finance department identifies, evaluates and addresses financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, and investing excess liquidity.

The Board of Directors oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group has a stringent debt provisioning policy that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main component of this allowance is specific loss component that relates to individually significant exposures.

The Group also manages the level of credit risk by focusing on customer satisfaction as a key performance indicator. It also maintains a short credit period. Due to the nature of the Group's activities, credit risk concentrations are high due to reliance on some customers and as such close monitoring of credit relationships is carried out.

The carrying amount of financial assets represents the maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	Carrying amount 2011 KShs'000	2010 KShs'000
Trade receivables	1,356,889	964,471
Cash and cash equivalents	31,161	44,634
	1,388,050	**1,009,105**

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Guarantees

The Group obtains financial guarantees in the ordinary course of business for the supply of goods from certain suppliers. At 31 December 2011, the guarantees outstanding were KShs 289 million (2010 - KShs 113 million).

Short term deposits

The Group limits its exposure to credit risk by only investing in short term deposits in money market.

Impairment losses

The aging of trade receivables at the reporting date was:

	Gross 2011 KShs'000	Allowance for impairment 2011 KShs'000	Net 2011 KShs'000	Gross 2010 KShs'000	Allowance for impairment 2010 KShs'000	Net 2010 KShs'000
Not past due	308,347	-	308,347	248,063	-	248,063
Past due 0-90 days	512,761	-	512,761	301,538	-	301,538
Past due 90-365 days	391,224	-	391,224	314,562	-	314,562
More than one year	282,015	(137,458)	144,557	247,429	(147,121)	100,308
	1,494,347	**(137,458)**	**1,356,889**	**1,111,592**	**(147,121)**	**964,471**

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 60 days as it relates to customers that have a good payment record with the Group.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2011 KShs'000	2010 KShs'000
Balance at 1 January	147,121	62,500
Impairment loss recognised	15,444	86,550
Impairment loss reversed	(30,021)	-
Exchange differences	4,914	(1,929)
Balance at 31 December	**137,458**	**147,121**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The maturities of the Group's financial liabilities are shown below:

31 December 2011:	Due within 3 months KShs'000	Due between 3-12 months KShs'000	Due between 1-5 years KShs'000	Due after 5 years KShs'000	Total KShs'000
Financial liabilities					
Bank overdraft	(67,816)	-	-	-	(67,816)
Loans and borrowings	(833,263)	(156,130)	(162,926)	-	(1,152,319)
Trade payables	(689,009)	-	-	-	(689,009)
At 31 December 2011	**(1,590,088)**	**(156,130)**	**(162,926)**	**-**	**(1,909,144)**
31 December 2010:					
Financial liabilities					
Bank overdraft	(86,358)	-	-	-	(86,358)
Loans and borrowings	(661,217)	(57,292)	(396,731)	-	(1,115,240)
Trade payables	(470,675)	-	-	-	(470,675)
At 31 December 2010	**(1,218,250)**	**(57,292)**	**(396,731)**	**-**	**(1,672,273)**

In addition, the Group maintains the following lines of credit:
- KShs 70 million overdraft facility that is secured. Interest is payable at the rate of 14%;
- KShs 900 million letter of credit facility for importation of raw copper; and
- USD 4.2m letter of credit facility for importation of raw aluminium.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets (including investments) and interest bearing liabilities mature or reprice at different times or in differing amounts. Risk management activities are aimed at optimizing net interest income, given market interest rates levels consistent with the company's business strategies. The company does not have any significant interest rate risk exposures.

The table below summarises the exposure to interest rate risks. Included in the table below are the Group's assets and liabilities at carrying amounts, categorized by the earlier of contractual repricing or maturity dates:

At 31 December 2011	Average effective interest rate	Due within 3months KShs '000	Due between 3 and 12 months KShs '000	Due between 1 and 5 years KShs '000	Non interest bearing KShs '000	Total KShs'000
Bank overdraft	8.00%	(67,816)	-	-	-	(67,816)
Bank loans and borrowings	14.00%	(833,263)	(156,130)	(162,926)	-	(1,152,319)
On statement of financial position interest sensitivity gap		**(901,079)**	**(156,130)**	**(162,926)**	**-**	**(1,220,135)**
At 31 December 2010						
Bank overdraft	15.50%	(86,358)	-	-	-	(86,358)
Bank loans and borrowings	10.35%	(661,217)	(57,292)	(396,731)	-	(1,115,240)
On statement of financial position interest sensitivity gap		**(747,575)**	**(57,292)**	**(396,731)**	**-**	**(1,201,598)**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Currency risk

The company is exposed to currency risk through transactions in foreign currencies. Foreign currency gains and losses are recognised in profit or loss.

In respect of monetary assets and liabilities in foreign currencies, the company ensures that its net exposure is kept to an acceptable level by buying foreign currencies at spot rates to enable the company to meet its obligations.

The Group's exposure to currency risk mainly arises from transactions denominated in US Dollar.

