UCHUMI

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COMPANY INFORMATION

BOARD OF DIRECTORS

Julius Muthamia, Chairman
Suresh Raichand Shah, Managing Director
Industrial and Commercial Development Corporation
Kenya Wine Agencies Limited
Dr. Eddah Wacheke Gachukia
Nigel Ralph Pavitt
Permanent Secretary - Ministry of Tourism, Trade and Industry
Samuel Onyango Ayodo (Deceased August, 1998)
Dr. Ernest Muinde Kioko
Margaret Wambui Kenyatta
Titus Mugo Kaguuru (appointed 26 March, 1999)

SECRETARY

B.K. Murage

AUDITORS

PricewaterhouseCoopers
Rattansi Educational Trust Building
Koinange Street
P. 0. Box 41968, Nairobi

REGISTERED OFFICE

Uchumi Supermarkets Ltd
Supermarket Building
Aga Khan Walk
P. 0. Box 73167, Nairobi

REGISTRARS AND TRANSFER OFFICE

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

BANKERS

Kenya Commercial Bank Limited
Kencom House
Moi Avenue
P. 0. Box 48400, Nairobi

UCHUMI

NOTICE OF ANNUAL GENERAL MEETING TO ALL SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the 21st Annual General Meeting of the Company will be held on Thursday 16 December, 1999 at the Hilton Hotel, Nairobi, at 3.00 pm to transact the following ordinary business:

1. To confirm the minutes of the previous Annual General Meeting.

2. To receive, and if thought fit, adopt the Accounts for the year ended 30 June, 1999 and the Report of the Directors and that of the Auditors thereon.

3. To confirm the payment of the interim dividend of Shilling 0.70 per share and declare a final dividend of Shillings 2.30 per share in respect of the year ended 30 June, 1999.

4. To confirm the Directors' remuneration for the year ended 30 June, 1999.

5. To elect Directors who retire by rotation and, who being eligible, offer themselves for re-election.

   (i) Industrial and Commercial Development Corporation

   (ii) Dr. Eddah Wacheke Gachukia

   (iii) Suresh Raichand Shah

   Ms. Margaret Wambui Kenyatta, having attained the mandatory retirement age of 70 years, retires at the conclusion of the Annual General Meeting.

6. To authorise the Directors to fix the remuneration of the auditors.

7. To transact any other ordinary business.

By Order of the Board

B.K. Murage
Company Secretary
26 October, 1999

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.

UCHUMI

ILANI YA MKUTANO KWA WENYEHISA WOTE

ILANI INATOLEWA KWAMBA Mkutano Mkuu wa mwaka wa ishirini na moja wa Kampuni utafanywa Alhamisi tarehe 16 Desemba 1999 katika Hilton Hotel, Nairobi, saa tisa alasiri kwa madhumuni ya kutekeleza shughuli za biashara za kawaida, zifuatazo:

1. Kuidhinisha yaliyozungumziwa kwenye mkutano mkuu wa awali.

2. Kupokea na ikistahili kupitisha hesabu ya mwaka ulioishia tarehe 30 Juni 1999 pamoja na ripoti za Wakurugenzi na pia wakaguzi wa vitabu.

3. Kuidhinisha malipo ya mgao wa muda wa shilingi 0.70 kwa hisa na kupitisha malipo ya mgao wa mwisho wa Shilingi 2.30 kwa hisa kwa mwaka ulioisha terehe 30 Juni 1999.

4. Kuidhinisha malipo ya Wakurugenzi kwa mwaka ulioishia terehe 30 Juni 1999.

5. Kuwachagua Wakurugenzi ambao kwa kupishana wanastahili na wanajitolea kuchaguliwa tena.

   (i) Industrial and Commercial Development Corporation

   (ii) Dkt. Eddah Wacheke Gachukia

   (iii) Suresh Raichand Shah

   Bi. Margaret Wambui Kenyatta ambaye amefikisha miaka 70, na kulingana na sheria atastaafu baada ya mkutano mkuu wa mwaka huu.

