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COMPANY INFORMATION

BOARD OF DIRECTORS

Industrial and Commercial Development Corporation
Kenya National Trading Corporation (resigned 19 July 1996)
Kenya Wine Agencies Limited
Dr. Eddah Wacheke Gachukia
Nigel Ralph Pavitt
Permanent Secretary - Ministry of Commerce and Industry
Samuel Onyango Ayodo
Suresh Raichand Shah, Managing Director
Dr. Ernest Muinde Kioko
Margaret Wambui Kenyatta
Julius Muthamia (appointed 19 July 1996)

SECRETARY

Festus Gicira Gaciri

AUDITORS

Price Waterhouse
Rattansi Educational Trust Building
Koinange Street
P.O. Box 41968, Nairobi

REGISTERED OFFICE

Uchumi Supermarkets Ltd.
Supermarket Building
Aga Khan Walk
P.O. Box 73167, Nairobi

REGISTRARS AND TRANSFER OFFICE

Management Services Division
ICDC
Uchumi House
Aga Khan Walk
P.O. Box 45519, Nairobi

BANKERS

Kenya Commercial Bank Limited
Kencom House
Moi Avenue
P.O. Box 48400, Nairobi



NOTICE OF ANNUAL GENERAL MEETING TO ALL SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the 18th Annual General Meeting of the Company will be held on Thursday 28 November, 1996 at the Tsavo Room, Nairobi Hilton Hotel, Nairobi at 3.00 p.m. to transact the following Ordinary and Special businesses:-

A. ORDINARY BUSINESS

1. The Secretary to read the notice convening the meeting.
2. To confirm the minutes of the previous Annual General Meeting.
3. To receive and to consider the Audited Accounts for the financial year ended 30 June, 1996 together with Directors' and Auditors' reports thereon.
4. To confirm the payment of the Interim Dividend of shilling 1.00 per share and declare a Final Dividend of shillings 4.00 per share in respect of the year ended 30 June, 1996.
5. To approve the Directors' remuneration for the year ended 30 June, 1996.
6. To elect Directors in accordance with the Company's Articles of Association.
7. To authorise the Directors to fix the remuneration of the Auditors.
8. To transact any other ordinary business.

B. SPECIAL BUSINESS

1. Increase of Authorised Share Capital

To consider and, if thought fit, pass the following Ordinary RESOLUTION:-
"That the authorized share capital of the company be, and is, hereby increased from Shs. 200,000,000 to Shs. 300,000,000 by the creation of a further 20,000,000 Ordinary shares each of Shs. 5.00 ranking pari passu with the existing Ordinary shares of the Company."

2. Declaration of Bonus Shares in the Ratio of One Share For Every Two Shares Held (1:2)

To consider and, if thought fit, pass the following Ordinary RESOLUTION:-
"That pursuant to Article 134 of the Company's Articles of Association a sum of Shs. 100,000,000 being part of the amount outstanding to the credit of reserves of the company be, and is, hereby capitalised and that the same be applied in making payment in full at par for 20,000,000 Ordinary shares of Shs. 5.00 each in the Capital of the Company, such Ordinary shares to be allotted and distributed as fully paid up among the members who are registered as holders of shares at the closing of the Members' Register on 3 February, 1997 such that ONE fully paid new share be issued for every TWO existing shares (1:2) held by such members respectively and fractions thereof being disregarded and that the new shares shall rank pari passu with the existing shares with the exception only that they shall not qualify for the payment of the Final Dividend recommended by the Directors at their meeting held on 8 October, 1996 and declared by this meeting and finally that the Directors be, and are, hereby authorized to deal with fractional shares left thereof as they deem fit."

By Order of the Board

F.G. Gaciri
Company Secretary
8 October, 1996.

NB: A member entitled to attend and vote at this meeting is entitled to appoint a proxy who need not be a member of the company.

ILANI YA MKUTANO WA MWAKA KWA WENYEHISA WOTE

ILANI INATOLEWA KWAMBA Mkutano

mkuu wa kumi na nane wa kampuni hii utafanywa siku ya alhamisi tarehe 28 Novemba, 1996 katika Hoteli ya Hilton, Ukumbi wa Tsavo, Nairobi saa tisa kamili alasiri kwa madhumuni ya kutekeleza shughuli za biashara maalum na za kawaida, zifuatazo:

A. BIASHARA YA KAWAIDA

1. Katibu kusoma ilani iliyoitisha mkutano.
2. Kuthibitisha kumbukumbu za mkutano wa mwaka uliopita.
3. Kupokea na kufikiria Hesabu zilizokaguliwa za mwaka uliomalizikia tarehe 30 Juni, 1996 na Ripoti za Wakurugenzi na Wakaguzi wa Hesabu.
4. Kuthibitisha malipo ya mgao wa muda wa shilingi 1.00 kwa kila hisa na kuamua malipo ya mgao wa mwisho wa shilingi 4.00 kwa kila hisa kwa mwaka uliomalizika tarehe 30 Juni, 1996.
5. Kutoa kibali kuhusu ujira wa Wakurugenzi wa mwaka uliomalizikia tarehe 30 Juni, 1996.
6. Kuwachagua Wakurugenzi kwa mujibu wa kanuni za kampuni hii.
7. Kuidhinisha Wakurugenzi waweke kipimo cha ada ya Wakaguzi wa Hesabu.
8. Kujadili mambo mengine yoyote yanayohusu shughuli za Kampuni.

B. BIASHARA MAALUM

1. Kuongezwa kwa Kibali Cha Rasilimali

Kuchunguza na inapoonekana inafaa kupitisha AZIMIO lifuatalo:-

“Kwamba kibali cha rasilimali cha Kampuni kiongezwe kutoka Shilingi 200,000,000 hadi Shilingi 300,000,000 kwa uzalishaji wa hisa 20,000,000 za kawaida za shilingi 5.00 zitakazolingana sawa na hisa tulizomiliki katika kampuni”.

2. Kuamuru utolewaji wa hisa za bakshishi kwa mpango wa hisa moja kwa kila hisa mbili ulizomiliki (1:2)

Kuchunguza na inapoonekana inafaa, kupitisha AZIMIO lifuatalo:-

“Kwamba kulingana na kanuni nambari 134 ya sheria za Kampuni, Shilingi 100,000,000 zikiwa baadhi ya pesa zilizowekwa kama ridhaa ya kampuni zifanywe na ziwe kama rasilimali na pia pesa hizo zitumiwe kwa kulipia kikamilifu hisa 20,000,000 za kawaida za Shilingi 5.00 kwa kila hisa katika rasilimali ya kampuni na hisa hizo za kawaida zipatiwe na kugawanywa kama zilizolipwa kikamilifu, kwa wenyehisa watakao kuwa kwenye orodha ya wenyehisa mnamo tarehe 3 Februari, 1997 ambapo hisa moja mpya iliolipwa kikamilifu itolewe kwa kila hisa mbili (1:2) zilizomilikiwa na wenyehisa na makombo yawekwe kando na pia hisa hizo mpya zitalingana sawa sawa na hisa zilizomilikiwa isipokuwa hazitafuzu kwenye mgao wa mwisho uliopendekezwa na wakurugenzi katika mkutano wao mnamo tarehe 8 Oktoba, 1996 na kuamriwa kwenye mkutano huu, na mwisho, wakurugenzi wapawe idhini ya kuangalia vile makombo ya hisa yatakavyo gawanywa.

Kwa amri ya Halmashauri

F.G. Gaciri

Katibu

Oktoba 8, 1996

CHAIRMAN'S STATEMENT

It gives me great pleasure in having to address this Annual General Meeting as your Company's new Chairman.

The year ended 30 June, 1996 was another eventful year for the Kenyan economy which saw the theme of liberalisation continued including the final repeal of the Exchange Control Act on 1st November, 1995, and despite difficulties, an economic growth of about 5% was achieved during the year, according to the Ministry of Finance.

In my predecessor's speech to the shareholders at the last Annual General Meeting, it was noted that the effects of the initial imposition of Value Added Tax at retail level on most non-food items had caused an upward trend in prices of consumer goods and had resulted in the dampening of consumer demand.

Trading conditions during the year ended 30 June, 1996 continued to be difficult as the recessionary impact on prices due to the gradual inclusion of more consumer products in the VAT bracket and increased duties in the retail prices of petroleum and petroleum products continued to take its toll, resulting in curtailed consumer disposable income. The downturn caused most people to reduce their spending even on basic commodities and competition for the customers' shilling further increased. The year also saw the Company face up to increased competition from both existing and new players that entered the retail market. Notwithstanding this, the solid platform on which the Company operates enabled us to attain impressive trading results for the year taking into account the overall climate in which we operated.

The Company's gross sales increased to Shs. 4.654 billion, up 19.2% on the previous year. The profit before tax was 15.2% higher than last year increasing from Shs. 352.4 million to Shs. 405.8 million. The improved results for the year have been mainly due to increased trading and partly due to an improvement in interest earned from the investment of our surplus funds.

The balance sheet was strengthened during the year, and I would wish to add that your Company has an inherent additional value in its prime properties which were last revalued in January, 1992 just before the inflationary period in 1993 and 1994.