The Group's exposure to foreign currency risk was as follows based on notional amounts in US dollars:

	2011 KShs'000	2010 KShs'000
Financial assets		
Cash and cash equivalents	1,156	6,998
Trade receivables	823,228	255,621
Financial liabilities		
Bank overdraft	(53,304)	(77,326)
Bank loan	(866,224)	(712,610)
Trade payables	(649,529)	(686,838)
Net exposure	**(744,673)**	**(1,214,155)**

The following significant exchange rates applied during the year:

	Closing rate		Average rate	
	2011 KShs	2010 KShs	2011 KShs	2010 KShs
USD	85.07	80.75	88.73	79.47

Sensitivity analysis

A 10 percent strengthening/weakening of the Kenya shilling against the following currencies would have increased profit or loss by amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2010:

	Profit or loss KShs'000
At 31 December 2011: USD	74,467
At 31 December 2010: USD	121,415

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and the benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Board's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital and the level of dividend payout to its shareholders.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated statement of financial position plus net debt. The gearing ratio at end of the reporting period was as follows:

	2011 KShs'000	2010 KShs'000
Borrowings		
Bank loans	1,152,319	1,115,240
Bank overdraft	67,816	86,358
Cash and bank balances	(31,161)	(44,634)
Net debt	**1,188,974**	**1,156,964**
Total equity	**1,847,824**	**1,836,406**
Gearing ratio	**64%**	**63%**

The group has consistently maintained a strong credit rating of BBB+ on long-term borrowing and A2 on short term borrowing.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

29. SEGMENTAL REPORTING

	Kenya		Uganda		Tanzania		Consolidated	
	2011 KShs '000	2010 KShs '000	2011 KShs '000	2010 KShs '000	2011 KShs '000	2010 KShs '000	2011 KShs '000	2010 KShs '000
External sales	4,048,031	2,999,531	23,325	53,414	987,844	607,916	5,059,200	3,660,861
Inter-segment sales	(32,243)	(56,495)	-	-	(55,292)	-	(87,535)	(56,495)
Total sales	**4,015,788**	**2,943,036**	**23,325**	**53,414**	**932,552**	**607,916**	**4,971,665**	**3,604,366**
Segment profit from operations	482,381	445,115	(1,862)	(2,684)	96,382	(139,863)	576,901	302,568
Net finance income/(costs)	(89,204)	(41,650)	829	1,271	(23,770)	(3,544)	(112,145)	(43,923)
Income tax expense	(125,578)	(125,208)	-	(7,419)	(24,448)	57,832	(150,026)	(74,795)
Profit for the year	**267,599**	**278,257**	**(1,033)**	**(8,832)**	**48,164**	**(85,575)**	**314,730**	**183,850**
Attributable to: Equity holders of parent								
- Company	267,599	278,257	(1,033)	(8,832)	8,993	3,531	275,559	272,956
- Subsidiary	-	-	-	-	16,005	(46,745)	16,005	(46,745)
	267,599	278,257	(1,033)	(8,832)	24,998	(43,214)	291,564	226,211
Non-controlling interest	-	-	-		23,166	(42,361)	23,166	(42,361)
Profit for the year	**267,599**	**278,257**	**(1,033)**	**(8,832)**	**48,164**	**(85,575)**	**314,730**	**183,850**
Other information:								
Additions to property, plant and equipment	42,963	176,105	-	-	4,404	867	47,367	176,972
Additions to intangible assets	3,022	1,003	-	-	-	-	3,022	1,003
Segment assets	3,212,634	2,954,809	20,847	35,294	1,759,551	1,528,342	4,993,032	4,518,445
Segment liabilities	1,673,709	1,409,675	29,347	43,040	1,016,144	819,421	2,719,200	2,272,136
Capital expenditure	45,985	177,108	-	-	4,404	867	50,389	177,975
Depreciation expense	113,510	89,973	-	-	51,573	28,124	165,083	118,097
Amortisation of operating leases	3,771	3,771	-	-	887	877	4,658	4,648
Amortisation of intangible assets	2,906	1,431	-	1,016	1,511	1,238	4,417	3,685

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period. Segment revenue is based on the geographical location of both customers and assets. The Tanzanian operation was acquired on 27 October 2005 and the company also set up a branch in Uganda in June 2006.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

30. CAPITAL COMMITMENTS	2011 KShs '000	2010 KShs '000
Authorised and contracted for	127,319	-

31. ULTIMATE HOLDING COMPANY

The ultimate holding company is Trans-Century Limited, a company incorporated in Kenya.