6. Kutoa kibali kwa Wakurugenzi kuweka kipimo cha malipo ya wakaguzi wa vitabu.

7. Kuzungumza mambo mengine yoyote ya kampuni .

Kwa Amri ya Halmashauri

B.K. Murage
Katibu
26 Oktoba 1999

Kumbusho: Mwenyehisa anayestahili kuhudhuria mkutano anaweza kuchagua mwakilishi ambaye si lazima awe mwenyehisa wa kampuni hii.

UCHUMI

CHAIRMAN'S STATEMENT

I am delighted once again to present our Annual Report and Accounts for the year ended 30 June 1999.

The year 1998/99 was a year full of challenges, as the Kenyan economy experienced one of it's most difficult times. The country's economic performance remained generally depressed, and although relatively low inflation prevailed for much of the year, this did not generate the hoped for growth. Indeed GDP growth dropped to 1.8% in 1998 from 2.3% in the previous year.

Mr. Julius Muthamia

The retailing sector, like most sectors, performed poorly within an increasingly competitive environment that saw a measurable decline in margins, and a major shift in consumer spending; because of the economic downturn, customers sought mainly basic foodstuffs that carry relatively low margins, and this inevitably had a negative impact on our trading results for the year.

However, in the year under review, the Company recorded growth of 16.2% in gross turnover with sales for the year at Shs. 6.937 billion compared to Shs. 5.968 billion in the previous year. Sales greatly benefitted from the excellent performance of our two hypermarkets, at Sarit and on Ngong Road; these both continued to have good patronage from our customers and both were operational for the full year having been opened towards the end of the previous financial year.

Whereas our turnover increased, the pre-tax profits for the year dropped to Shs. 375.1 million from Shs. 485.3 million in 1998, a decrease of 22.7%, largely due to the difficult economic circumstances described above, stemming from the change in sales mix and the consequent drop in profit margins compared to 1998. Further, following a devastating fire at our Eldoret branch in December 1998, that branch's contribution to the Company's 1998/99 results was minimal as it was non- operational for nearly 7 months of the year under review.

The overall growth in gross profit for the year was thus comparatively low at 8%. Operating costs however rose at a greater pace, mainly from salary awards made at the conclusion of a collective bargaining agreement concluded in April 1999, but effective from April 1998, and from other establishment cost increases due to the full year of operation of the two Hypermarkets. In addition to this, market interest rates dropped significantly during the year and hence our earned interest on funds invested declined measurably during the year too. All this combined to reduce our pre-tax profit, profit after tax and earnings per share.

In 1998, the company paid an interim dividend of 14% and a final dividend of 61% making a total of 75% or Shs. 3.75 per share. This year, because of the lower level of profits, the Board of Directors recommends a final dividend of 46% or Shs. 2.30 per share, in addition to the interim dividend of 14% already paid, payable on or about 17 December 1999, out of the profit after tax for the year. This distribution thus, together with the interim dividend of 70 cents per share paid in June 1999, amounts to a total dividend of Shs 3.00 per share.

UCHUMI

CHAIRMAN'S STATEMENT

Inside our modern Sarit Hyper branch where shopping is a pleasure

The Company's capital base nevertheless remains strong; a factor which is vitally important to the development of our business. In this context, development plans are well advanced for the opening up of a number of new outlets, large and small, and for the formal re-opening of our Eldoret branch in newly acquired property, very soon. This proposed expansion, coupled to the confidence and experience of our staff, lead us to believe that the future of our Company is distinctly bright.

Meanwhile, I am pleased to be able to confirm that the Company has made all the necessary investment in resources and in time in preparation for compliance with the year 2000. We are confident that our critical business systems will function normally on and after the due date, and that 1 January 2000 will simply pass as a formality.

