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1. Uchumi Supermarket -- Finance -- Statistics --
Periodical



COMPANY INFORMATION

BOARD OF DIRECTORS

Julius Muthamia, Chairman
Titus Mugo Kaguuru, 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
Dr. Ernest Muinde Kioko
ICDC Investment Co. Limited (appointed on 16 December, 1999)
Isaac Odundo Awuondo (appointed on 16 December, 1999)
Margaret Wambui Kenyatta (retired on 16 December, 1999)
Suresh Raichand Shah (retired on 16 December, 1999)

SECRETARY

B.K. Murage

AUDITORS

PricewaterhouseCoopers
Rahimtulla Tower
Upper Hill Road
P. O. Box 43963, Nairobi

REGISTERED OFFICE

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

2007/0263

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

Barclays Bank of Kenya Limited
Westlands Branch
P. O. Box 14403,
Nairobi

NOTICE OF ANNUAL GENERAL MEETING TO ALL SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the 22nd Annual General Meeting of the Company will be held on Thursday 14 December, 2000 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, 2000 and the Report of the Directors and that of the Auditors thereon.
3. To confirm the payment of the interim dividend of Shs. 0.70 per share and declare a final dividend of Shs. 2.30 per share in respect of the year ended 30 June, 2000.
4. To confirm the Directors' remuneration for the year ended 30 June, 2000.
5. To elect Directors who retire by rotation and, who being eligible, offer themselves for re-election.
 - (i) Permanent Secretary, Ministry of Tourism, Trade and Industry.
 - (ii) Dr. Ernest Muinde Kioko.
 - (iii) Nigel Ralph Pavitt.
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
25 October, 2000

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
KWA WENYEHISA WOTE**

ILANI INATOLEWA KWAMBA Mkutano Mkuu wa mwaka wa ishirini na mbili wa Kampuni utafanywa Alhamisi tarehe 14 Desemba, 2000 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, 2000 pamoja na ripoti za Wakurugenzi na pia wakaguzi wa vitabu.
3. Kuidhinisha malipo ya mgao wa muda wa Senti 70 kwa hisa na kupitisha malipo ya mgao wa mwisho wa Shilingi 2.30 kwa hisa kwa mwaka ulioishia tarehe 30 Juni, 2000.
4. Kuidhinisha malipo ya Wakurugenzi kwa mwaka ulioishia tarehe 30 Juni, 2000.
5. Kuwachagua Wakurugenzi ambao kwa kupishana wanastahili na wanajitolea kuchaguliwa tena.
 - (i) Katibu wa Kudumu, Wizara ya Huduma za Wageni, Biashara na Viwanda.
 - (ii) Dkt. Ernest Muinde Kioko.
 - (iii) Nigel Ralph Pavitt.
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
Oktoba 25, 2000

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

CHAIRMAN'S STATEMENT

It gives me great pleasure to present another successful performance at Uchumi for the year ended June 2000, despite the difficult economic circumstances.

Kenya's business environment continued to present many challenges as the country's economic performance remained thoroughly depressed with the lowest registered GDP growth rate, 1.3%, in recent times. Add to this the fact that revised estimated growth projections

for the year 2000 are expected to be even lower, and one will realize that the task of maintaining a trend of increasing profits becomes an ever greater challenge.

During the year, the retail sector, like most others, witnessed the general effect of the economic slowdown, aggravated by adverse weather conditions and infrastructural deterioration. New investment remained elusive and most concerns focussed purely on survival, rather than growth. Consumer spending, as reported last year, remained subdued and shopping was mainly for basic foodstuffs which carry relatively lower margins; meanwhile shortages of some basic food items were experienced in the market.

The Board and Management however, continues to adopt a prudent and pragmatic approach during these difficult times and as a result the company achieved an 11% growth in gross turnover with sales reaching an all time high of Shs. 7.7 billion against Shs. 6.9 billion in the prior year.

The continuing satisfactory performance of our two hypermarkets together with steady

expansion in our branch network -3 new outlets were opened in the year and our operations in Eldoret were resumed too - contributed significantly to the growth in turnover.

The operating profit for the year increased to Shs. 399.1 million from Shs. 297.7 million for the previous year, representing growth of some 34 %.

In addition, and despite a drop in interest income from Shs. 73.5 million in the previous year to Shs. 63.5 million, following a general decline in interest rates on short term deposits, we achieved a 24.6% increase in pre- tax profits for the year of Shs. 462.5 million compared to Shs. 371.2 million in the prior year.

After providing for tax of Shs. 142.4 million (Shs. 125.7 million in the previous year), which includes deferred tax as required under International Accounting Standards, the net result is a profit after tax of Shs. 320 million compared to Shs. 245.6 million in the previous year; some 30% growth. Earnings per share in consequence rose to Shs. 5.33 from Shs. 4.09.