In 1995, your Company paid a dividend of Shs. 5.00 per share. In view of the very encouraging performance this year, an interim dividend of Shs. 1.00 per share (20%) was paid in June and your Board of Directors now recommends that a final dividend of Shs. 4.00 per share (80%) also be paid. If approved, this gives a total dividend distribution to shareholders from the results for the period ending 30 June, 1996 of Shs. 200 million representing Shs. 5.00 per share (100%).

I am also pleased to announce that subject to obtaining the necessary consents, your Board is recommending that the sum of Shs. 100 million of the Company's reserves be capitalised by way of a Bonus Issue in the proportion of one share for every two shares held, to shareholders in the Register of Members on 3rd February, 1997. These new shares will not however, qualify for payment of dividends for the year ended 30 June, 1996.

Let me now comment on our branch network; our most recently opened branches, Eldoret and Koinange, opened in 1995, have already fulfilled our expectations and in addition have strong growth prospects.

Providing modern and pleasing stores to our shoppers is an essential part of our strategy to expand our customer base and meet the challenges ahead. It is also our policy to open quality stores in good locations. In keeping with this, construction work is at an advanced stage in putting up two Hypermarkets; one at the company's property on Ngong Road and the other at Sarit Centre. When completed, both branches will be the largest outlets in our chain and will not only have a wider range of products but will provide a pleasant modern shopping atmosphere for our customers.

Meanwhile, we wish to express our thanks to all our customers and suppliers for their steadfast support; we on our part, will continue to do everything we can to enhance our mission to provide at all times, a 'Fair and Reliable' shopping experience.

Lastly, the fine results for the year could not have been attained without the excellent performance from our team of staff and management and the support of the Board of Directors. I thank them all for their commitment and dedicated support in helping the Company tackle the challenges of the year.

Julius Muthamia
8 October, 1996

TAARIFA YA MWENYEKITI

Ni furaha yangu kubwa kuhutubia mkutano mkuu wa mwaka kama mwenyekiti mpya wa Kampuni yenu.

Mwaka ulioishia tarehe 30 Juni, 1996 ulikuwa wenye visa vingi kwenye shughuli za kuendelea kufanya huru uchumi wa Kenya pamoja na kule kufutiliwa mbali sheria za ubadilishanaji fedha za kigeni mnamo tarehe mosi Novemba, 1995 na ingawaje, uchumi uliweza kukua kwa asilimia tano kulingana na Wizara ya Fedha.

Katika taarifa yake kwa wenyekiti mwaka uliopita, mtangulizi wangu alikuwa amesema ya kwamba ile kodi ya ziada inayotozwa bidhaa za reja reja zisizo za chakula ilisababisha kupanda kwa bei na hivyo kupunguza mahitaji ya wateja.

Hali ya biashara iliendelea kuwa ngumu kwa mwaka ulioishia tarehe 30 Juni, 1996 na hasa baadhi ya bidhaa nyingi kujumuishwa katika kodi ya ziada na vile vile kuongezeka kwa bei ya petroli na bidhaa za petroli ambazo zilipunguza uwezo wa kifedha kwa wanunuzi. Watu wengi walilazimika kujishughulisha na matumizi ya mahitaji ya kawaida huku shilingi ikiwa hadimu. Mwaka huo huo Kampuni ilishuhudia mashindano ya Kampuni mpya na za zamani. Ingawa hivyo, kutokana na nguzo thabiti za uchumaji, Kampuni ilifanikiwa kupata faida ya kuridhisha hali yote ya biashara ikitiwa maanani.

Mapato ya Kampuni kwa jumla yaliongezeka kwa kiasi cha asilimia 19.2 na kufikia Shilingi bilioni 4.654 ukilinganisha na mwaka uliopita. Faida kabla ya kodi ilikuwa na ongezeko la asilimia 15.2 kuliko mwaka uliopita ikiongezeka kutoka Shilingi milioni 352.4 hadi Shilingi milioni 405.8. Matokeo haya bora ya mwaka yametokana na uuzaji zaidi na pia ongezeko la riba ya akiba zetu za ziada.

Hesabu sawia za Kampuni ziliendelea kuimarika, mara ya mwisho kukadiriwa upya kwa rasilimali za Kampuni kulifanywa 1992 Januari na kwa vile gharama ya maisha iliweza kupanda miaka ya 1993 na 1994 ni wazi rasilimali zimeongezeka thamani.

Mnamo 1995 Kampuni yenu ililipa mgao wa Shilingi 5.00 kwa kila hisa. Kutokana na matokeo yenye matumaini mwaka huu, mgao wa muda wa Shilingi 1.00 kwa kila hisa (asilimia 20) ulitolewa mwezi Juni 1996 na halmashauri ya wakurugenzi wenu sasa wanapendekeza malipo ya mgao wa mwisho wa Shilingi 4.00 kwa kila hisa (asilimia 80) pia ulipwe. Ikiwa pendekezo litapitishwa, hii ina maana kwamba malipo kwa mwaka wote ulioishia 30 Juni, 1996 utakuwa Shilingi milioni 200 ikiwa ni Shilingi 5.00 kwa kila hisa (asilimia mia moja).