Let me take this opportunity however to convey the Board of Directors' appreciation, and that of staff and management too, to Mr Suresh Shah, for the dedicated service and major contribution made to the Company over the past 19 years. Whilst he retired as Managing Director on 30 June 1999, he nevertheless continues to serve on the Board. Mr Shah was replaced by Mr Titus Mugo Kaguuru who joined the Board on 26 March 1999 and was appointed as Managing Director on 1 July 1999.

Lastly, on behalf of the Board, I wish to thank all our management and staff for the way in which they have responded to the challenges of the year and call upon them to continue to work with the same team-spirit, determination and commitment in order to successfully steer the company forward in 1999/2000, and to achieve our ambitious profit forecast for the year to come. To our shareholders, suppliers and customers, we thank you too for your continued support and business partnership.

Julius Muthamia
Chairman

UCHUMI

TAARIFA YA MWENYEKITI

Kwa mara nyingine tena nina furaha kuwatolea ripoti ya mwaka na hesabu ya mwaka ulioisha terehe 30 Juni 1999.

Mwaka wa 1998/ 99 ulikuwa na mashindano mengi kwa vile uchumi wa Kenya ulishuhudia shida nyingi. Hali ya uchumi ilipata matatizo mengi na hata ingawa gharama ya maisha haikupanda sana mwaka huo ukuaji wa uchumi haukuonyesha dalili za ukuaji. Kwa jumla ukuaji ulishuka kutoka asilimia 2.3 mwaka uliopita hadi asilimia 1.8 mwaka huu.

Our fresh produce department.

Sekta ya reja reja kama sekta nyingine ilifanya vibaya kwa sababu ya ushindani mkubwa na hivyo kupunguza mapato na ukosefu wa pesa za matumizi kwa sababu ya uchumi kudhoofika huku wanunuzi wakiendelea kununua vyakula na ambavyo faida yake ni ndogo na hivyo basi kusababisha upungufu wa faida za mwaka.

Ingawaje kwenye mwaka tunaochunguza, kampuni ilionyesha ukuaji wa asilimia 16.2 katika uuzaji wa shilingi bilioni 6.937 ikilinganishwa na shilingi bilioni 5. 968 mwaka uliotangulia. Uuzaji uliimarika kwenye maduka yetu ya kisasa ya Sarit na Ngong Road yaliyowavutia wanunuzi sana na kusababisha kuendelea kufanya kazi mfululizo mwaka uliopita.

Mauzo yalipoongezeka faida ya mwaka kabla ya kodi ilipungua hadi shilingi milioni 375.1 kutoka shilingi milioni 485.3 mwaka wa 1998 upungufu wa asilimia 22.7 hasa kwa uzorotaji wa uchumi uliotajwa hapo juu uliotokana na mabadiliko ya uuzaji wa mchanganyiko na hivyo kupunguza faida ikilinganishwa na 1998. Vile vile moto ulioteketeza tawi letu la Eldoret Desemba 1998 ulisababisha mchango duni wa faida kwenye hesabu za 1998/ 99 kwa vile tawi lilifungwa kwa karibu miezi saba hivi ya kipindi tunacho chunguza.

Faida kwa jumla ilionyesha ukuaji wa asilimia 8 lakini gharama za uendeshaji zilipanda sana kutokana na nyongeza ya mishahara ya malimbikizo kwa vile mkataba mpya wa Aprili 1999 ulianza kutumika kutoka Aprili 1998, na gharama nyingine kutokana na kuendelea na shughuli za uuzaji mfululizo kwenye maduka haya yetu mapya mawili mwaka wote. Pia, viwango vya riba vilipungua sana na kupunguza kiasi cha mapato yetu. Mambo haya kwa jumla yalipunguza faida kabla ya kodi, faida baada ya kodi na pia mapato kwa kila hisa.

