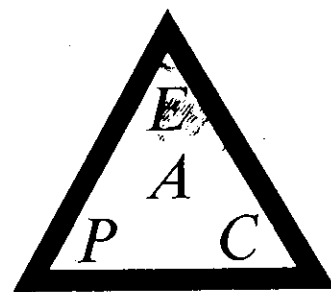


THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



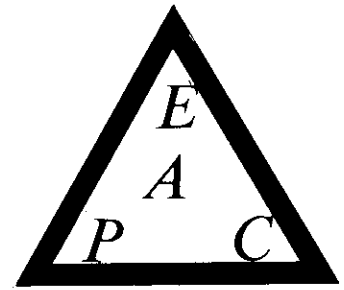
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BLUE TRIANGLE CEMENT

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifth Seventh Annual General Meeting of the East African Portland Cement Company Limited will be held at the Factory, Athi River, on 30th May, 1990 at 12.00 noon for the following purposes:

1. To approve the minutes of the Annual General Meeting held on 18th May 1989 as a correct record of proceedings.
2. To receive the Chairman's Statement, Report of the Directors and Audited Accounts for the year ended 30th June 1989.
3. To declare a first and final dividend.
4. To elect Directors in accordance with the Company's Articles of Association.
5. To authorise the Directors to fix the remuneration of the Auditors.
6. To transact any other ordinary business of the Company.

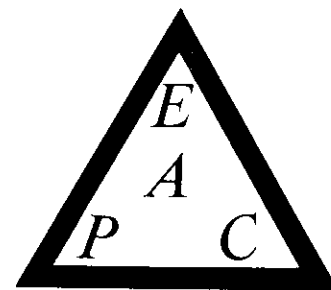
A member entitled to attend and vote this meeting is entitled to appoint a proxy to attend and vote in his or her stead. A proxy need not be a member of the company.

By Order of the Board.

D.K. TIROP
Secretary
Nairobi.

20th April 1990.

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



CHAIRMAN'S REPORT

Total cement sold during the financial year 1988/89 was 332,764 tonnes which was 16,000 tonnes above the quantity sold during the 1987/88 financial year. The Company made a pre-tax profit of K£ 1,216,652 which was a 40.51% improvement over the 1987/88 profit of K£ 865,909. Earnings per share improved by 73.39% from Kshs. 1.09 to Kshs. 1.89.

This improvement in performance was mainly due to four factors, namely: (a) increased volume of sales, (b) 10% price increase awarded in May 1988, (c) stability in oil prices over the review period and (d) strict control of financial resources.

Although cost of production and distribution continued to rise during the financial year due to rising costs of inputs, no other cement price adjustment was awarded during the period, resulting in rapid reduction of profits to the extent where a loss situation is expected for the 1989/90 financial year unless a substantial cement price adjustment is awarded without delay.

Local cement demand continues to grow at an average rate of 11% per year and predictions indicate that by the end of calendar year 1989 consumption will be in excess of a million tonnes. This is very much in conformity with what was forecast in the feasibility study of our factory rehabilitation.

Discussions between the Company, the Kenya Government and potential financiers of the rehabilitation project continue. Although the progress seems to be slow, there are positive indications that the project will be realised. Implementation of this project will save the imminent collapse of the Athi River Plant and hence save the Country from importation of cement and reduce energy consumption.

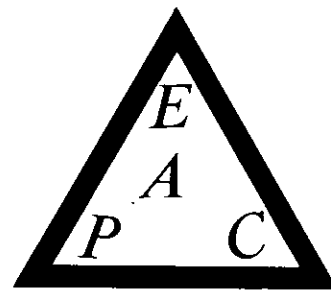
Intensive training of our staff continued during the year which has resulted in creation of very competent and dedicated team to run this highly technical enterprise in total absence of expatriates. The training will continue with even more intensity, both locally and overseas, particularly bearing in mind the process change that will come with the rehabilitated plant.

I take this opportunity to express on my behalf and on behalf of the Board of Directors our satisfaction and gratitude to the Management for a job well done which has enabled such significant improvement in performance under difficult economic conditions.

