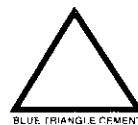
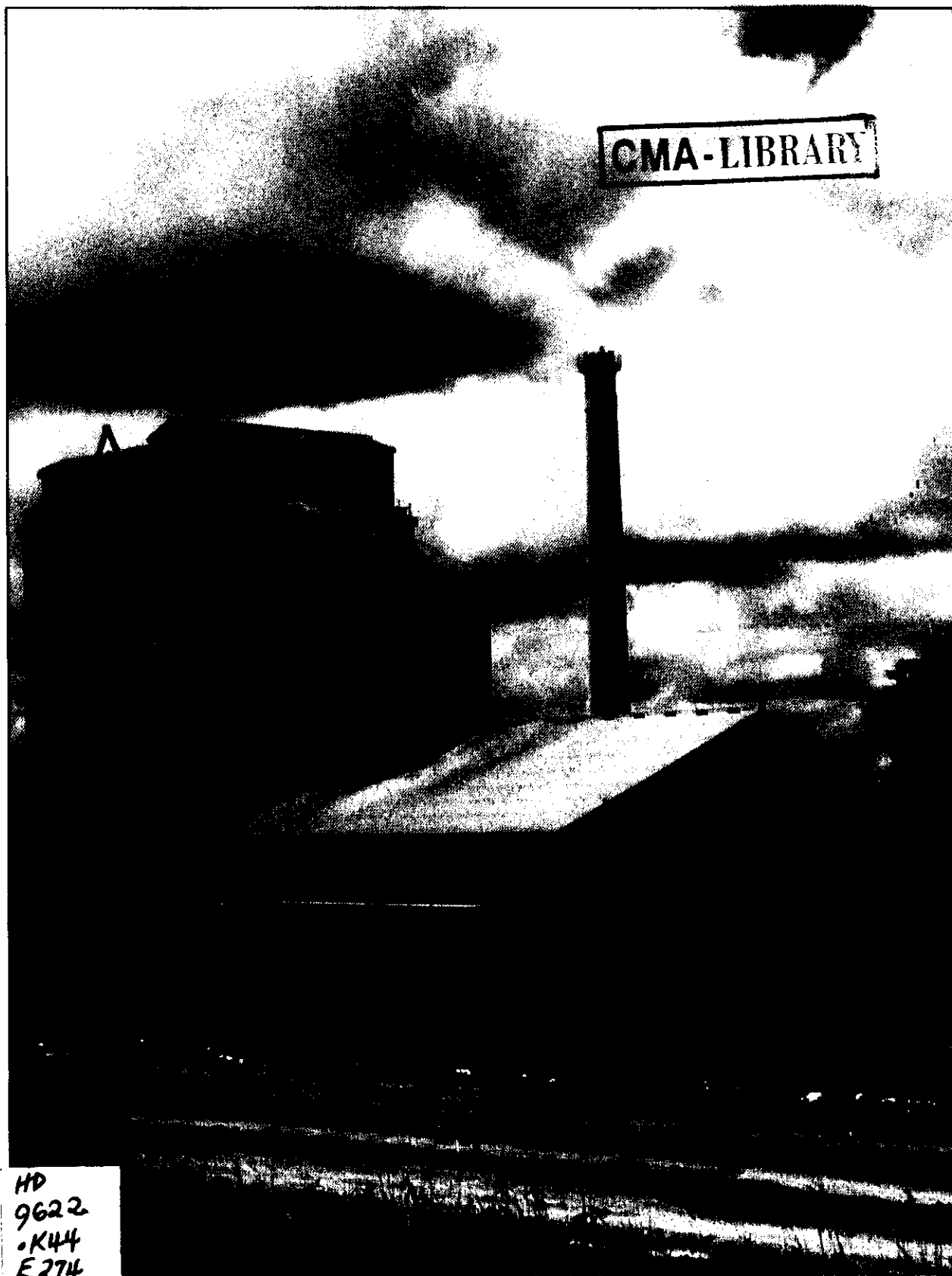



THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



Report and Accounts for the year ended 30th June, 1992



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Cementing the Nation  60th Anniversary.