Nina furaha pia kuwafahamisha ya kwamba idhini ikipatikana, halmashauri yenu inapendekeza kutoa hisa za bakshishi kwa kiwango cha hisa moja kwa kila hisa mbili zilizomilikiwa na mpango huu utagharimu Shilingi milioni 100 za akiba kuu ya Kampuni na kuweza kutolewa kwa wenyekiti walio katika orodha ya wenyekiti mnamo tarehe 3 Februari 1997. Wenyekiti hawa wapya hawatafaidi kutokana na migao ya mwaka ulioisha 30 Juni, 1996.

Nikigusia matawi yetu ningesema, matawi yaliyofunguliwa hivi majuzi, Eldoret na Koinange ambayo yalifungua milango yake mwaka wa 1995, tayari yameonyesha mafanikio mema na yana matumaini ya kufanikiwa zaidi.

Kutoa huduma za kupendeza kwa wateja wetu ni sehemu mojawapo ya shughuli zetu za kuwavutia wanunuzi wengi na kupambana vikali na mashindano yaliyo mbeleni. Ni mpango wetu kufungua maduka ya hali ya juu kwenye sehemu zinazofaa na ni kufuatia mwelekeo huu ndipo ujenzi unaendelea wa kufungua masoko mawili makubwa zaidi kwenye ploti yetu huko Ngong Road na pia katika Sarit Centre. Matawi haya yatakapofunguliwa yatakuwa makubwa zaidi kuliko yote ya matawi yetu na kuwa na mpangilio wa bidhaa za kisasa kwa wanunuzi wetu.

Hivi sasa tunawashukuru wateja wetu wote na wanaotuuzia bidhaa kwa kutuunga mkono kwa dhati, nasi kwa upande wetu tutajitahidi na kuendeleza mwito wetu wa haki na kuaminika wakati wote kwa wanunuzi.

Mwisho, matokeo haya mema hayangelipatikana bila juhudi na kujitolea kwa wafanyikazi, wasimamizi wa Kampuni na pia usaidizi wa wakurugenzi na nina washukuru wote kwa kusaidia Kampuni kukabiliana na shida zote za mwaka huu.

Julius Muthamia
Oktoba 8, 1996



DIRECTORS' REPORT

YEAR ENDED 30 JUNE 1996

The directors submit their report together with the audited accounts for the year ended 30 June, 1996 which disclose the state of affairs of the Company.

PRINCIPAL ACTIVITIES

The Company operates retail supermarkets at the following outlets:-

- Market Branch
- Westlands Branch
- City Square Branch
- City Square - Textile Division
- City Square - Household Division
- Ngong Road Branch
- Kimathi Street Branch
- Sarit Centre Branch
- Jogoo Road Branch
- Taveta Road Branch
- Langata Branch
- Nakuru East Branch
- Nakuru West Branch
- Eldoret Branch
- Koinange Branch

RESULTS AND DIVIDEND

The results of the company are shown on page 12.

The directors recommend the approval of an interim dividend of Shs. 1.00 per share and a final dividend of Shs. 4.00 per share leaving a balance of Shs. 251,040,000 to be retained in revenue reserves.

DIRECTORS

The directors who held office during the year are shown on page 2. In accordance with article 100 of the Company's Memorandum and Articles of Association, Industrial and Commercial Development Corporation, Dr. Eddah W. Gachukia and Mr. Samuel O. Ayodo retire by rotation and all being eligible, offer themselves for re-election.

In accordance with article 102 of the Memorandum and Articles of Association, Mr. Julius Muthamia who was appointed a director to fill a vacancy, retires, but being eligible, offers himself for re-election.

AUDITORS

Price Waterhouse continue in office in accordance with section 159 (2) of the Companies Act.

By Order of the Board

Festus Gicira Gaciri
Secretary
8 October, 1996.

RIPOTI YA WAKURUGENZI MWAKA ULIOMALIZIKIA TAREHE 30 JUNI 1996

Wakurugenzi wanatoa ripoti yao pamoja na tarakimu ya hesabu zilizokaguliwa za mwaka uliomalizikia tarehe 30 Juni, 1996 ambazo zinaonyesha hali ya kampuni ilivyo.