PROF. J.K. MAITHA

Chairman

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



Report and Accounts for the year ended 30th June 1989

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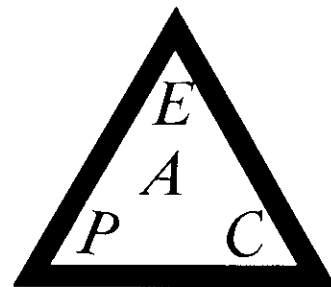
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THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



DIRECTORATE AND ADMINISTRATION

BOARD OF DIRECTORS

Prof. J.K. Maitha - Chairman
J.G. Maina - Managing Director
I.L. Roberts
R. Arduini (Alternate R. Brenneisen)
D.A. Simpson (Alternate P.D. Marrian)
C.S. Mbindyo (Alternate G.M. Mitine)
Dr. W. Koinange (Alternate Miss M.W. Waitiki)
L.W.K. Kiptui

SECRETARY

D.K. Tirop

REGISTERED OFFICE

Longonot Place
Kijabe Street
P.O. Box 40101
Nairobi

REGISTRARS

Livingstone Registrars Limited
P.O. Box 30029
Nairobi

AUDITORS

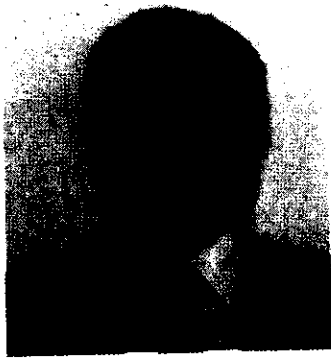
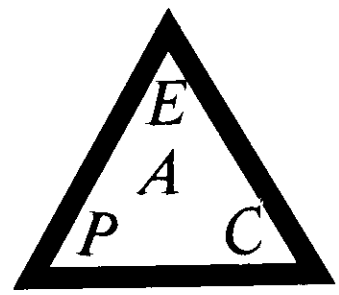
Kang'ethe & Associates
Certified Public Accountants
P.O. Box 40868
Nairobi

BANKERS

Kenya Commercial Bank Limited
Moi Avenue
P.O. Box 30081
Nairobi

2007/0862

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



Prof. J.K. Maitha



J.G. Maina



C.S. Mbindyo



Dr. W. Koinange



D.A. Simpson



R. Arduini

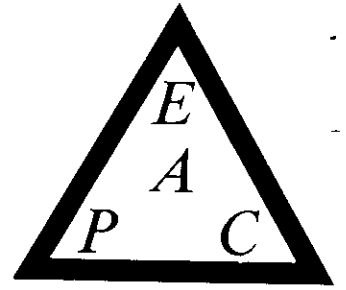


I.L. Roberts



L.M.K. Kiptui

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



MANUFACTURING PROCESS



Above are Slurry storage and blending Silos. Proportioned Cement Raw Materials ground with water in the Raw Mill to form Slurry is blended in the above Silos to make it uniform before feeding to the Kilns to burn it into Clinker.

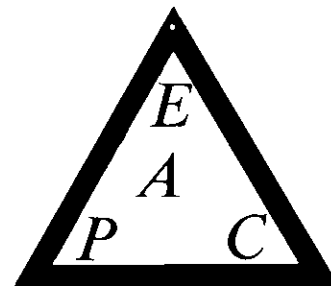
Blended Slurry ensures a uniform Kiln feed and a high quality Clinker product.



Kiln front end: where the fuel oil is fired to produce the high temperatures necessary for Clinker formation. A small observation port is provided to enable the Kiln Operator check the conditions inside the Kiln periodically to ensure good quality Clinker.

The Blended Slurry is fed at the Back-end of the Kiln.

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Report and Accounts for the year ended 30th June 1989.

PRINCIPAL ACTIVITY

The Company is engaged in the business of manufacturing of cement.

Through an associated company incorporated in Kenya, the company is engaged in the distribution of cement and cementitious-based paints. A second associate which did not operate during the year should enable the company to explore and extract minerals.