Meanwhile, shareholders will note the increased disclosure of financial information in this year's annual report which comes about from the adoption of International Accounting Standards with effect from 1st July 1999.

Turning to the subject of dividends, the company declared and paid, in June 2000, an interim dividend of Shs. 0.70 per share (14%). The Board now recommends a final dividend of Shs. 2.30 per share (46%) for approval at the Annual General Meeting. This will bring the total dividend for the year to Shs. 3.00 per share, (60%) the same level as last year and much above the norm for major quoted companies. This distribution out of the current year's funds available to shareholders of

Julius Muthamia - Chairman

CHAIRMAN'S STATEMENT



Convenient shopping for customers at our modern Hypers

Shs. 320 million leaves for retention Shs. 140 million; this, by design, gives the company a strong capital base with which to finance its ambitious future expansion.

In my review last year, I mentioned that development plans were well advanced for the opening of new outlets. I am delighted now to report that during the second half of the financial year, your company achieved a

milestone in its expansion programme by opening two new outlets in Nairobi - one at Temple Road in the town centre and the second in Nairobi West residential area. A third branch was opened at the very end of the financial year, in Mombasa - the Station hyper - the company's first outlet in the coast region. These developments augur well for the company's future and have already helped contribute to the very stable performance in this current difficult year. In this context, I would like to place on record my commendation to both the management and all staff, who together contributed tirelessly to this success.

The effects of last year's economic slow down, the unfavourable weather, and continuing power shortages and other troublesome factors, do not lead one to believe that there will be a speedy resumption in growth. However, we are optimistic that some improvement in economic growth can be expected given the measures put in place by the Government to address the underlying problems. This potential growth will, we believe, provide your company with a platform upon which to build on the highly satisfactory performance in the year ended June 2000.

Finally, on my behalf and that of the Board, I would like to thank the management and staff for their hard work and dedication throughout a demanding year, and in particular for the part they played in achieving this year's results. To our shareholders, suppliers and customers, we thank you too for your continued support.

I am confident that we have the team spirit upon which to continue building the future success of the Company.

Julius Muthamia
Chairman

TAARIFA YA MWENYEKITI

Ninafuraha kubwa kuwasilisha ripoti hii nyengine yenye matokeo ya kufana ya kampuni yenu ya mwaka uliomalizika mwezi Juni 2000, dhidi ya shida zilizotukabili kiuchumi.

Hali ya uchumi hapa nchini kwa jumla imeendelea kuwa na matatizo hivyo basi kusababisha kufika kiwango cha chini cha ukuaji, kufikia asilimia 1.3 hivi sasa na ingawa kwamba makisio mapya ya mwaka ya kiwango cha ukuaji cha mwaka 2000 kinatazamiwa kuwa chini zaidi hivyo basi uwezo wa kuhifadhi faida unakuwa jukumu kubwa.

Katika mwaka tunaochunguza, sekta ya reja reja kama vile ilivyo katika sekta nyingine, tulishuhudia madhara yaliyoletwa na hali ya uchumi kuwa wa chini na pia hali mbaya ya anga ilivyo, na ukosefu wa huduma bora ambavyo viliangamiza ukuaji wa uchumi na fedha. Kama ilivyo ripotiwa mwaka jana, matumizi ya wateja yamebaki chini sana na ununuzi zaidi ulikuwa ni ule wa vyakula vya kawaida ambavyo faida yake ni ndogo, huku upungufu wa bidhaa muhimu ukionekana sokoni.

Halmashauri na wasimamizi wa kampuni wanaendelea kuchukua hatua zifaazo kukabiliana na matatizo ya wakati huu mgumu na hivyo basi kampuni ilipata ongezeko la biashara la asilimia 11 na mauzo katika mwaka kufikia kiwango cha juu cha bilioni 7.7 ikilinganishwa na bilioni 6.9 mwaka uliopita. Kazi nzuri inayofanyika katika maduka yetu mawili makubwa pamoja na ongezeko la matawi - maduka matatu mapya yalifunguliwa mwaka huu na huduma katika tawi la Eldoret zilizoanza tena - na kuchangia zaidi kwa ongezeko la ukuzaji biashara. Faida ya uendeshaji biashara iliongezeka mwakani

kufikia shilingi milioni 399.1 kutoka shilingi milioni 297.7 mwaka uliopita, ongezeko la asilimia 34.

Ingawa kulikuwa na upungufu wa mapato ya riba kutoka shilingi milioni 73.5 mwaka uliopita hadi kufikia shilingi milioni 63.5 kutokana na kushuka kwa viwango vya kulipa riba kwa fedha zinazowekwa kwa muda mfupi, tulipata ongezeko la faida kabla ya kodi ya asilimia 24.6 mwakani ya shilingi milioni 462.5 ukilinganisha na shilingi milioni 371.2 mwaka uliopita. Baada ya kutoa kodi ya shilingi milioni 142.4 (Shilingi milioni 125.7 mwaka uliopita) ambayo pia ina kodi iliyotengwa kama inavyohitajika kufuatana na kanuni za uhasibu wa kimataifa, kulipatikana faida baada ya kodi ya shilingi milioni 320 ikilinganishwa na faida ya shilingi milioni 245.6 mwaka uliopita, ongezeko la asilimia 30. Hivyo basi kulikuwa na ongezeko la mapato kwa kila hisa kufikia shilingi 5.33 kutoka shilingi 4.09.