SHUGHULI MAALUM

Kampuni hufanya biashara rejareja ya masoko maalum katika matawi yafuatayo:

- Market Branch
- Westlands Branch
- City Square Branch
- City Square - Textile Division
- City Square - Household Division
- Ngong Road Branch
- Kimathi Street Branch
- Sarit Centre Branch
- Jogoo Road Branch
- Taveta Road Branch
- Langata Branch
- Nakuru East Branch
- Nakuru West Branch
- Eldoret Branch
- Koinange Branch

MATOKEO NA MGAO

Matokeo ya Kampuni yanaonyeshwa kwenye ukurasa wa 12.

Wakurugenzi wapendekeza kuidhinishwa kwa malipo ya mgao wa kwanza wa shilingi 1.00 kwa kila hisa na mgao wa mwisho wa shilingi 4.00 kwa kila hisa na kuwekwa akiba ya shilingi 251,040,000.

WAKURUGENZI

Wakurugenzi walioshika hatamu za ofisi mwaka huu wanaonyeshwa katika ukurasa 2. Kulingana na Sheria za Kampuni Nambari 100, Industrial and Commercial Development Corporation, Dkt. Eddah W. Gachukia na Bw. Samuel O. Ayodo wastaafu kwa zamu na wote wakistahili, wanajitolea kuchaguliwa tena.

Kuambatana na sheria za Kampuni nambari 102, Bw. Julius Muthamia ambaye alishika hatamu ya kuwa mkurugenzi kujaza pengo lililobaki, anastaafu, lakini kwa sababu anastahili, anajitolea kuchaguliwa tena.

WAKAGUZI

Price Waterhouse wataendelea na kazi zao za ukaguzi wa kampuni hii kulingana na kanuni katika kifungu cha 159 (2) cha sheria za makampuni.

Kwa amri ya Halmashauri

Festus Gicira Gaciri
Katibu
Oktoba 8, 1996.



AUDITORS' REPORT TO THE MEMBERS OF UCHUMI SUPERMARKETS LIMITED

We have audited the accounts set out on pages 12 to 19 which have been prepared on the basis of the accounting policies set out in note 1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and to provide a reasonable basis for our opinion. The accounts are in agreement with the books of account.

The directors are responsible for the preparation of accounts which give a true and fair view of the company's state of affairs and its operating results. Our responsibility is to express an independent opinion on the accounts based on our audit and to report our opinion to you.

We conducted our audit in accordance with Kenyan Auditing Standards. Those standards require that we plan and perform our audit to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the accounts. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the accounts.

In our opinion proper books of account have been kept and the accounts give a true and fair view of the state of the company's financial affairs at 30 June, 1996 and of its profit and cash flows for the year then ended in accordance with Kenyan Accounting Standards and comply with the Companies Act.

Price Waterhouse
Certified Public Accountants
8 October, 1996



PROFIT AND LOSS ACCOUNT YEAR ENDED 30 JUNE 1996

	Notes	1996 Shs'000	1995 Shs'000
TURNOVER		4,654,426	3,904,702
VALUE ADDED TAX		<u>159,066</u>	<u>57,243</u>
NET TURNOVER		<u>4,495,360</u>	<u>3,847,459</u>
PROFIT BEFORE TAX	2	405,777	352,386
TAX	3	<u>146,188</u>	<u>141,578</u>
PROFIT AFTER TAX		259,589	210,808
RETAINED PROFIT BROUGHT FORWARD		<u>191,451</u>	<u>180,643</u>
		451,040	391,451
DIVIDEND	4	<u>200,000</u>	<u>200,000</u>
RETAINED PROFIT CARRIED FORWARD	6	<u>251,040</u>	<u>191,451</u>
EARNINGS PER SHARE	7	<u>6.48</u>	<u>5.27</u>

BALANCE SHEET AT 30 JUNE 1996

	Notes	1996 Shs'000	1995 Shs'000
<u>CAPITAL EMPLOYED</u>			
SHARE CAPITAL	5	200,000	200,000
RESERVES	6	426,326	366,737
		<u>626,326</u>	<u>566,737</u>
<u>REPRESENTED BY</u>			
FIXED ASSETS	8	261,123	265,642
CAPITAL WORK IN PROGRESS	9	16,184	—
		<u>277,307</u>	<u>265,642</u>
CURRENT ASSETS			
Stock	10	565,449	585,143
Debtors	11	62,218	88,137
Short term deposits		419,800	275,000
Bank balances and cash		43,393	28,763
		<u>1,090,860</u>	<u>977,043</u>
CURRENT LIABILITIES			
Creditors	12	552,571	497,921
Tax		13,484	14,939
Dividends payable	4	160,000	160,000
Bank overdraft		15,786	3,088
		<u>741,841</u>	<u>675,948</u>
NET CURRENT ASSETS		<u>349,019</u>	<u>301,095</u>
		<u>626,326</u>	<u>566,737</u>