Mwaka wa 1998, kampuni ililipa mgao wa muda wa asilimia 14 na pia mgao wa mwisho wa asilimia 61 hii ikiwa ni asilimia 75 ama shilingi 3.75 kwa kila hisa. Mwaka huu kutokana na faida zilizopungua Halmashauri ya wakurugenzi

UCHUMI

TAARIFA YA MWENYEKITI

Modern computerised check-out counters at our Hypers.

inapendekeza mgao wa mwisho wa asilimia 46 ama shilingi 2.30 kwa hisa (pamoja na mgao wa muda wa asilimia 14 uliolipwa tayari) utakaolipwa kama tarehe 17 Desemba 1999 hivi kutokana na faida ya mwaka baada ya kodi. Mgao huu pamoja na ule wa muda uliolipwa wa senti 70 kwa kila hisa uliolipwa Juni 1999, unaonyesha malipo kwa jumla ya shilingi 3.00 kwa kila hisa.

Msingi wa rasilmali ya kampuni hata hivyo ni imara na ukuaji wa biashara yetu utategemea msingi huo. Ni kwa minajili hii mpango thabiti uko karibu kukamilika ili tufungue maduka mapya kadhaa makubwa kwa madogo na pia kufunguliwa rasmi hivi karibuni kwa tawi la Eldoret lililojengwa kwenye sehemu mpya. Upanuzi uliopendekezwa pamoja na imani na bidii ya wafanyikazi wetu inatupa imani kusema hali ya baadaye ni ya kutia moyo.

Wakati huo huo nina furaha kuwahakikishia ya kwamba kampuni inafanya kila iwezavyo kuongeza rasilmali na pia kujiweka tayari kwa mabadiliko ya mwaka 2000. Tuna imani kwamba mitambo yetu ya kazi wakati wa mwisho wa mwaka na baada ya terehe 1 Januari 2000 itapita kama siku nyingine ile.

Ninachukua fursa hii kutoa shukrani za halmashauri, wafanyikazi na wasimamizi pia kwa Bwana Suresh Shah kwa utumishi wa kujitolea na pia mchango wake wa miaka 19 iliyopita. Alipostaafu kama Mkurugenzi mkuu terehe 30 Juni 1999 bado angali Mkurugenzi kwenye halmashauri. Bwana Titus Mugo Kaguuru aliyejiunga na halmashauri terehe 26 Machi 1999 alichaguliwa kama Mkurugenzi mkuu tarehe 1 Julai 1999.

Mwisho kwa niaaba ya halmashauri nina washukuru wasimamizi na wafanyikazi kwa namna walivyokabiliana na pingamizi za mwaka na nina wasihi kuendelea na moyo huo huo wa kufanya kazi pamoja, kujitolea na juhudi ili kuipeleka kampuni mbele katika mwaka 1999/2000 na pia kufanya bidii ili kufikia kiwango cha faida tunayokisia kupata mwaka ujao. Kwa wanahisa wetu, wenye kutuuzia bidhaa na wanunuzi tunawashukuru kwa kuendelea kutuunga mkono pamoja na ushirikiano kibiashara.

Julius Muthamia
Mwenyekiti

UCHUMI

DIRECTORS' REPORT
YEAR ENDED 30 JUNE 1999

The directors submit their report together with the audited accounts for the year ended 30 June, 1999 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 Hyper
Jogoo Road Branch
Taveta Road Branch
Langata Branch
Nakuru East Branch
Nakuru West Branch
Eldoret Branch
Koinange Branch
Ngong Hyper

RESULTS AND DIVIDEND

The results of the company are shown on page 12.

The directors recommend the approval of an interim dividend of Shs 0.70 per share and a final dividend of Shs 2.30 per share leaving a balance of Shs 64,389,000 to be transferred to 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 Wacheke Gachukia, and Suresh Raichand Shah retire by rotation and all being eligible, offer themselves for re-election.