A wide range of products, available at our branches

TAARIFA YA MWENYEKITI



Modern check-out counters at our branches

Hivyo basi wanahisa wataona kwamba kuna maelezo mengi kuhusu jinsi pesa zinavyotumika katika ripoti ya mwaka huu, iliyosababishwa kwa kufuata kanuni za kimataifa kuhusu uwekaji vitabu vya hesabu kutoka tarehe 1 Julai 1999.

Nikirudia jambo kuhusu migao, kampuni ilitangaza na kulipa, mgao wa muda mwezi Juni, 2000 wa senti 70 kwa kila hisa (asilimia 14). Halmashauri yenu sasa inapendekeza malipo ya shilingi 2.30 kwa kila hisa (asilimia 46) pendekezo ambalo litawasilishwa katika mkutano mkuu wa mwaka. Hii itafanya jumla ya mgao wa mwaka kuwa shilingi 3.00 kwa kila hisa (asilimia 60) kama ilivyokuwa mwaka jana, ikiwa ni kiwango cha juu ukilinganisha na viwango vilivyolipwa na zile kampuni zenye hisa zilizo sajiliwa katika soko la hisa. Mgao huu umetolewa kutoka kwa faida ya mwaka huu ya wenyehisa ya shilingi milioni 320, ikibakisha shilingi milioni 140 ambazo zitawezesha kampuni kukamilisha mipango yake ya upanuzi mbeleni.

Katika taarifa yangu ya mwaka jana, nilitaja kwamba kuna mipango inayoendelea ya

kufungua maduka mengine. Hivi basi, ninafuraha kuwaarifu kwamba muda wa kipindi cha pili cha mwaka, kampuni yenu ilipiga hatua kubwa katika mipango yake ya upanuzi kwa kufungua maduka mapya mawili Nairobi -moja likiwa hapo Temple Road katikati ya mji na lengine katika mtaa wa Nairobi West. Duka lengine la tatu lilifunguliwa mjini Mombasa mwisho wa mwaka linalo julikana kama Station hyper, limekuwa la kufana sana, ikiwa ndio mara ya kwanza kwa kampuni kufungua duka katika mkoa wa pwani. Tuna hakika kwamba miradi hii itachangia sana maendeleo na kukua kwa kampuni yenu katika mwaka huu mgumu. Ningependa kutoa pongezi kwa wasimamizi na wafanyikazi wote kwa kuchangia bila kuchoka matokeo haya mazuri.

Hali mbaya ya uchumi mwaka jana, na hali ya ukame na ukosefu wa nguvu za umeme mara kwa mara na mengineo, hayatupi uhakika kwamba kutakuwa na ufufuzi wa uchumi wa haraka. Ingawaje, matumaini yako kwamba kutakuwa na maendeleo ya uchumi ikiwa ile mipango iliyowekwa na serikali itatekelezwa kikamilifu. Mambo haya yakichunguzwa, kampuni yenu itapata jukwaa la kuendeleza mbele matokeo mazuri zaidi ya mwaka uliomalizika mwezi Juni 2000.

Mwisho, kwa niaba yangu na ile ya Halmashauri, ningependa kuwashukuru wasimamizi na wafanyikazi kwa kazi yao na juhudi zao katika mwaka uliokuwa mgumu na hasa kwa matokeo mazuri tuliopata. Napenda pia kuwashukuru wenye hisa, wanaotuzia bidhaa na wateja wetu, kwa kutuunga mkono wakati wote. Nina hakika kwamba tuna moyo wa umoja ambao utatuwezesha kuendelea kujenge kampuni yenye mafanikio mbeleni.

Julius Muthamia
Mwenyekiti

DIRECTORS' REPORT YEAR ENDED 30 JUNE 2000

The directors submit their report together with the audited accounts for the year ended 30 June, 2000 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
Temple Road Branch
Nairobi West Branch
Station Hyper - Mombasa

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 140,048,000 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, The Permanent Secretary, Ministry of Tourism, Trade and Industry, Dr. Ernest Muinde Kioko, and Nigel Ralph Pavitt 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
25 October, 2000.

**RIPOTI YA WAKURUGENZI
MWAKA ULIOIMALIZIKIA TAREHE 30 JUNI 2000**

Wakurugenzi wanatoa ripoti yao pamoja na tarakimu ya hesabu zilizokaguliwa za mwaka ulioimalizikia tarehe 30 Juni, 2000 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
- Temple Road Branch
- Nairobi West Branch
- Station Hyper - Mombasa

MATOKEO NA MGAO

Matokeo ya Kampuni yanaonyeshwa kwenye ukurasa wa 12.