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



Report and Accounts for the year ended 30th June 1992

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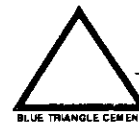
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THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



DIRECTORATE AND ADMINISTRATION

BOARD OF DIRECTORS

M.O. Soba – Chairman
J.G. Maina – Managing
I.L. Roberts
R. Brenneisen (Alternate S. Bates)
K.W. George (Alternate P.D. Marrian)
Dr. W.K. Koinange (Alternate A. Vienna)
B.E. Mwangi (Alternate-Miss M.W. Waitiki)
L.M.K. Kiptui

AG. SECRETARY

J.C. Rono

REGISTERED OFFICE

Longonot Place
Kijabe Street
P.O. Box 40101
Nairobi

REGISTRARS

Haki Registrars
P.O. Box 40868
Nairobi

AUDITORS

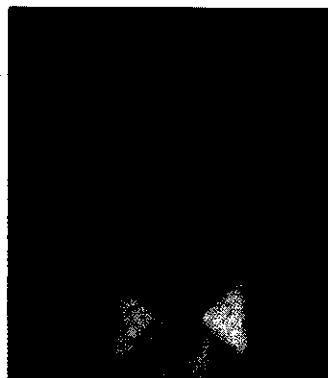
Auditor-General (Corporations)
P.O. Box 49384
Nairobi

BANKERS

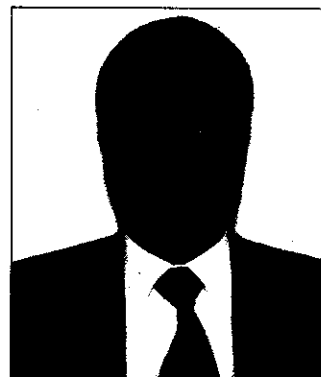
Kenya Commercial Bank Limited
Moi Avenue
P.O. Box 30081
Nairobi

2007/0875

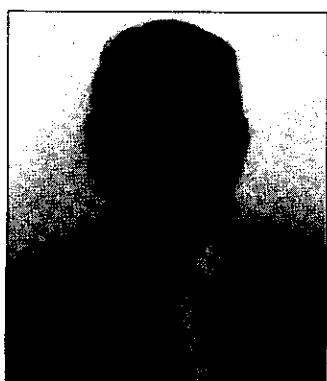
THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