	1989 K£	1988 K£
TRADING RESULTS		
Profit before taxation for the year	1,216,652	865,909
Taxation	649,803	538,186
Profit after taxation	566,849	327,723
Recommended first and final dividend of 10%	150,000	150,000
Retained profit for the year	416,849	177,723
The reserves at 30th June 1989 stood at:		
Revenue	4,238,783	3,821,934
Capital	172,000	172,000
	4,410,783	3,993,934

DIVIDEND

If approved, dividend will be paid on 22nd June 1990 to the registered shareholders of the company at the close of business on 8th June 1990.

DIRECTORS

The Directors who held office during the year are shown on page 2.

Mr. R. Arduini and Mr. D.A. Simpson retire by rotation and being eligible offer themselves for re-election.

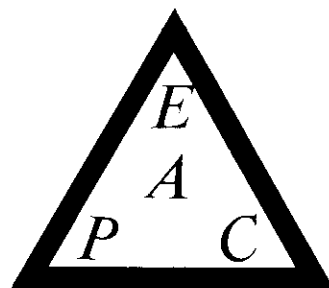
AUDITORS

The auditors, Kang'ethe & Associates, will continue to act in accordance with Section 159 (2) of the Companies Act and subject to Section 29(2) of the Exchequer and Audit (Amendment) Act 1985. A resolution authorising the Directors to fix their remuneration will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

D.K. TIROP
SECRETARY
NAIROBI

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



REPORT OF THE AUDITOR -GENERAL (CORPORATIONS) ON THE ACCOUNTS OF THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED FOR THE YEAR ENDED 30TH JUNE 1989.

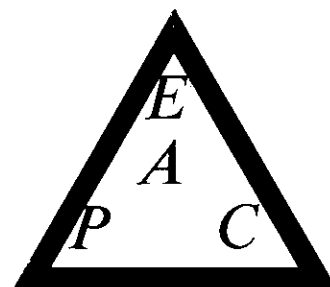
The accounts of the East African Portland Cement Company Limited for the year ended 30th June 1989 have been examined on my behalf by the Company's authorized auditors in accordance with the provisions of Section 29 (2) (b) of the Exchequer and Audit Act (Cap 412). The authorized auditors have duly reported to me the results of the audit and on the basis of their report, I am satisfied that all the information and explanations required for the purpose of the audit were obtained. Proper books of account have been kept and the accounts are in agreement therewith and comply with the Companies Act.

In my opinion, the accounts, when read together with the notes thereon, give a true and fair view of the Company's state of affairs as at 30th June 1989 and of its profit and source and application of funds for the year then ended.

A.J. OKOTH
AUDITOR-GENERAL (CORPORATIONS)

3rd January, 1990

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED

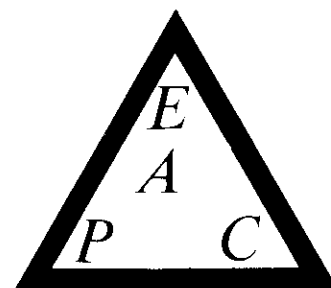


PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE, 1989

	Notes	1989 K£	1988 K£
TURNOVER	1(f)	23,701,995	20,773,100
TRADING PROFIT	2	1,559,843	1,253,420
INTEREST PAYABLE	3	343,191	387,511
PROFIT BEFORE TAX		1,216,652	865,909
TAXATION	1(g) & 4	649,803	538,186
PROFIT AFTER TAXATION		566,849	327,723
PROPOSED ORDINARY DIVIDEND (GROSS)	5	150,000	150,000
RETAINED PROFIT FOR THE YEAR	12	416,849	177,723
EARNINGS PER SHARE	15	Shs. 1.89	Shs. 1.09