Wakurugenzi wapendekeza kuidhinishwa kwa malipo ya mgao wa kwanza wa Senti 70 kwa kila hisa na mgao wa mwisho wa Shilingi 2.30 kwa kila hisa na kuwekwa akiba ya shilingi 140,048,000.

WAKURUGENZI

Wakurugenzi walioshika hatamu za ofisi mwaka huu wanaonyeshwa katika ukurasa 2. Kulingana na masharti ya Kampuni Nambari 100, Katibu wa Kudumu, Wizara ya Huduma za Wageni, Biashara na Viwanda, Dkt. Ernest Muinde Kioko, na Nigel Ralph Pavitt 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
Oktoba 25, 2000

REPORT OF THE AUDITORS TO THE MEMBERS OF UCHUMI SUPERMARKETS LIMITED

We have audited the financial statements set out on pages 12 to 27. 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.

Respective responsibilities of directors and auditors

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.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. 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.

Opinion

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, 2000 and of its profit and cash flows for the year then ended and comply with International Accounting Standards and the Kenyan Companies Act.

PricewaterhouseCoopers
Certified Public Accountants
Nairobi

25 October, 2000

**PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2000**

	Notes	2000 Shs'000	1999 Shs'000
Sales	1	7,228,371	6,502,817
Cost of sales		(5,974,388)	(5,443,084)
Gross profit		1,253,983	1,059,733
Other operating income		70,875	57,771
Net operating costs	2	(925,799)	(819,795)
Operating profit	3	399,059	297,709
Finance income	5	63,471	73,528
Profit before tax		462,530	371,237
Tax	6	(142,482)	(125,664)
Profit after tax		320,048	245,573
Earnings per share (Shs)	7	5.33	4.09

BALANCE SHEET AT 30 JUNE 2000

	Notes	2000 Shs'000	1999 Shs'000
CAPITAL EMPLOYED			
Share capital	9	300,000	300,000
Share premium		129,452	129,452
Revaluation reserves	13	32,508	34,174
Retained earnings		476,084	334,370
Shareholders' Funds		938,044	797,996
REPRESENTED BY			
Non-Current assets			
Property, plant and equipment	12	708,787	473,477
Deferred tax	10	21,151	16,915
Non-current receivables	14	7,310	10,490
		737,248	500,882
Current Assets			
Inventories	15	1,012,424	762,490
Trade and other receivables	16	92,100	115,578
Tax recoverable		6,830	23,374
Short term deposits	17	360,000	390,000
Cash at bank and in hand	17	54,810	37,806
		1,526,164	1,329,248
Current Liabilities			
Trade and other payables	18	1,161,871	872,940
Provision for liabilities and charges	11	25,497	21,194
Dividends	8	138,000	138,000
		1,325,368	1,032,134
Net Current Assets		200,796	297,114
		938,044	797,996

The financial statements on pages 12 to 27 were approved by the board of directors on 25 October, 2000 and were signed on its behalf by:

Titus M. Kaguuru :Director

Julius Muthamia :Director

STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital Shs'000	Share premium Shs'000	Revaluation reserves Shs'000	Retained earnings Shs'000	Total Shs'000
Balance at 1 July 1998						
As previously stated		300,000	129,452	45,834	262,600	737,886
Prior year adjustment - adoption of IAS 16	13	-	-	(9,994)	9,994	-
Prior year adjustment - adoption of IAS 12	10	-	-	-	11,871	11,871
Prior year adjustment - adoption of IAS 19	11	-	-	-	(17,334)	(17,334)
As restated		300,000	129,452	35,840	267,131	732,423
Transfer of depreciation to retained earnings	13	-	-	(1,666)	1,666	-
Profit after tax - restated for the effect of adopting IAS 12 and 19		-	-	-	245,573	245,573
Dividend	8	-	-	-	(180,000)	(180,000)
Balance at 30 June 1999		300,000	129,452	34,174	334,370	797,996
Balance at 1 July 1999						
As previously stated		300,000	129,452	45,834	326,989	802,275
Prior year adjustment - adoption of IAS 16	13	-	-	(11,660)	11,660	-
Prior year adjustment - adoption of IAS 12	10	-	-	-	16,915	16,915
Prior year adjustment - adoption of IAS 19	11	-	-	-	(21,194)	(21,194)
As restated		300,000	129,452	34,174	334,370	797,996
Transfer of depreciation to retained earnings		-	-	(1,666)	1,666	-
Profit after tax		-	-	-	320,048	320,048
Dividend	8	-	-	-	(180,000)	(180,000)
Balance at 30 June 2000		300,000	129,452	32,508	476,084	938,044