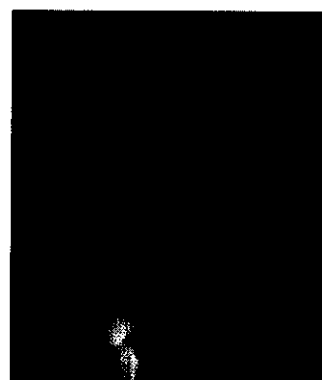
M. O. Soba



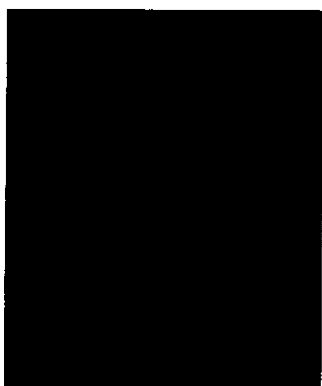
J. G. Maina



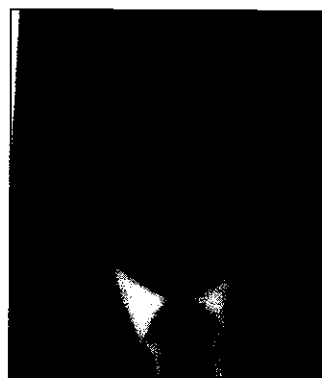
I. L. Roberts



R. Brenneisen



K. W. George



Dr. W.K. Koinange

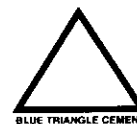


B. E. Mwangi

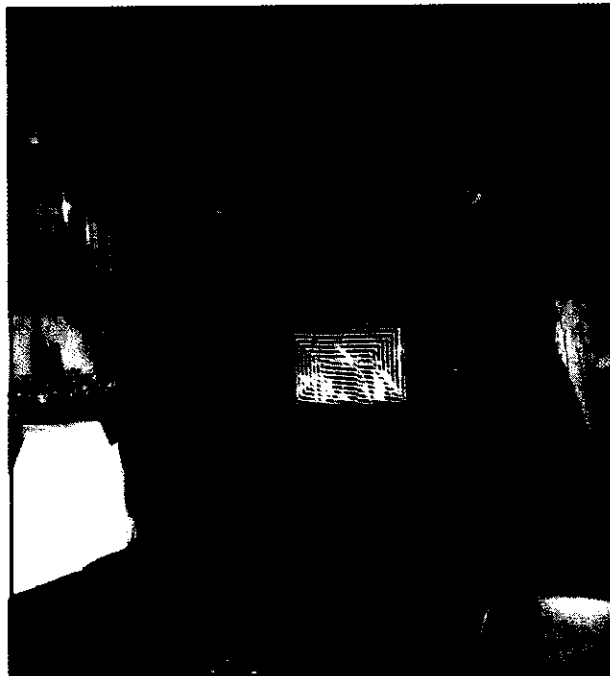
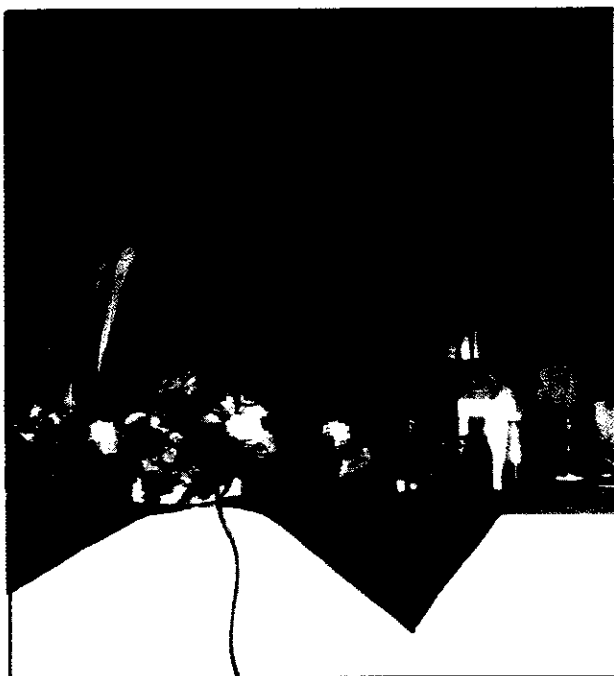


L.M.K. Kiptui

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



PERSONNEL AND PUBLIC RELATIONS

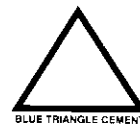


KWAHERI: The occasion (Left) was the outgoing Chairman, Mr. Omar Soba's farewell party at the Portland Sports Club. Right: Mrs Soba (left) seen receiving a gift from Mrs Maina, the Managing Director's wife.

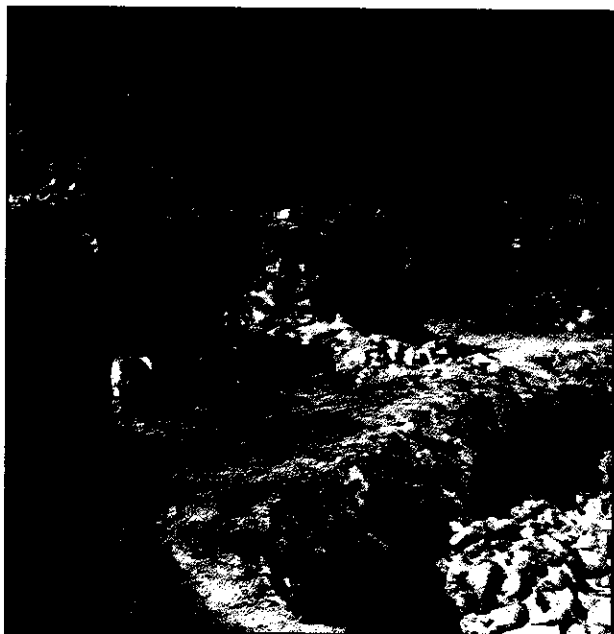


STAFF WELFARE: Additional staff houses being put up at the Senior Staff Quarters.