COMPANY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 KShs'000	2010 KShs'000
Revenue	**4,051,796**	**3,005,428**
Cost of sales	(3,025,349)	(2,142,722)
Gross profit	**1,026,447**	**862,706**
Other income	1,270	27,138
Factory expenses	(156,327)	(108,453)
Administrative expenses	(166,552)	(145,717)
Distribution costs	(87,802)	(81,883)
Profit before depreciation, impairment and finance costs	**617,036**	**553,791**
Impairment losses	(15,444)	(14,347)
Depreciation and amortisation	(120,188)	(95,175)
Results from operating activities	**481,404**	**444,269**
Finance income	-	20,610
Finance cost	(80,267)	(59,296)
Net finance cost	(80,267)	(38,686)
Profit before income tax	**401,137**	**405,583**
Income tax expense	(125,578)	(132,627)
Profit for the year	**275,559**	**272,956**
Other comprehensive income		
Revaluation of property, plant and equipment	-	(4,745)
Foreign currency translation on foreign operations	278	294
Total other comprehensive income	278	(4,451)
Total comprehensive income for the year	**275,837**	**268,505**

FIVE YEAR FINANCIAL RECORD

STATEMENT OF COMPREHENSIVE INCOME SUMMARY

	2007 Consolidated KShs'000	2008 Consolidated KShs'000	2009 Consolidated KShs'000	2010 Consolidated KShs'000	2011 Consolidated KShs'000
Sales	3,462,139	3,929,312	2,811,861	3,604,366	4,971,665
Profit before tax	597,486	669,927	526,444	258,645	464,756
Tax	(180,361)	(207,167)	(230,411)	(74,795)	(150,026)
Profit after tax	417,125	462,760	296,033	183,850	314,730
Non-controlling interest	(43,097)	(70,518)	12,031	42,361	(23,166)
Profit attributable to parent company shareholders	374,028	392,242	308,064	226,211	291,564
Dividends	(182,250)	(202,500)	(202,500)	(202,500)	(202,500)
Retained profit	191,778	189,742	105,564	23,711	89,064
Earnings per share (KShs) - Restated	1.48	1.55	1.22	0.89	1.15
Dividend per share (KShs)	0.90	1.00	1.00	1.00	0.80

STATEMENT OF FINANCIAL POSITION

	2007	2008	2009	2010	2011
Non-current assets	981,352	1,070,195	1,844,227	2,722,759	2,585,528
Current assets	2,228,347	1,973,398	1,699,156	1,795,686	2,407,504
TOTAL ASSETS	**3,209,699**	**3,043,593**	**3,543,383**	**4,518,445**	**4,993,032**
Equity and liabilities					
Share capital	101,250	101,250	101,250	101,250	126,563
Reserves	843,878	1,053,870	1,387,460	1,758,041	1,745,854
Exchange differences	(10,677)	(6,700)	1,701	(22,885)	(23,576)
Non-controlling interest	167,894	218,419	170,369	409,903	424,991
Total equity	**1,102,345**	**1,366,839**	**1,660,780**	**2,246,309**	**2,273,832**
Non-current liabilities	**671,922**	**488,078**	**635,519**	**872,774**	**644,888**
Current liabilities	**1,435,432**	**1,188,676**	**1,247,084**	**1,399,362**	**2,074,312**
TOTAL EQUITY AND LIABILITIES	**3,209,699**	**3,043,593**	**3,543,383**	**4,518,445**	**4,993,032**

NOTES

PROXY FORM

To:
The Company Secretary
East African Cables Limited
P.O Box 61120 – 00200, City Square
Nairobi, Kenya

I/We ______________________________

of ______________________________

Being a member (s) of East African Ltd, hereby appoint______________________________

Of ______________________________

Or failing him/her ______________________________

Of ______________________________

To vote for me/us/on my/our behalf at the 47th Annual General Meeting of the said company to be held at 11:00 am on Thursday 26 April 2012 and at the adjournment thereof:

Signed this day of ______________ day of ______________ 2012

Signature (s) ______________________________

Note: In the case of a Corporation , the proxy must be executed under the Common Seal or under the hands of an officer or Attorney duly authorized in writing

HATI YA UWAKILISHI

Mimi/Sisi ______________________________

Wa ______________________________ Nikiwa/tukiwa/mwanachama wa Kampuni hii ya

East African Cables Ltd,namchagua/tunamchagua ______________________________

Wa ______________________________

Au akikosa yeye/wakikosa wao ______________________________

Kupiga Kura kwa niaba yangu/yetu katika Mkutano Mkuu wa mwaka wa 47 wa kampuni hii,utakaofanyika saa tano asubuhi Alhamisi Aprili, 26, 2012 ama siku nyingine ikiwa Mkutano huo utaahirishwa.

Hati hii imetiwa sahaihi leo hivi tarehe ______________ mwezi wa ______________ 2012

Sahihi ______________________________

Tazama: Ikiwa ni kamuni ndiyo inayowakilishwa hati hii ya uwakilishi lazima ikamilishwe kwa kuwekwa muhuri maalum au kutiwa sahihi kwa niaba yake na wakili ama afisa anayeruhusiwa na shirika hili.

East African Cables

Annual Report &
Financial statements 2011

WIRE SI WIRE
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