**CASH FLOW STATEMENT
YEAR ENDED 30 JUNE 2000**

	Notes	2000 Shs'000	1999 Shs'000
Operating activities			
Cash generated from operations	21	532,726	427,255
Interest received		59,078	67,480
Tax paid		(130,174)	(173,130)
Net cash from operating activities		461,630	321,605
Investing activities			
Purchase of property, plant and equipment	12	(298,963)	(24,639)
Proceeds from disposal of property, plant and equipment		4,337	4,110
Net cash used in investing activities		(294,626)	(20,529)
Financing activities			
Dividends paid		(180,000)	(247,000)
Net cash used in financing activities		(180,000)	(247,000)
(Decrease)/increase in cash and cash equivalents		(12,996)	54,076
Movement in cash and cash equivalents			
At 1 July	17	427,806	373,730
(Decrease)/increase in cash and cash equivalents		(12,996)	54,076
At 30 June	17	414,810	427,806

ACCOUNTING POLICIES YEAR ENDED 30 JUNE 2000

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1. Basis of preparation

The financial statements are prepared in accordance with and comply with International Accounting Standards which have been adopted with effect from 1 July, 1999.

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment.

With the exception of IAS12, income taxes, and IAS 19, employee benefits, there are no changes in accounting policy that affect the profit after tax resulting from the adoption of International Accounting Standards.

2. Revenue recognition

Sales comprise the amount receivable for goods sold net of value added tax. Sales are recognised after customers take possession of the goods.

Interest income is recognised as it accrues.

3. Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Kenya shillings at rates ruling at that date. The resulting differences from conversion and translation are dealt with in the profit and loss account in the year in which they arise.

4. Property, plant and equipment

All property, plant and equipment is initially recorded at cost. Land and buildings are subsequently shown at market value, based on regular valuations by external independent valuers, less subsequent depreciation. All other property, plant and equipment is stated at historical cost less depreciation.

Increases in the carrying amount arising on revaluation are credited to a revaluation reserve. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the profit and loss account) and depreciation based on the asset's original cost is transferred from the revaluation reserves to retained earnings.

Depreciation is calculated on the straight line basis to write down the cost of each asset, or the revalued amounts, to their residual values over their estimated useful life as follows:

Leasehold land and buildings	Over the lease period
Improvements to premises	10%
Plant and machinery	20%
Equipment and motor vehicles	15%, 20% and 25% (as appropriate)

**ACCOUNTING POLICIES (CONT.)
YEAR ENDED 30 JUNE 2000**

Freehold land is not depreciated as it is deemed to have an indefinite life.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

5. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is generally determined by the first-in first-out (FIFO) method. Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses.

6. Trade receivables

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off in the year in which they are identified.

7. Provisions

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

8. Deferred tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax.

9. Pension obligations

The company operates a defined contribution pension scheme for all its employees. The scheme is administered by an insurance company and is funded from contributions from both the company and employees.

The company's contributions to the defined contribution pension scheme are charged to the profit and loss account in the year to which they relate.

10. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, and deposits with banks and other institutions.

11. Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In particular, the comparatives have been adjusted or extended to take into account the requirements of International Accounting Standards which the company has implemented in the year ended 30 June, 2000.

**NOTES TO THE ACCOUNTS
YEAR ENDED 30 JUNE 2000**
1. Sales

	2000 Shs'000	1999 Shs'000
Sales revenue is classified based on the areas in which the company operates as follows:		
Nairobi 15 branches (1999:13)	6,987,727	6,308,222
Other 4 branches(1999: 3)	708,807	628,927
	<u>7,696,534</u>	<u>6,937,149</u>
Less: Value added tax	(468,163)	(434,332)
	<u>7,228,371</u>	<u>6,502,817</u>

All the company's operations are in Kenya

2. Net operating costs

Net operating costs comprise the following:

Distribution costs	66,717	57,329
Administrative expenses	267,562	237,481
Other operating expenses	591,520	524,985
	<u>925,799</u>	<u>819,795</u>

3. Operating profit

The following items have been charged in arriving at operating profit:

Depreciation on property,plant and equipment(note 12)	63,246	56,287
Operating lease rentals	135,000	119,922
Staff costs (note 4)	482,099	425,485
Auditors' remuneration	2,300	1,950
Directors' remuneration		
Fees	379	370
Other	9,204	11,474
	<u></u>	<u></u>

4. Staff costs

The following items are included within staff costs:

Termination benefits	10,636	8,291
Pension costs: defined contribution plan	10,830	8,302
	<u></u>	<u></u>

The number of persons employed by the company at the year end was 1,673 (1999: 1,424).