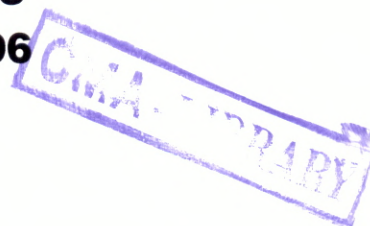
The accounts were approved by the board of directors on 8 October 1996, and were signed on its behalf by:

Suresh R. Shah :Director
Julius Muthamia :Director

CASH FLOW STATEMENT YEAR ENDED 30 JUNE 1996

	1996 Shs '000	1995 Shs '000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	405,777	352,386
Adjustments for:		
Depreciation	19,914	17,040
Interest received	(93,658)	(88,585)
Interest paid	140	1,034
Operating profit before working capital changes	<u>332,173</u>	<u>281,875</u>
Decrease/ (increase) in stock	19,694	(209,723)
Decrease/ (increase) in debtors	25,919	(36,357)
Increase in creditors	54,650	231,812
Cash generated from operations	<u>432,436</u>	<u>267,607</u>
Income tax paid	(147,643)	(207,251)
Net cash from operating activities	<u>284,793</u>	<u>60,356</u>
RETURN ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid	(140)	(1,034)
Interest received	93,658	88,585
Dividends paid	(200,000)	(200,000)
Net cash flow from investments and servicing of finance	<u>(106,482)</u>	<u>(112,449)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(15,395)	(45,089)
Capital work in progress	(16,184)	-
Net cash flow from investing activities	<u>(31,579)</u>	<u>(45,089)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>146,732</u>	<u>(97,182)</u>
CASH AND CASH EQUIVALENTS AT 1 JULY	<u>300,675</u>	<u>397,857</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	<u>447,407</u>	<u>300,675</u>

NOTES TO THE ACCOUNTS YEAR ENDED 30 JUNE 1996



1 SIGNIFICANT ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention as modified by the revaluation of leasehold land and buildings and the calculation of related depreciation.

Turnover

Net turnover comprises the amount receivable for goods sold net of value added tax paid in the year.

Fixed assets and depreciation

Fixed assets are stated at cost or revaluation less accumulated depreciation.

Depreciation is calculated on the straight line basis at annual rates estimated to write off the cost or revaluation of each asset over its expected useful life.

The annual rates used are:

Leasehold land and buildings	Over the period of the lease
Improvements to leasehold premises	10%
Furniture, fittings and equipment	15%
Plant and machinery	20%
Motor vehicles	20% and 25%

Stock

Stock is stated at the lower of cost and net realisable value. Cost is determined on the first in first out basis and includes only the purchase costs.

Deferred tax

Provision for deferred tax is made only when the directors consider that a tax benefit or charge is likely to crystallise in the foreseeable future.

Investment in Government Securities

Investment in Government Treasury Bills and Bonds consisting of fixed interest rate issues, are carried at the redemption value. Any unearned interest or discount is included in creditors and credited to income over the period of the issue.

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 30 JUNE 1996

2 PROFIT BEFORE TAX

	1996 Shs'000	1995 Shs'000
Profit before tax is stated after charging:		
Depreciation	19,914	17,040
Auditors' remuneration:		
Current year	1,500	1,440
Overprovision in prior year	(65)	–
Directors' emoluments:		
Fees	400	200
Other remuneration	11,745	9,290
And after crediting:		
Interest receivable	95,572	75,774
Rents receivable	812	714

3 TAX

At 35% (1995: 37.5%) on the profit for the year as adjusted for tax purposes	146,733	141,578
Overprovision in prior year	(545)	–
	146,188	141,578

Tax assessments have been agreed with the Income Tax Department for all years up to and including the year ended 30 June, 1990. For years ending after June 1992 tax returns have been submitted on a self assessment basis.

The deferred tax liability amounting Shs 468,000 (1995: Shs 3,478,000) has not been recognised in these accounts because in the opinion of the directors the related timing differences will not reverse in the foreseeable future.

4 DIVIDEND

	1996 Shs'000	1995 Shs'000
Dividend brought forward	160,000	160,000
Proposed dividend	200,000	200,000
	360,000	360,000
Paid for previous year	(160,000)	(160,000)
Paid for current year	(40,000)	(40,000)
	160,000	160,000

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 30 JUNE 1996

4 DIVIDEND (CONTINUED)

The directors recommend the approval of an interim dividend of Shs 1.00 per share and a final dividend of Shs 4.00 per share amounting in total to Shs 200 million.

Payment of the dividend is subject to withholding tax at the rate of 7.5% and 10% for residents and non-residents respectively (1995 : 10%).