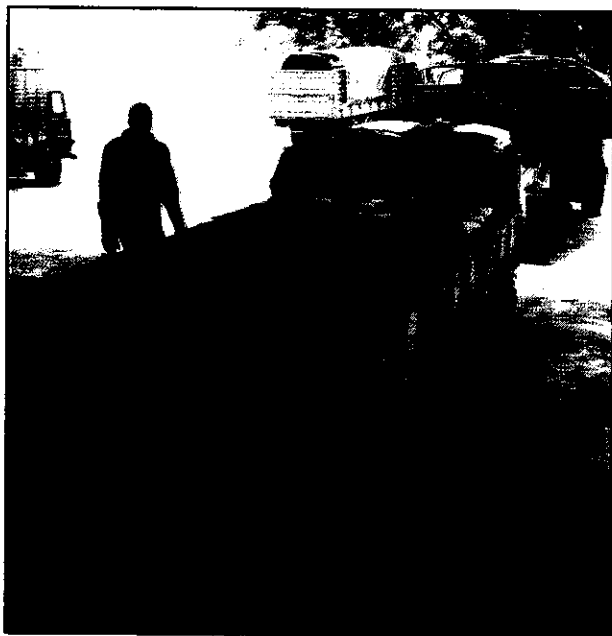
THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