NOTES TO THE ACCOUNTS (CONT.) YEAR ENDED 30 JUNE 2000

5. Finance income

	2000 Shs'000	1999 Shs'000
Interest income	63,471	73,528

6. Tax

Current tax	146,718	130,708
Deferred tax credit (note 10)	(4,236)	(5,044)
	<u>142,482</u>	<u>125,664</u>

The tax on the company's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2000 Shs'000	1999 Shs'000
Profit before tax	462,530	371,237
Tax calculated at a tax rate of 30% (1999:32.5%)	138,759	120,652
Tax effect of:		
Income not subject to tax	(619)	(428)
Expenses not deductible for tax purposes	4,342	5,325
Under provision in prior years	-	115
Tax charge	<u>142,482</u>	<u>125,664</u>

Further information about deferred tax is presented in note 10.

7. Earnings per share

Earnings per share is calculated by dividing profit after tax attributable to shareholders by the number of ordinary shares in issue during the year:

	2000	1999
Profit attributable to shareholders (Shs'000)	320,048	245,573
Number of ordinary shares in issue (thousands)	60,000	60,000
Earnings per share (Shs)	<u>5.33</u>	<u>4.09</u>

**NOTES TO THE ACCOUNTS (CONT.)
YEAR ENDED 30 JUNE 2000**
8. Dividends per share

At the Annual General Meeting on 14 December, 2000, a dividend in respect of the year 2000 of Shs 2.30 per share amounting to a total of Shs 138,000,000 is to be proposed. The proposed amount has been provided for in accordance with the Companies Act. During the year an interim dividend of Shs 0.70 per share, amounting to a total of Shs 42,000,000 was paid. The total dividend for the year is therefore Shs 3 per share (1999: Shs 3), amounting to a total of Shs 180,000,000 (1999: Shs 180,000,000).

- Payment of dividends is subject to withholding tax at the rate of 5% for Kenyan residents and 10% for non-residents.

9. Share capital

	Number of Shares (Thousands)	Share Capital Shs'000
Balance at 1 July, 1999 and 30 June, 2000	60,000	300,000

The total authorised number of ordinary shares is 60,000,000 with a par value of Shs 5 per share. All issued shares are fully paid.

10. Deferred tax

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 30% (1999:30%). The movement on the deferred tax account is as follows:

	2000 Shs'000	1999 Shs'000
At the beginning of the year		
As previously stated	-	-
Prior year adjustment	16,915	11,871
As restated	16,915	11,871
Income statement credit (note 6)	4,236	5,044
At end of year	21,151	16,915

The prior year adjustment results from the adoption by the company during the year of IAS 12, income taxes.

NOTES TO THE ACCOUNTS (CONT.)

YEAR ENDED 30 JUNE 2000

10. Deferred tax (cont.)

Deferred tax assets and liabilities, and the deferred tax charge/(credit) in the profit and loss account are attributable to the following items:

	01.07.99 Shs'000	Charged/ (credited) to P&L Shs'000	30.06.00 Shs'000
Deferred tax liabilities			
Accelerated tax depreciation	1,809	1,485	3,294
Deferred tax assets			
Provisions	(18,724)	(5,721)	(24,445)
Net deferred tax asset	(16,915)	(4,236)	(21,151)

11. Provisions for liabilities and charges

	2000 Shs'000	1999 Shs'000
At 1 July		
As previously stated	-	-
Prior year adjustment	21,194	17,334
As restated	21,194	17,334
Additional provisions	14,934	10,648
Utilised during the year	(10,631)	(6,788)
At 30 June	25,497	21,194

**NOTES TO THE ACCOUNTS (CONT.)
YEAR ENDED 30 JUNE 2000**
12. Property, plant and equipment

	Leasehold land and buildings Shs'000	Improvements to premises Shs'000	Plant and machinery Shs'000	Vehicles and equipment Shs'000	Capital work-in progress Shs'000	Total Shs'000
Cost or valuation						
At 1 July 1999	289,231	29,833	110,231	223,746	-	653,041
Additions	103,920	30,295	64,933	89,087	10,728	298,963
Disposals	-	-	(1,446)	(10,993)	-	(12,439)
At 30 June 2000	393,151	60,128	173,718	301,840	10,728	939,565
Depreciation						
At 1 July 1999	27,389	7,217	44,479	100,479	-	179,564
Charge for the year	5,765	3,351	19,115	35,015	-	63,246
On disposals	-	-	(1,376)	(10,656)	-	(12,032)
At 30 June 2000	33,154	10,568	62,218	124,838	-	230,778
Net book amount						
At 30 June 2000	359,997	49,560	111,500	177,002	10,728	708,787
At 30 June 1999	261,842	22,616	65,752	123,267	-	473,477

The leasehold land and buildings were last revalued during 1992, by Tysons Limited, independent valuers. Valuations were made at open market value. The book values of the properties were adjusted to the revaluations and the resultant surplus was credited to revaluation reserves (note 13). Following the company's new policy, valuations henceforth will be carried out regularly, commencing 2001.