5 SHARE CAPITAL

	1996 Shs'000	1995 Shs'000
Authorised, issued and fully paid		
40,000,000 ordinary shares of Shs 5 each	<u>200,000</u>	<u>200,000</u>

6 RESERVES

	Share premium Shs'000	Revaluation surplus Shs'000	Revenue reserve Shs'000	Total Shs'000
At 1 July 1995	129,452	45,834	191,451	366,737
Retained profit for the year	<u>—</u>	<u>—</u>	<u>59,589</u>	<u>59,589</u>
At 30 June 1996	<u>129,452</u>	<u>45,834</u>	<u>251,040</u>	<u>426,326</u>

7 EARNINGS PER SHARE

The calculation of earnings per share is based on the profit after tax of Shs 259,589,000 (1995: Shs 210,808,000) and on 40,000,000 shares in issue at the balance sheet date.

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 30 JUNE 1996

8 FIXED ASSETS

	Leasehold Land and Buildings Shs'000	Building Improvements Shs'000	Plant and Machinery Shs'000	Furniture and Fittings Shs'000	Office Equipment Shs'000	Motor Vehicles Shs'000	Total Shs'000
<u>Cost</u>							
At 1 July 1995	209,546	12,671	21,906	36,512	4,600	39,115	324,350
Additions	–	4,086	1,461	2,926	5,457	1,465	15,395
At 30 June 1996	209,546	16,757	23,367	39,438	10,057	40,580	339,745
Comprising:							
Cost	104,046	16,757	23,367	39,438	10,057	40,580	234,245
Valuation	105,500	–	–	–	–	–	105,500
<u>Depreciation</u>							
At 1 July 1995	12,014	1,939	13,902	13,779	1,813	15,261	58,708
Charge for the year	4,112	1,258	2,984	4,564	673	6,323	19,914
At 30 June 1996	16,126	3,197	16,886	18,343	2,486	21,584	78,622
<u>Net book amount</u>							
At 30 June 1996	193,420	13,560	6,481	21,095	7,571	18,996	261,123
At 30 June 1995	197,532	10,732	8,004	22,733	2,787	23,854	265,642

The leasehold land and buildings were valued, at open market value, on 4 January 1992 by Tysons Limited, Registered Valuers. The resulting increase in net carrying value, amounting to Shs 65,834,000, was credited to capital reserve.

NOTES TO THE ACCOUNTS (CONTINUED)

YEAR ENDED 30 JUNE 1996

9 CAPITAL WORK IN PROGRESS

Comprises incomplete construction work at the end of the year, relating to the company's new premises on Ngong Road.

10 STOCK

	1996 Shs'000	1995 Shs'000
Food	151,530	136,062
Non-food	385,140	436,425
Other	11,223	11,093
Goods in transit	17,556	1,563
	<u>565,449</u>	<u>585,143</u>

11 DEBTORS

Trade debtors	11,427	20,861
Other debtors and prepaid expenses	50,116	66,305
Amount due from affiliates	675	971
	<u>62,218</u>	<u>88,137</u>

12 CREDITORS

Trade creditors	484,898	437,663
Other creditors and accrued expenses	62,350	54,547
Amounts due to affiliates	5,323	5,711
	<u>552,571</u>	<u>497,921</u>

13 CAPITAL COMMITMENTS

Estimated commitments of capital expenditure as at 30 June, 1996 totalled Shs 65,000,000. Capital expenditure authorised but not contracted for at 30 June, 1996 amounted to Shs 308,000,000 (1995: Shs 100,000,000).

14 MORTGAGE AND DEBENTURE

The company has issued a legal mortgage on certain of its leasehold land and buildings and a floating debenture on its assets in respect of financing arrangements with its bankers.

15 INCORPORATION

The company is incorporated in Kenya under the Companies Act.

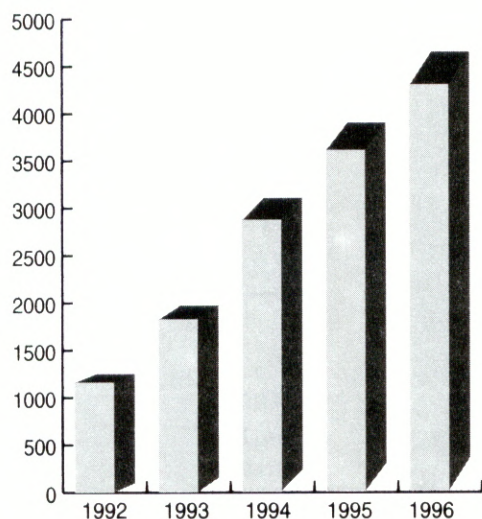
16 CURRENCY

These accounts are presented in Kenya Shillings (Shs).