AUDITORS

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

By Order of the Board

B.K. Murage
Secretary

UCHUMI

RIPOTI YA WAKURUGENZI
MWAKA ULIOMALIZIKIA TAREHE 30 JUNI 1999

Wakurugenzi wanatoa ripoti yao pamoja na tarakimu ya hesabu zilizokaguliwa za mwaka ulioimalizikia tarehe 30 Juni, 1999 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 Hyper
Jogoo Road Branch
Taveta Road Branch
Langata Branch
Nakuru East Branch
Nakuru West Branch
Eldoret Branch
Koinange Branch
Ngong Hyper

MATOKEO NA MGAO

Matokeo ya Kampuni yanaonyeshwa kwenye ukurasa wa 12.

Wakurugenzi wapendekeza kuidhinishwa kwa malipo ya mgao wa kwanza wa Shilingi 0.70 kwa kila hisa na mgao wa mwisho wa Shilingi 2.30 kwa kila hisa na kuwekwa akiba ya shilingi 64,389,000.

WAKURUGENZI

Wakurugenzi walioshika hatamu za ofisi mwaka huu wanaonyeshwa katika ukurasa 2. Kulingana na masharti ya Kampuni Nambari 100, Industrial and Commercial Developement Corporation, Dkt. Eddah Wacheke Gachukia na Suresh Raichand Shah wastaafu kwa zamu na wote wakistahili, wanajitolea kuchaguliwa tena.

WAKAGUZI

PricewaterhouseCoopers 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

B.K. Murage
Katibu
26 Oktoba ,1999.

UCHUMI

AUDITORS' REPORT TO THE MEMBERS OF UCHUMI SUPERMARKETS LIMITED

We have audited the financial statements set out on pages 12 to 19. 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. The financial statements are in agreement with the books of account.

The directors are responsible for the preparation of financial statements which give a true and fair view of the company's state of affairs and its profit or loss. Our responsibility is to express an independent opinion on the financial statements 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 financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. 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 financial statements.

In our opinion proper books of account have been kept and the financial statements give a true and fair view of the state of the company's financial affairs at 30 June, 1999 and of its profit and cash flows for the year then ended and comply with Kenyan Accounting Standards and the Kenyan Companies Act.

PricewaterhouseCoopers
Certified Public Accountants
Nairobi.
26 October, 1999.

UCHUMI

PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 1999

	Notes	1999 Shs'000	1998 Shs'000
TURNOVER		**6,937,149**	5,968,031
VALUE ADDED TAX		**434,332**	355,733
NET TURNOVER		**6,502,817**	5,612,298
PROFIT BEFORE TAX	2	**375,097**	485,354
TAX	3	**130,708**	172,742
PROFIT AFTER TAX		**244,389**	312,612
DIVIDEND	4	**180,000**	225,000
RETAINED PROFIT FOR THE YEAR	6	**64,389**	87,612
EARNINGS PER SHARE (Shs.)	7	**4.07**	5.21

UCHUMI

BALANCE SHEET
AT 30 JUNE 1999

	Notes	1999 Shs'000	1998 Shs'000
CAPITAL EMPLOYED			
SHARE CAPITAL	5	**300,000**	300,000
RESERVES	6	**502,275**	437,886
		802,275	737,886
REPRESENTED BY			
FIXED ASSETS	8	**473,477**	507,934
CURRENT ASSETS			
Stock	9	**762,490**	856,711
Debtors	10	**126,068**	121,337
Tax recoverable		**23,374**	-
Short term deposits		**390,000**	340,000
Bank balances and cash		**37,806**	33,730
		1,339,738	1,351,778
CURRENT LIABILITIES			
Creditors	11	**872,940**	897,778
Tax payable		**-**	19,048
Dividend payable	4	**138,000**	205,000
		1,010,940	1,121,826
NET CURRENT ASSETS		**328,798**	229,952
		802,275	737,886

The financial statements were approved by the board of directors on 26 October 1999 and were signed on its behalf by:

Julius Muthamia :Director
Titus M. Kaguuru :Director

UCHUMI

CASH FLOW STATEMENT
YEAR ENDED 30 JUNE 1999

	1999 Shs'000	1998 Shs'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	**375,097**	485,354
Adjustments for:		
Depreciation	**56,287**	35,688
Interest received	**(67,480)**	(108,600)
Interest paid	**155**	325
Gain on disposal of fixed assets	**(1,301)**	-
Operating profit before working capital changes	**362,758**	412,767
Decrease/(Increase) in stock	**94,221**	(331,712)
Decrease/(Increase) in debtors	**(4,731)**	45,013
(Decrease)/Increase in creditors	**(24,838)**	136,353
Cash generated from operations	**427,410**	262,421
Income tax paid	**(173,130)**	(161,175)
Net cash flow from operating activities	**254,280**	101,246
RETURN ON INVESTMENTS AND SERVICING OF FINANCE		
Interest paid	**(155)**	(325)
Interest received	**67,480**	108,600
Dividend paid	**(247,000)**	(221,000)
Net cash outflow from investments and servicing of finance	**(179,675)**	(112,725)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	**(24,639)**	(195,804)
Proceeds on disposal of fixed assets	**4,110**	-
Net cash outflow from investing activities	**(20,529)**	(195,804)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**54,076**	(207,283)
CASH AND CASH EQUIVALENTS AT 1 JULY	**373,730**	581,013
CASH AND CASH EQUIVALENTS AT 30 JUNE	**427,806**	373,730

UCHUMI

NOTES TO THE ACCOUNTS
YEAR ENDED 30 JUNE 1999

1. SIGNIFICANT ACCOUNTING POLICIES

Accounting convention

The financial statements 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 valuation less accumulated depreciation.

Depreciation is calculated on the straight line basis at annual rates estimated to write off the cost or valuation 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 is carried at the redemption value. Any unearned interest or discount is included in other creditors and credited to income over the period of the issue.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 30 JUNE 1999

2. PROFIT BEFORE TAX

	1999 Shs'000	1998 Shs'000
Profit before tax is stated after charging:		
Depreciation	**56,287**	35,688
Auditors' remuneration	**1,950**	1,900
Directors' emoluments:		
Fees	**370**	400
Other remuneration	**11,474**	14,369
Interest expense	**155**	325
And after crediting:		
Interest receivable	**73,683**	117,455
Rents receivable	**603**	822

3. TAX

At 32.5% on the profit for the year as adjusted for tax purposes	**130,593**	162,880
Underprovision in prior years	**115**	9,862
	130,708	172,742

All income tax returns due by 30 June 1999 have been filed and all payments due by that date have been made. The directors are not aware of any material dispute with the Kenya Revenue Authority affecting the company's liability to tax.

A deferred tax asset amounting to Shs 1,793,000 (1998: liability of Shs 744,000) 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

	1999 Shs'000	1998 Shs'000
Dividend brought forward	**205,000**	201,000
Proposed dividend	**180,000**	225,000
	385,000	426,000
Paid for previous year	**(205,000)**	(201,000)
Paid for current year	**(42,000)**	(20,000)
	138,000	205,000

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 30 JUNE 1999

4. DIVIDEND (CONTINUED)

The directors recommend the approval of an interim dividend of Shs 0.70 per share and a final dividend of Shs 2.30 per share amounting in total to Shs 180 million.

Payment of the dividend is subject to withholding tax at the rate of 5% and 10% for resident and non - resident shareholders respectively.

