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Contents

Directorate and Administration	2-3
Cement Pictorial	4
Personnel & Public Relations	5
Notice of the 63rd Annual General Meeting	6
Report of the Chairman	7-8
Report of the Directors	9
Report of the Auditor-General (Corporations)	10
Profit and Loss Account	11
Balance Sheet	12
Statement of Source and Application of Funds	13
Notes to the the Accounts	14-18
Proxy Form	19

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**THE EAST AFRICAN
PORTLAND CEMENT
COMPANY LIMITED**

CEMENTING THE NATION

Directorate and Administration

Board of Directors

A.M. Lulu	—	Chairman
J.G. Maina	—	Managing Director
S.W. Muindi		
S.M. Bates	—	(Alternate G.C.D. Groom)
K.W. George	—	(Alternate P.D. Marrian)
B.K. Kipkulei	—	(Alternate G.M. Mitine)
Mrs. M.W. Githinji	—	(Alternate M.M. Nzube)
L.M.K. Kiptui		

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

2007/0881

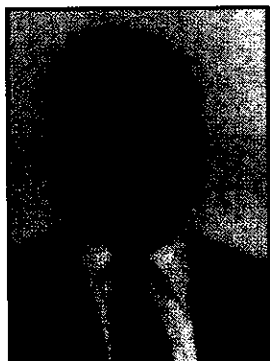
Bankers

1. Kenya Commercial Bank Limited
Moi Avenue Branch
P.O. Box 30081 NAIROBI
2. Standard Chartered Bank Kenya Limited
Kenyatta Avenue Branch
P.O. Box 30001 NAIROBI
3. Standard Chartered Bank Kenya Limited
Athi River Branch
P.O. Box 14 ATHI RIVER