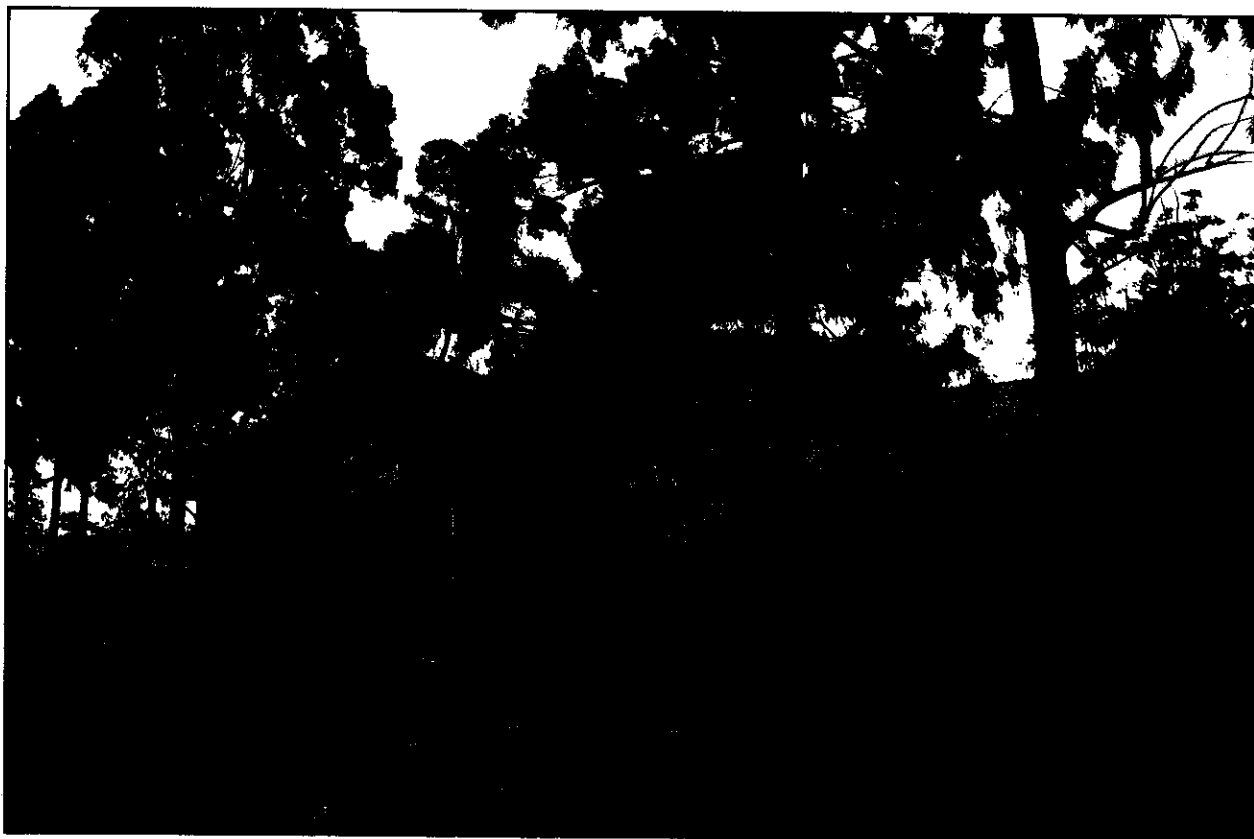
CEMENT



KABINI HILL QUARRY: Limestone being loaded onto a dumper for precrushing.



CEMENTING THE NATION: Blue Triangle cement being loaded onto a lorry for transportation to customers.



BLUE TRIANGLE CEMENT: This modern Portland Staff Clinic at the main works, Athi River, is the product of our high quality cement.

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the sixtieth Annual General Meeting of East African Portland Cement Company Limited will be held at the Factory, Athi River, on 19th February 1993 at 12:00 noon for the following purposes:

1. To approve the minutes of the Annual General meeting held on 22nd May 1992 as correct record of proceedings.
2. To receive the Chairman's Statement, Report of the Directors and Audited Accounts for the year ended 30th June 1992
3. To elect Directors in accordance with the Company's Articles of Association.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To transact any other ordinary business of the Company.

A member entitled to attend and vote in 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

J.C. Rono
Ag. Secretary
Nairobi.

26th January 1993

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



REPORT OF THE CHAIRMAN

During the year 1991/92 a total of 319,000 tonnes cement were produced and sold in the local market compared to the 321,000 tonnes produced during 1990/91 financial year. The slight drop of 2,000 tonnes was due to poor plant availability reflecting the effects of old age.

This production realised a financial turnover of K£ 39,425,600 which was considerable improvement compared to the K£ 29,344,951 turnover achieved in 1990/91. This improvement is a direct result of cement price decontrol which has enabled price adjustments in harmony with increases in production and distribution costs.

The profit before tax of K£ 1,073,548 is a big improvement compared to the loss of K£ 348,318 realised during 1990/91 financial year. After taxation there was a net profit of K£ 484,711 representing good earnings per share of KShs. 1.61.

Although there was severe economic depression during 1991/92 period, it is encouraging to note that the consumption of cement in Kenya remained high at 1.15 million tonnes per year. This was in spite of the government and donor projects having been slowed down or stopped altogether. Kenya's export capacity for cement is threatened by the rapid increase in local consumption, and the known potentials for additional production must be progressed rapidly to avert a situation of possible cement importation.

The well known inflation that has hit the country has not spared the cement industry. Production and distribution costs continue to rise as well as the cost of plant maintenance. The price adjustments that have been effected during the period should therefore be understood by consumers.

Rehabilitation plans for our 34 year old plant are still in progress although the project is considerably behind schedule due to unavoidable circumstances. In the meantime patching up of the old plant has to continue so that national supply of cement is not disrupted.

Although the Company realised an after tax profit of K£ 484,711, the Directors found it fit not to declare dividends but to retain the amount for partial financing of the rehabilitation project and for other running costs of present operations.

It has been repeatedly reported in the press that the government intends to sell the 1,500,000 shares (25%) held in the Company to the public. In doing so, the disclosure that the Company is going through a heavy investment programme and therefore that dividends will unlikely be paid for the next five years or so has to be made. The sale should therefore preferably go to institutional investors who are looking for long term gains and are prepared to hold their money in the investment for so long without returns.

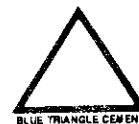
After privatisation the Company will float substantial number of shares to raise funds for strengthening its weak capital base, the same funds being required for the rehabilitation project.

Successful conduct of business during the financial year would not have been possible without full co-operation of our very dedicated staff, directors, government officials and customers. To all of them we say thanks a lot and pray that the same co-operation, dedication and understanding will prevail during the 1992/93 financial year.