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



BALANCE SHEET

30TH JUNE 1989

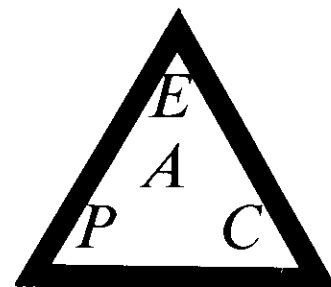
	Notes	1989 K£	1988 K£
FIXED ASSETS	1(e) & 6	6,417,250	5,375,306
INVESTMENTS	7	79	79
CURRENT ASSETS			
Stocks	1(d) & 8	7,205,302	7,681,270
Debtors		2,856,817	3,460,643
Bank and Cash		114,279	19,242
		10,176,398	11,161,155
CURRENT LIABILITIES			
Creditors		3,358,886	3,203,823
Bank overdraft	10	1,005,801	2,040,108
Dividends	5	300,713	220,687
Taxation		638,534	530,825
		5,303,934	5,995,443
NET CURRENT ASSETS		4,872,464	5,165,712
TOTAL NET ASSETS		11,289,793	10,541,097
FINANCED BY:			
SHARE CAPITAL	11	1,500,000	1,500,000
RESERVES	12	4,410,783	3,993,934
SHAREHOLDERS' FUNDS		5,910,783 *	5,493,934
LOANS	13	4,519,573	4,256,361
DEFERRED LIABILITY	14	859,437	790,802
		11,289,793	10,541,097

The Accounts on page 9 to 16 were approved by the Board of Directors on 15th September, 1989 and signed on its behalf by:

Prof. J.K. Maitha DIRECTOR

J.G. Maina DIRECTOR

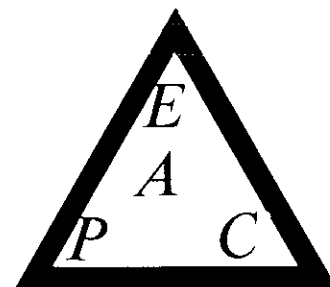
THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30TH JUNE 1989

	1989 K£	1988 K£
SOURCE OF FUNDS:		
Profit before tax	1,216,652	865,909
Items not involving the movement of funds:		
Profit on disposal of fixed assets	(83,180)	(28,774)
Increase in deferred liability	103,479	41,420
Depreciation	1,348,953	1,065,525
GENERATED FROM TRADING OPERATIONS	2,585,904	1,944,080
FUNDS FROM OTHER SOURCES		
Proceeds on disposal of fixed assets	83,180	28,774
Long term loan	675,061	259,684
TOTAL FUNDS	3,344,145	2,232,538
UTILIZATION OF FUNDS:		
Taxation paid	542,091	1,188,950
Dividends paid	69,974	182,248
Loans repaid	411,849	411,849
Staff gratuities paid	34,844	46,675
Additions to fixed assets and capital work in progress	2,390,900	1,011,890
TOTAL APPLICATIONS	3,449,658	2,841,612
NET OUTFLOW OF FUNDS	(105,513)	(609,074)
MOVEMENT IN WORKING CAPITAL		
Decrease in stocks	(475,968)	(27,688)
Decrease in debtors	(603,826)	(229,721)
(Increase)/Decrease in creditors	(155,063)	60,259
Increase/(Decrease) in Bank and Cash	95,037	(23,058)
Decrease/(Increase) in Bank overdraft	1,034,307	(388,866)
NET (OUTFLOW) OF FUNDS	(105,513)	(609,074)

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1989

1. ACCOUNTING POLICIES

(a) Accounting Convention

The accounts are prepared according to the historical cost convention, modified to include the revaluation of certain fixed assets. They do not include the company's share of the results of associated companies, except to the extent of dividends received.

(b) Kenya Currency

The sign K£ used in the accounts and notes indicates a Kenya Pound of 20 Kenya Shillings.

(c) Foreign Currency

Assets and Liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. Transactions during the year are converted at the rate ruling at the date of the transaction. All exchange differences are dealt with in the profit and loss account.

(d) Stocks

Stock are valued as follows:

Raw materials, production and finished stocks: at the lower of cost and net realisable value. Cost comprises direct materials and labour together with attributable overheads, including depreciation.

General consumable stores: average cost.