5. SHARE CAPITAL

	1999	1998
	Shs'000	Shs'000
Authorised, issued and fully paid		
60,000,000 ordinary shares of shs 5 each	**300,000**	300,000

6. RESERVES

	Share premium	**Revaluation surplus**	**Revenue reserve**	**Total**
	Shs'000	Shs'000	Shs'000	Shs'000
At 1 July 1998	129,452	45,834	262,600	437,886
Retained profit for the year	-	-	64,389	64,389
At 30 June 1999	**129,452**	**45,834**	**326,989**	**502,275**

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit after tax of Shs 244,389,000 (1998: Shs 312,612,000) and on 60,000,000 shares in issue at 30 June 1999.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 30 JUNE 1999

8. FIXED ASSETS

	Leasehold land and buildings Shs'000	Plant and machinery Shs'000	Office equipment furniture and fittings Shs'000	Motor vehicles Shs'000	Total Shs'000
Cost					
At 1 July 1998	318,047	104,129	164,183	50,942	637,301
Additions	1,017	7,954	10,367	5,301	24,639
Disposals	-	(1,852)	(6,212)	(835)	(8,899)
At 30 June 1999	319,064	110,231	168,338	55,408	653,041
Comprising:					
Cost	213,564	110,231	168,338	55,408	547,541
Valuation	105,500	-	-	-	105,500
Depreciation					
At 1 July 1998	26,199	26,901	40,503	35,764	129,367
Charge for the year	8,407	18,473	23,267	6,140	56,287
Release on disposals	-	(895)	(4,360)	(835)	(6,090)
At 30 June 1999	34,606	44,479	59,410	41,069	179,564
Net book amount					
At 30 June 1999	**284,458**	**65,752**	**108,928**	**14,339**	**473,477**
At 30 June 1998	291,848	77,228	123,680	15,178	507,934

The leasehold land and buildings were valued, at open market value, on 4 January 1992 by Tysons Limited, registered valuers.

NOTES TO THE ACCOUNTS (CONTINUED)
YEAR ENDED 30 JUNE 1999

9. STOCK

	1999 Shs'000	1998 Shs'000
Food	**233,156**	250,583
Non-food	**510,348**	536,796
Other	**17,889**	9,686
Goods in transit	**1,097**	59,646
	762,490	856,711

10. DEBTORS

Trade debtors	**26,680**	20,081
Other debtors and prepaid expenses	**76,916**	90,913
Insurance claims	**21,049**	7,217
Amounts due from affiliates	**1,423**	3,126
	126,068	121,337

11. CREDITORS

Trade creditors	**766,374**	783,041
Other creditors and accrued expenses	**93,061**	106,314
Amounts due to affiliates	**13,505**	8,423
	872,940	897,778

12. CAPITAL COMMITMENTS

Estimated commitments of capital expenditure as at 30 June, 1999 totalled Shs 34 million (1998: Shs 7 million). Capital expenditure authorised but not contracted for at 30 June, 1999 amounted to Shs 105 million (1998: Shs 425 million).

13. MORTGAGE AND DEBENTURES

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.

14. INCORPORATION

The company is incorporated in Kenya under the Companies Act.

15. CURRENCY

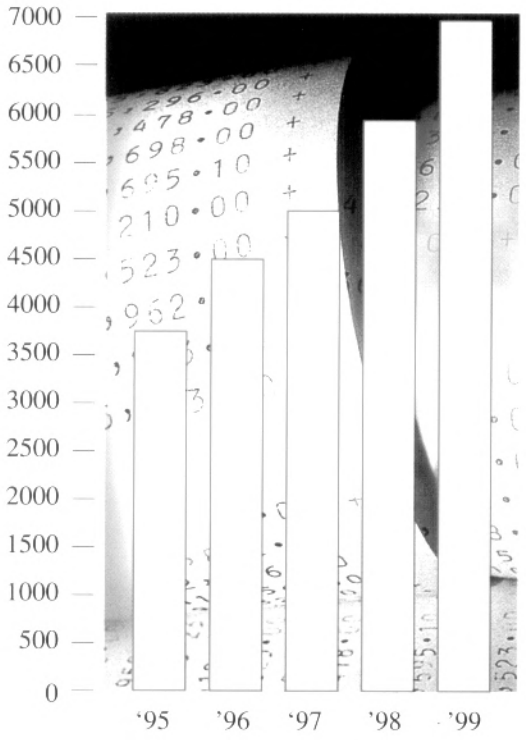
These financial statements are presented in Kenya Shillings (Shs).