If the land and buildings had been stated on the historical cost basis, the amounts would be as follows:

	2000 Shs'000	1999 shs'000
Cost	387,444	253,230
Accumulated depreciation	(18,598)	(14,243)
Net book amount	368,846	238,987

**NOTES TO THE ACCOUNTS (CONT.)
YEAR ENDED 30 JUNE 2000**
13. Revaluation reserves

	2000	1999
	Shs'000	Shs'000
At 1 July		
As previously stated	45,834	45,834
Prior year adjustment	(11,660)	(9,994)
As restated	34,174	35,840
Transfer of excess depreciation to retained earnings	(1,666)	(1,666)
At 30 June	32,508	34,174

These reserves are non-distributable

14. Non-current receivables

	2000	1999
	Shs'000	Shs'000
Loans to directors (note 22)	844	1,304
Other non-current receivables	6,466	9,186
	7,310	10,490

The current receivables relating to the above items are shown in note 16. All non-current receivables are due within 5 years from the balance sheet date. The weighted average interest rates on receivables (current and non - current) were as follows:

	2000	1999
Loans to directors (note 22)	6%	6%
Other non - current receivables	6%	6%

15. Inventories

	2000	1999
	Shs'000	Shs'000
Food	310,298	233,156
Non-food	642,056	510,348
Other	16,382	17,889
Goods in transit	43,688	1,097
	1,012,424	762,490

NOTES TO THE ACCOUNTS (CONT.)

YEAR ENDED 30 JUNE 2000

16. Trade and other receivables

	2000 Shs'000	1999 Shs'000
Trade receivables	8,992	26,680
Prepayments	41,833	34,322
Receivables from related companies (note 22)	2,929	1,423
Loans to directors (note 22)	460	460
Other receivables	37,886	52,693
	<u>92,100</u>	<u>115,578</u>

17. Cash and cash equivalents

	2000 Shs'000	1999 Shs'000
Cash at bank and in hand	54,810	37,806
Short term deposits	360,000	390,000
	<u>414,810</u>	<u>427,806</u>

The weighted average effective interest rates on short term bank deposits was 13.8% (1999: 19.4%)

18. Trade and other payables

	2000 Shs'000	1999 Shs'000
Trade payables	1,023,235	766,374
Amounts due to related companies (note 22)	7,028	13,505
VAT payable	9,018	6,395
Accrued expenses	47,974	50,268
Other payables	74,616	36,398
	<u>1,161,871</u>	<u>872,940</u>

19. Contingent liabilities

At 30 June 2000 the company had no contingent liabilities in respect of bank guarantees and other matters arising in the ordinary course of business. After year end and in the ordinary course of business, the company has given a guarantee amounting to Shs. 500,000 (1999: Shs. Nil) to third parties.

The Company is a defendant in various legal actions. In the opinion of directors, after taking appropriate legal advice, the outcome of such actions will not give rise to any significant loss.

**NOTES TO THE ACCOUNTS (CONT.)
YEAR ENDED 30 JUNE 2000**
20. Commitments
Capital Commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	2000 Shs'000	1999 Shs'000
Property, plant and equipment	3,356	34,000

Operating lease commitments

The future minimum lease payments under non-cancellable operating rental leases are as follows:

	2000 Shs'000	1999 Shs'000
Not later than 1 year	152,333	132,757
Later than 1 year and not later than 5 years	456,738	496,648
Later than 5 years	89,884	18,161
	<u>698,955</u>	<u>647,566</u>

21. Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

	2000 Shs'000	1999 Shs'000
Profit before tax	462,530	371,237
Adjustments for:		
Depreciation (Note 12)	63,246	56,287
Profit on sale of property, plant and equipment	1 (3,930)	(1,301)
Interest received	(59,078)	(67,480)
Changes in working capital		
-Trade and other receivables	1 26,658	(4,731)
-Inventories	1 (249,934)	94,221
-Trade and other payables	1 288,931	(24,839)
-Provisions for liabilities and charges	1 4,303	3,861
Cash generated from operations	<u>532,726</u>	<u>427,255</u>

NOTES TO THE ACCOUNTS (CONT.)

YEAR ENDED 30 JUNE 2000

22. Related party transactions

The following transactions were carried out with related parties:

	2000 Shs'000	1999 Shs'000
i) Sale of goods and services		
Industrial and Commercial Development Corporation	1,597	1,723
ii) Purchase of goods and services		
Kenya Wine Agencies Limited	45,609	42,945
Other related parties	1,509	1,364
	<u>47,118</u>	<u>44,309</u>

Sales and purchases to / from related parties were made on terms and conditions similar to those on offer to other customers.

iii) Outstanding balances arising from sale and purchase of goods / services

Receivable from related parties	<u>2,929</u>	<u>1,423</u>
Payable to related parties	<u>7,028</u>	<u>13,505</u>

iv) Loans to Directors

Loans to the directors of the company:

Balance at the beginning of the period	1,764	-
Loans advanced during the period	-	1,841
Loan repayments received	(460)	(77)
	<u>1,304</u>	<u>1,764</u>
Balance at the end of year		
Receivable within 1 year	460	460
Receivable beyond 1 year	844	1,304
	<u>1,304</u>	<u>1,764</u>

Loans to directors have a fixed repayment period.