M.O. SOBA
CHAIRMAN.

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THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



REPORT OF THE DIRECTORS

The Directors submit their Report and the Statement of Accounts for the year ended 30th June 1992.

ACTIVITIES OF THE COMPANY

The Company is incorporated in Kenya and its principle activity is the manufacture of cement. Through as associated company incorporated in Kenya, the company is engaged in distribution of cement and cementitious-based paints. A second associate which did not operate during the year enables the company to explore and extract minerals.

TRADING RESULTS

	1992 K£	1991 K£
Profit/(Loss) before taxation for the year	1,073,548	(348,318)
Taxation thereon	588,837	131,021
Profit/(Loss) after taxation for the year	484,711	(479,339)
Dividend	—	—
Retained Profit/(Loss) for the year	484,711	(479,339)
The reserves at 30th June stood at:		
Revenue	4,664,309	4,179,598
Capital	125,000	137,500
Exchange equalisation	3,012,227	—
	7,801,536	4,317,098

DIVIDEND

The Directors do not recommend the payment of dividends.

DIRECTORS

The names of the Directors are set out on page 2.

Messrs. B.E. Mwangi and Dr. W.K. Koinange were appointed on 27.10.91 and 17.12.91 respectively.

Messrs. P.M. Munene and C.S. Mbindyo resigned on 27.10.91 (Mr. J. Magari was appointed to replace Mr. C.S. Mbindyo on 27.10.91 but he resigned on 17.12.91).

Messrs. R. Brenneisen and K.W. George retire by rotation and, being eligible, offer themselves for re-election.

AUDITORS

The auditors, Auditor-General (corporations), will continue to act in accordance with 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
Ag. Secretary
Nairobi

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



REPORT OF THE AUDITOR-GENERAL (CORPORATIONS) ON THE ACCOUNTS OF EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED FOR THE YEAR ENDED 30 JUNE 1992

I have examined the accounts of the East African Portland Cement Company Limited for the year ended 30 June 1992 in accordance with the provisions of Section 29 (2) of the Exchequer and Audit Act, (Cap 412). I have obtained all the information and explanations that I have required for the purpose of the audit. 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 30 June 1992 and of its profit and source and application of funds for the year ended on that date.

A. J. OKOTH

AUDITOR - GENERAL (CORPORATIONS)

25th January, 1993

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1992

	Notes	1992 K£	1991 K£
TURNOVER	1(f)	39,425,600	29,344,951
TRADING PROFIT	2	1,922,344	412,761
INTEREST PAYABLE	3	848,796	716,079
PROFIT/(LOSS) BEFORE TAX		1,073,548	(348,318)
TAXATION	1(g)&4	588,837	131,021
PROFIT/(LOSS) AFTER TAXATION		484,711	(479,339)
DIVIDEND	5	—	—
RETAINED PROFIT/(LOSS) FOR THE YEAR	12	484,711	(479,339)
EARNINGS PER SHARE	16	Shs. 1.61	Shs. (1.60)

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



BALANCE SHEET AS AT 30TH JUNE 1992

	Notes	1992 KE	1991 KE
FIXED ASSETS	1(e)&6	<u>4,478,922</u>	<u>5,045,972</u>
INVESTMENTS	7	<u>79</u>	<u>79</u>
DEFERRED EXPENDITURE	15	<u>—</u>	<u>213,379</u>
CURRENT ASSETS			
Stocks	1(d)&8	12,434,163	10,818,301
Debtors	9	5,272,698	3,320,437
Bank and Cash		<u>18,262</u>	<u>19,091</u>
		<u>17,725,123</u>	<u>14,157,829</u>
CURRENT LIABILITIES			
Creditors		6,830,198	5,293,380
Bank Overdraft	10	513,317	2,982,719
Dividends	5	40,118	40,118
Taxation		<u>645,272</u>	<u>131,021</u>
		<u>8,028,905</u>	<u>8,447,238</u>
NET CURRENT ASSETS		<u>9,696,218</u>	<u>5,710,591</u>
TOTAL NET ASSETS		<u>14,175,219</u>	<u>10,970,021</u>
FINANCED BY:			
SHARE CAPITAL	11	1,500,000	1,500,000
RESERVES	12	<u>7,801,536</u>	<u>4,317,098</u>
		<u>9,301,536</u>	<u>5,817,098</u>
LOANS	13	3,928,302	4,207,542
DEFERRED LIABILITY	14	<u>945,381</u>	<u>945,381</u>
		<u>14,175,219</u>	<u>10,970,021</u>