Livestock: Current market value.

(e) Fixed Assets

The company acquires certain fixed assets under lease hire agreements. Payments under these agreements are charged to profit and loss account in the year in which they arise. On completion of the lease period the assets are valued by the Directors, capitalised and depreciated over their remaining useful lives.

Depreciation:

Depreciation is charged on a straight line basis at the following annual rates:

Land	- over unexpired period of lease
Buildings	- 2.5%
Plant and machinery	- 5 - 20%
Equipment and vehicles	- 5 - 33.33%

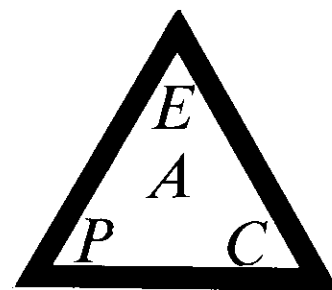
(f) Turnover

Turnover represents the amount receivable for the ex-factory sales value of cement excluding sales tax.

(g) Taxation

Taxation is provided on the profit for the year as adjusted in accordance with the fiscal laws of Kenya.

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED

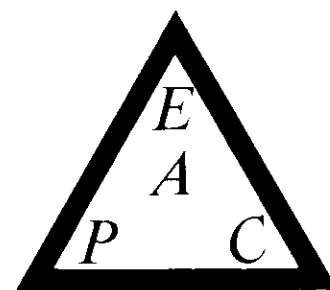


NOTES TO THE ACCOUNTS (Continued)

	1989 K£	1988 Kf
2. TRADING PROFIT BEFORE TAX		
Trading profit is stated after charging:		
Depreciation	1,348,953	1,065,525
Auditors remuneration	20,649	19,543
Lease hire charges	393,034	416,947
Director's emoluments - Fees	5,437	4,522
- Other	24,224	22,832
Exchange differences	256	18,403
And after crediting:		
Profit on disposal of fixed assets	83,180	28,774
3. INTEREST PAYABLE		
Kenya Government Loans	178,381	200,004
Bank Overdraft	164,810	187,507
	343,191	387,511
4. TAXATION		
Balance Brought Forward	530,825	1,181,589
Current Year's Provision	649,803	538,186
Tax Payable	1,180,628	1,719,775
Paid during the year	542,094	1,188,950
Balance Carried Forward	638,534	530,825
Tax has been provided for at 45% on the profit for the year adjusted for tax purposes. Taxation has been agreed with the Tax Department upto 1988 year of income.		
5. DIVIDENDS		
Proposed ordinary dividend of 10%		
Gross (1988 — 10% gross)	150,000	150,000
Declared dividends Payable (gross)	150,713	70,687
	300,713	220,687

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THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED

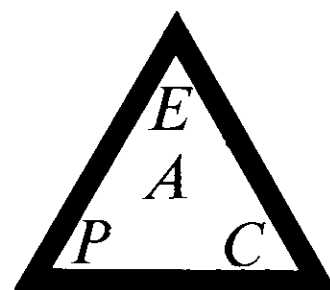


NOTES TO THE ACCOUNTS (Continued)

6. FIXED ASSETS

	Land K£	Buildings K£	Plant & Machinery K£	Equipment & Vehicles K£	Total K£
COST OF VALUATION					
01.07.88	229,020	1,967,573	11,427,484	1,889,808	15,513,885
Additions	—	—	2,095,311	295,589	2,390,900
Disposals	—	—	(85,386)	(25,440)	(110,826)
30.06.89	229,020	1,967,573	13,437,409	2,159,957	17,793,959
Comprising:					
At cost	229,020	1,967,573	13,437,409	1,987,957	17,621,959
At valuation	—	—	—	172,000	172,000
	229,020	1,967,573	13,437,409	2,159,957	17,793,959
DEPRECIATION					
01.07.88	13,859	858,270	7,740,505	1,525,945	10,138,579
Charge for the year	1,131	57,925	996,080	293,867	1,348,953
On disposals	—	—	(85,386)	(25,440)	(110,826)
30.06.89	14,990	916,195	8,651,149	1,794,372	11,376,706
NET BOOK VALUE					
30.06.89	214,030	1,051,378	4,786,260	365,585	6,417,250
30.06.88	215,161	1,109,303	3,686,979	363,863	5,375,306
Fully depreciated assets in use at 01.07.88 were:					
At cost	—	28,431	1,827,859	766,164	2,622,454
Period depreciation charge at normal rates	—	710	182,433	157,750	340,893
CAPITAL COMMITMENTS					
Authorised by the Board and contracted - Nil (1988 - Nil)					