**NOTES TO THE ACCOUNTS (CONT.)
YEAR ENDED 30 JUNE 2000**

23. Country of incorporation and registered office

The company is incorporated in Kenya under the Companies Act and domiciled in Kenya. The address of its registered office is:

Uchumi Supermarkets Limited
Supermarket Building
Aga Khan Walk
P O Box 73167
NAIROBI

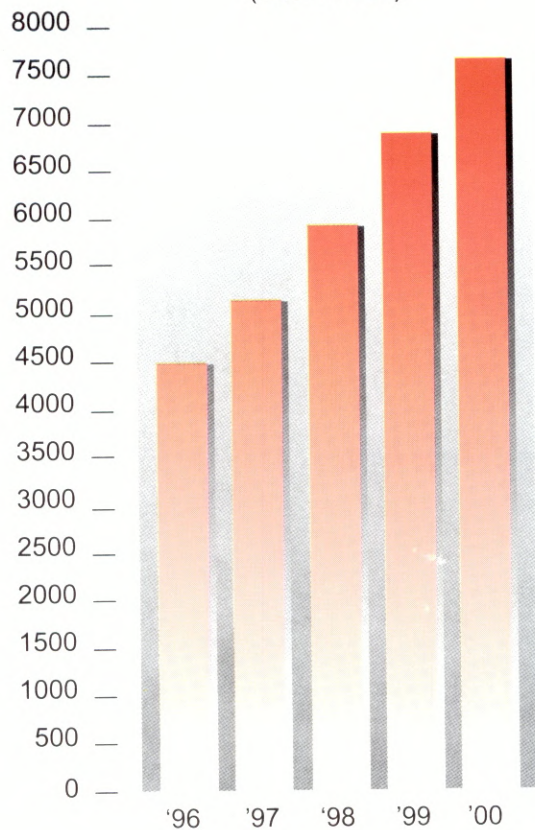
24. Currency

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

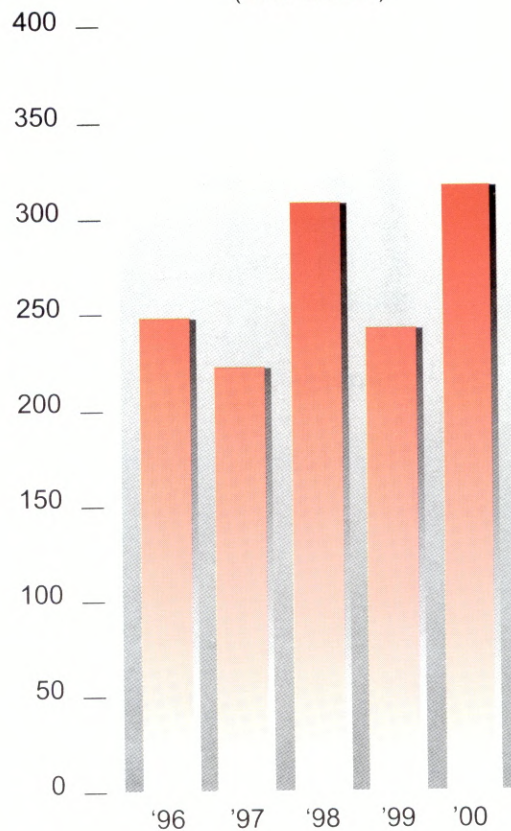


FINANCIAL HIGHLIGHTS

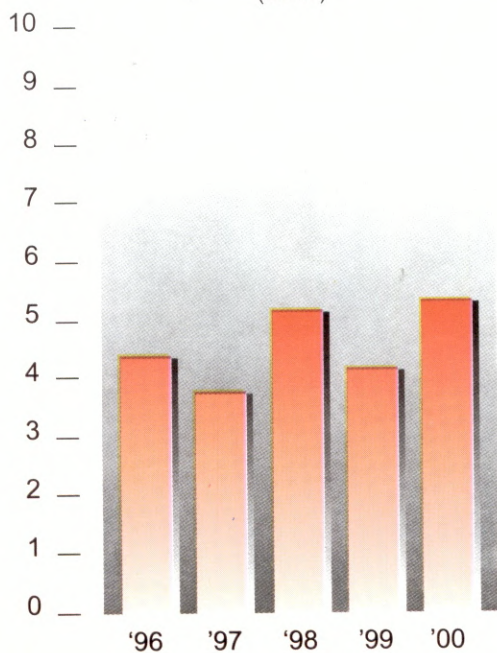
TURNOVER
(Shs. million)



PROFIT AFTER TAX
(Shs. million)



EARNINGS PER SHARE
(Shs.)



SHAREHOLDERS FUNDS
(Shs. million)