The accounts on page 10 to 17 were approved by the Board of Directors on 21st August, 1992 and signed on its behalf by:

M. O. S. SOBA 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 1992

	1992 KE	1991 KE
SOURCE OF FUNDS		
Profit/(Loss) before tax	1,073,548	(348,318)
Items not involving the movement of funds:		
Profit on disposal of fixed assets	(53,573)	(1,000)
Decrease in deferred expenditure	213,379	—
Depreciation	1,093,805	1,324,785
Capital reserve written back	(12,500)	(20,000)
Exchange equalisation reserve	3,012,227	—
Generated from Trading Operations	5,326,886	955,467
Funds from Other Sources:		
Proceeds on disposal of fixed assets	101,560	1,000
Long term loan	132,609	108,960
TOTAL FUNDS	5,561,055	1,065,427
UTILIZATION OF FUNDS:		
Taxation paid	131,021	410,931
Dividends paid	—	95,133
Loans repaid	411,849	411,849
Additions to fixed assets and capital work in progress	574,742	569,126
TOTAL APPLICATIONS	1,117,612	1,487,039
NET INFLOW/(OUTFLOW) OF FUNDS	4,443,443	(412,612)
MOVEMENT IN WORKING CAPITAL		
Increase in stocks	1,615,862	2,068,217
Increase/(Decrease) in debtors	1,952,261	(1,530,993)
Increase in creditors	(1,593,253)	(520,179)
Decrease in bank & cash balances	(829)	(52624)
Decrease/(Increase) in Bank overdraft	2,469,402	(386,033)
NET INFLOW/(OUTFLOW) OF FUNDS	4,443,443	(421,612)

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



NOTES TO THE ACCOUNTS

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 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

Stocks are valued as follows:

Raw materials, production and finished stocks: at the lower 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 on profit and loss account in the year 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%

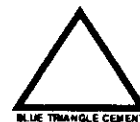
(f) Turnover

Turnover represents the amount receivable for the ex-factory sales value of cement excluding value added 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)

	1992 KE	1991 KE
2. TRADING PROFIT		
Trading profit is stated after charging:		
Depreciation	1,093,805	1,324,785
Auditors remuneration	17,000	19,215
Lease hire charges	425,540	316,667
Director's emoluments – Fees	5,250	5,250
– Other	27,714	24,578
And after crediting:		
Profit on disposal of fixed assets	53,573	1,000
3. INTEREST PAYABLE		
Kenya Government Loans	592,085	465,152
Bank Overdraft	256,711	295,927
	848,796	761,079
4. TAXATION		
Balance Brought Forward	131,021	410,931
Current Year's Provision	588,837	131,021
Previous Years underprovision	56,435	—
Tax payable	776,293	541,952
Paid during the year	131,021	410,931
Balance Carried Forward	645,272	131,021
Tax has been provided for at 37.5% on the profit for the year adjusted for tax purposes.		
5. DIVIDENDS		
Proposed ordinary dividend – Nil (1991 – Nil)	—	—
Declared dividends payable (gross)	40,118	40,118
	40,118	40,118



NOTES TO THE ACCOUNTS (continued)