FINANCIAL HIGHLIGHTS

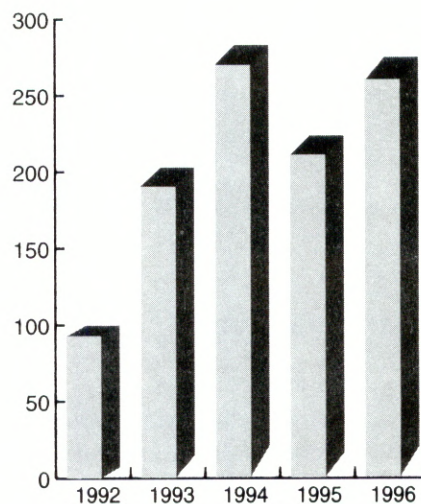
TURNOVER

(Shs. million)



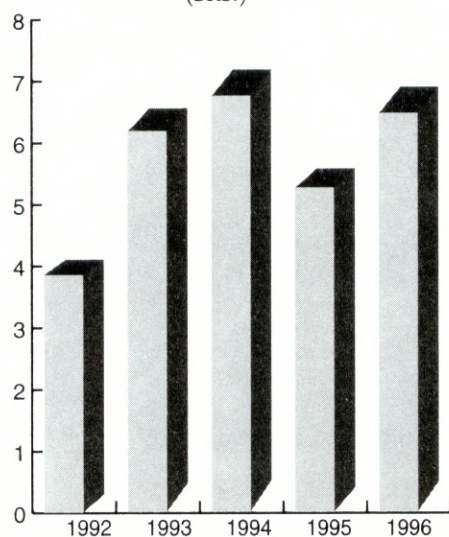
PROFIT AFTER TAX

(Shs. million)



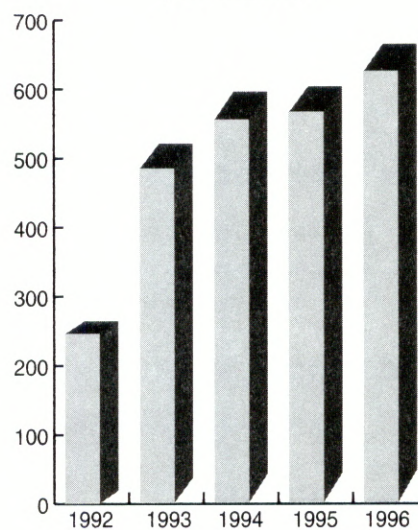
EARNINGS PER SHARE

(Shs.)



SHAREHOLDERS FUNDS

(Shs. million)





PROXY

I/We.....MemberNo.....
of (address).....
being a member/s of Uchumi Supermarkets Limited, hereby appoint.....
..... of (address).....or failing him

the duly appointed Chairman of the meeting to be my / our proxy, to vote on my / our behalf
at the 18th Annual General Meeting of the company to be held on Thursday 28 November
1996, at 3.00 p.m. or at any adjournment thereof.

As witness my / our hand / hands this.....day of.....1996

Signature.....

- Notes 1. This proxy is to be delivered to the company's registered office not later than
3 p.m. on Tuesday 26 November 1996, failing which it will be invalid.
2. In case of a corporation, the proxy must be under its common seal.

MWAKILISHI

Mimi/Sisi.....Nambari ya Mwanahisa.....
wa(anuani).....
kama mwanachama /wanachama wa Uchumi Supermarkets Limited namchagua/tunamchagua
.....wa (anuani).....

akikosa yeye, basi namchagua/tunamchagua yule aliyechaguliwa kuwa mwenyekiti wa mkutano
mkuu wa mwaka wa kumi na nane wa kampuni utakaofanywa siku ya alhamisi, tarehe 28 Novemba,
1996 saa tisa alasiri ama siku yoyote ile iwapo mkutano utaahirishwa.

Kama ushahidi ninatia/tunatia sahihi hii/hizi tarehe.....Mwezi.....1996

Sahihi.....

- Ukumbusho: 1. Uwakilishi huu utumwe kwa afisi kuu ya kampuni kabla ya saa tisa alasiri
jumaine, tarehe 26 Novemba 1996 ikikosa hivyo hautafaa kitu.
2. Kwa upande wa makampuni, uwakilishi ni lazima uwe umebandikwa ule
muhuri wao wa kawaida.

FOLD 2

PILI KUNJA HAPA

STAMP

COMPANY REGISTRAR

Uchumi Supermarkets Limited

Supermarkets Building

Aga Khan Walk

P O Box 73167

NAIROBI

KWANZA KUNJA HAPA

FOLD 1

FOLD 3

HALAFU KUNJA HAPA

INSERT FLAP INSIDE

SASA INGIZA KARATASI HII NDANI YA MKUNJO KAMA BAHASHA