UCHUMI

FINANCIAL HIGHLIGHTS

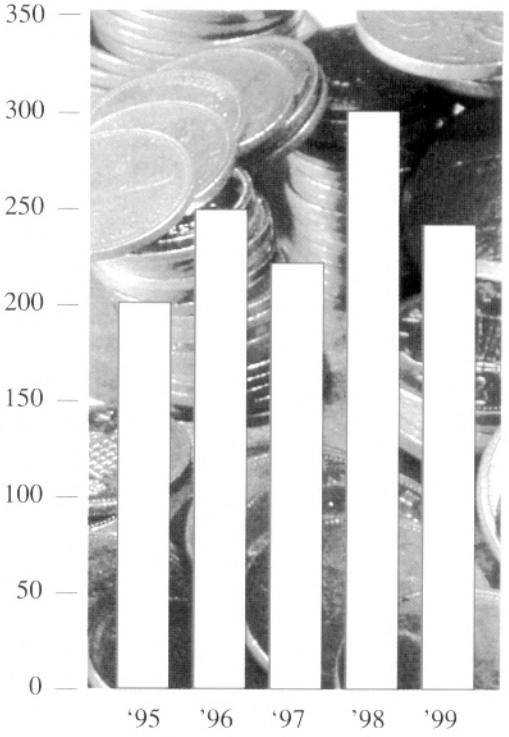
TURNOVER

(Shs. million)



PROFIT AFTER TAX

(Shs. million)

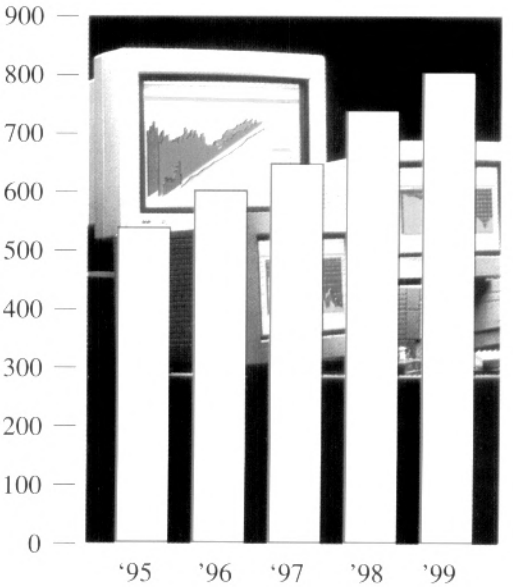


EARNINGS PER SHARE

(Shs.)

SHAREHOLDERS FUNDS

(Shs. million)



UCHUMI

PROXY

I/We.....Member No. .....

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 21st Annual General Meeting of the company to be held on Thursday 16 December 1999, at 3.00 p.m. or at any adjournment thereof.

As witness my / our hand / hands this .....day of 1999

Signature .....

Notes 1. This proxy is to be delivered to the company's registered office not later than 3 p.m. on Tuesday 14 december 1999, 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 ishirini na moja wa kampuni utakayofanywa siku ya alhamisi tarehe 16 Desemba, 1999 saa tisa alasiri ama siku yoyote ile iwapo mkutano utahairishwa.

Kama ushahidi ninatia / tunatia sahihi hii/ hizi tarehe ..... Mwezi ..... 1999.

Sahihi.....

Ukumbusho:

1. *Uwakilishi huu utumwe kwa afisi kuu ya kampuni kabla ya saa tisa alasiri Jumanne tarehe 14 Desemba 1999 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
Supermarket Building
Aga Khan Walk
P.O. Box 73167
NAIROBI

FOLD 1
KWANZA KUNJA HAPA

FOLD 3
HALAFU KUNJA HAPA

INSERT FLAP INSIDE
SASA INGIZA KARATASI HII NDANI YA MKUNJO KAMA BAHASHA