6. FIXED ASSETS

	Land K£	Building K£	Plant and Machinery K£	Equipment & Vehicles K£	Total K£
COST OR VALUATION					
01.07.91	321,270	1,967,573	13,459,353	2,826,441	18,574,637
Additions	135,250	—	147,629	190,450	473,329
Disposals	(48,588)	—	—	(54,608)	(103,196)
30.06.92	<u>407,932</u>	<u>1,967,573</u>	<u>13,606,982</u>	<u>2,962,283</u>	<u>18,944,770</u>
Comprising:					
At cost	407,932	1,967,573	13,606,982	2,837,283	18,819,770
At valuation	—	—	—	125,000	125,000
30.06.92	<u>407,932</u>	<u>1,967,573</u>	<u>13,606,982</u>	<u>2,962,283</u>	<u>18,944,770</u>
DEPRECIATION					
01.07.91	18,440	1,032,004	10,246,921	2,340,261	13,637,625
Charge for year	3,429	51,676	726,890	311,810	1,093,805
On disposals	(601)	—	—	(54,608)	(55,209)
30.06.92	<u>21,268</u>	<u>1,083,680</u>	<u>10,973,811</u>	<u>2,597,462</u>	<u>14,676,221</u>
NET BOOK VALUE					
30.06.92	<u>386,664</u>	<u>883,893</u>	<u>2,633,171</u>	<u>364,821</u>	<u>4,268,549</u>
Capital work in progress					<u>210,373</u>
					<u>4,478,922</u>
30.06.91	<u>302,830</u>	<u>935,569</u>	<u>3,321,392</u>	<u>486,181</u>	<u>5,045,972</u>
Fully depreciated assets in use at 01.07.91 were:					
At Cost	—	28,431	1,327,859	766,164	<u>2,622,454</u>
Period depreciation charge at normal rates	—	710	182,433	157,750	<u>340,893</u>

CAPITAL COMMITMENTS:

Authorised by the Board and contracted: (1991 - Nil)

(a) Staff Housing - £945,056

(b) Rehabilitation Project (Consultancy) - J. Yens 262m. This is part of the J. Yens 7.674 billion OECF loan for the project.

THE EAST AFRICAN PORTLAND CEMENT COMPANY LIMITED



NOTES TO THE ACCOUNTS (continued)

		1992 K£	1991 K£		
7.	INVESTMENTS				
	Equity shares in unquoted associates at cost:				
	Portland Mines Limited	29	29		
	Kenya Cement Marketing Limited	<u>50</u>	<u>50</u>		
		<u>79</u>	<u>79</u>		
8.	STOCKS				
	Raw materials, production and finished stocks	1,791,406	2,201,045		
	General consumable stores	10,103,810	6,858,956		
	Goods in transit	464,647	1,674,645		
	Livestock	<u>74,300</u>	<u>83,655</u>		
		<u>12,434,163</u>	<u>10,818,301</u>		
9.	DEBTORS				
	Debtors include K£20,752 due from officers of the Company under the Company Loan Scheme.				
10.	BANK OVERDRAFT				
	The bank overdraft with Kenya Commercial Bank Limited is secured by debentures totalling K£4,565,000.				
11.	SHARE CAPITAL	1992 K£	1991 K£		
	Authorised, Issued and fully paid:				
	6,000,000 ordinary shares of Shs.5 each	<u>1,500,000</u>	<u>1,500,000</u>		
12.	Reserves	Capital	Revenue	Exchange Equalisation	Total
		K£	K£	K£	K£
	01.07.91	137,500	4,179,598	—	4,317,098
	Profit for the year	—	484,711	—	484,711
	Reserves written back	(12,500)	—	—	(12,500)
	Exchange difference - long term loan	—	—	3,012,227	3,012,227
	30.06.92	<u>125,000</u>	<u>4,664,309</u>	<u>3,012,227</u>	<u>7,801,536</u>



NOTES TO THE ACCOUNTS (continued)

	1992 K£	1991 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>3,928,302</u>	<u>4,207,542</u>
On the total loans outstanding the amount payable within the next 12 months is K£411,849 (1991-K£411,849).		
14. DEFERRED LIABILITY		
This represents staff gratuity provision.		
15. DEFERRED EXPENDITURE		
This represents the Company's contribution towards machinery purchased on leasehire agreements.		
16. EARNINGS PER SHARE		
The earnings per share is calculated by dividing the profit/(loss) after taxation by six million 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 sixtieth Annual General Meeting for the said Company, to be held at Athi River on 19th February 1993 at 12:00 noon and at any adjournment thereof.

Signed this day of 1993

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 1992



1000