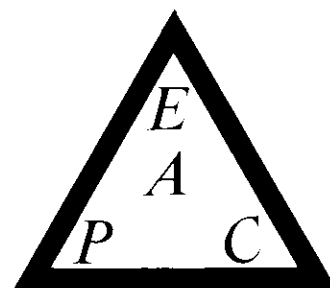
THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



NOTES TO THE ACCOUNTS (Continued)

	1989 K£	1988 K£
7. INVESTMENTS		
Equity shares in unquoted associates- At cost:		
Portland Mines Limited	29	29
Kenya Cement Marketing Limited	50	50
	<u>79</u>	<u>79</u>
8. STOCKS		
Raw materials, production and finished stocks	1,100,871	910,918
General consumable stores	5,611,539	5,857,375
Goods in transit	407,532	831,802
Livestock	85,360	81,175
	<u>7,205,302</u>	<u>7,681,270</u>
9. DEBTORS		
Debtors include K£ NIL (1988 - K£ 10,124) due from officers of the Company under Company loan schemes.		
10. BANK OVERDRAFT		
The Bank overdraft and loan facilities with Kenya Commercial Bank Limited are secured by debentures totalling K£ 6,690,000; and charge for K£ 4,690 over the Company's land.		
11. SHARE CAPITAL		
	1989 K£	1988 K£
Authorised, Issued and fully paid: 6,000,000 ordinary shares of Shs. 5 each.	1,500,00	1,500,000
12. RESERVES	Capital K£	Revenue K£
01.07.88	172,000	3,821,934
Retained profit for the year	-	416,849
30.06.89	<u>172,000</u>	<u>4,238,783</u>
		<u>4,410,783</u>

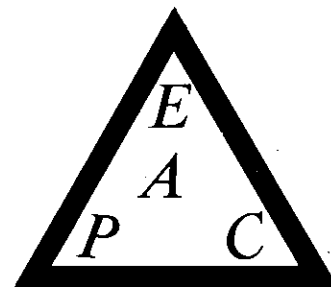
THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



NOTES TO THE ACCOUNTS (Continued)

	1989 K£	1988 K£
13. LOANS		
Government of Kenya: Repayable in twenty half yearly instalments commencing June 1987. To be secured by a debenture creating a second charge on the Company's assets.	<u>4,519,573</u>	<u>4,256,361</u>
Of the total loans outstanding the amount payable within the next 12 months is K£ 411,849 (1988 - K£ 411,849).		
14. DEFERRED LIABILITY		
This represents staff gratuity provision.		
15. EARNINGS PER SHARE		
The earnings per share is calculated by dividing the profit after taxation by six million shillings five ordinary shares in issue throughout the year.		

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



PROXY FORM

I/We.....
of.....
..... being a member(s) of the above named
company hereby appoint
..... of.....
..... or failing him
.....
.....
.....
.....
.....
of.....

or failing him, the Chairman of the Meeting as my/our proxy, to vote for me/us and on my/our behalf at the Fifty sixth Annual General Meeting for the said Company, to be held at Athi River on 30th May 1990 and at any adjournment thereof.

Signed this day of 1990

Signature

(If executed by a corporation, the proxy should be sealed)

NB:- This proxy must be deposited at the Registered Office of the Company, Longonot Place, Kijabe Street, P.O. Box 40101, Nairobi not less than 48 hours before the time for holding the meeting.

The East African Portland
Cement Company Limited

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED
30TH JUNE 1989.**