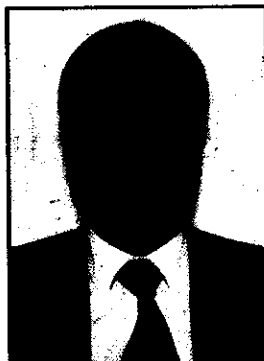
THE EAST AFRICAN
PORTLAND CEMENT
COMPANY LIMITED

CEMENTING THE NATION

Board of Directors



A.M. Lulu
Chairman



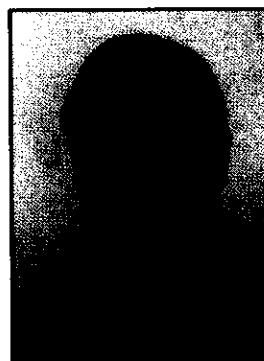
J.G. Maina
Managing Director



S.W. Muindi
Director



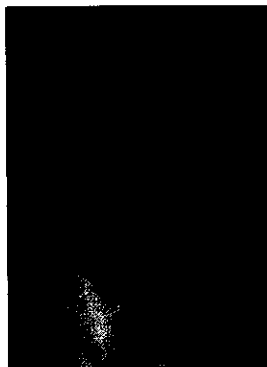
K.W. George
Director



S. M. Bates
Director



B.K. Kipkulei
Director



L.M. K. Kiptui
Director

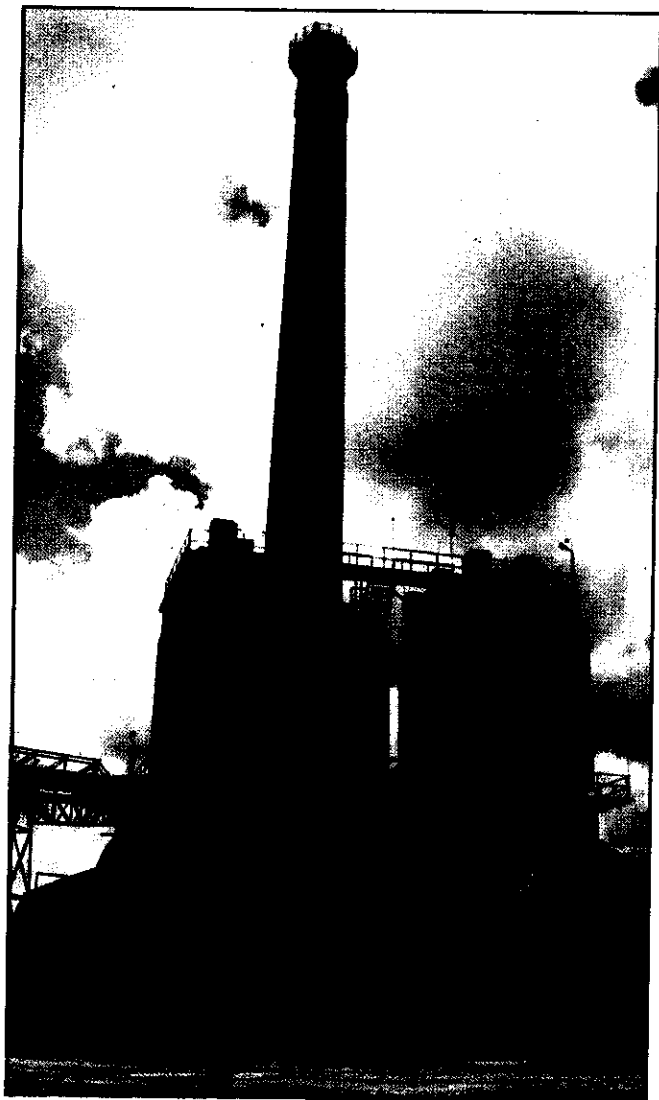


M.W. Githinji (Mrs.)
Director

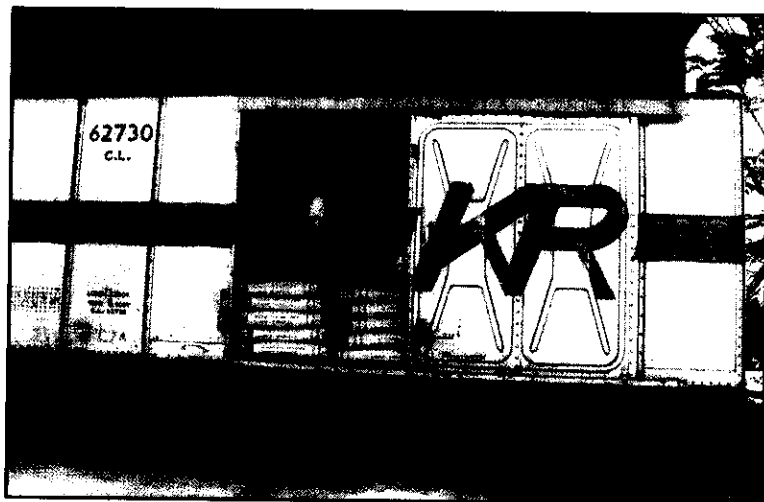
**THE EAST AFRICAN
PORTLAND CEMENT
COMPANY LIMITED**

CEMENTING THE NATION

Cement Pictorial



WHERE THE ACTION IS: This is a section of the kiln together with the dust filtration system.



CEMENTING THE NATION: High quality Blue Triangle cement being loaded into a wagon.

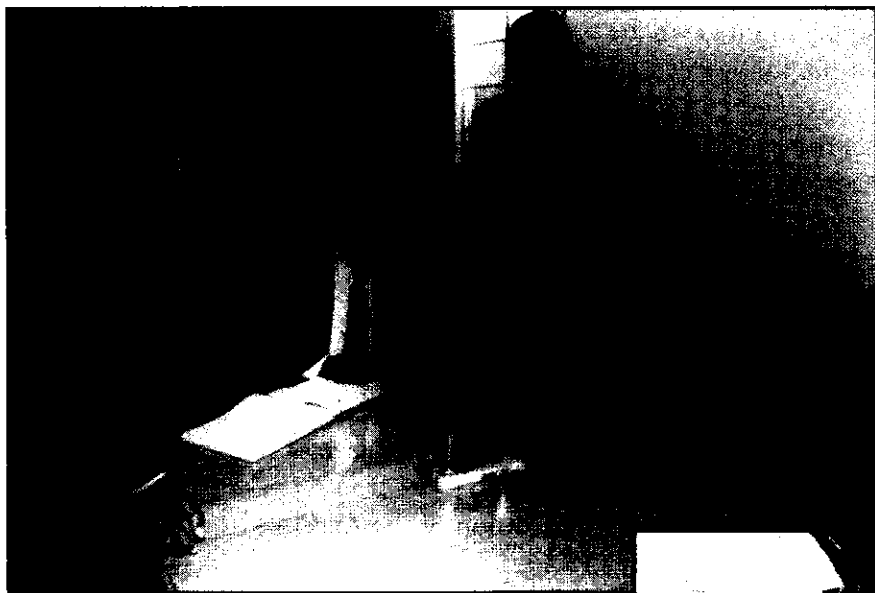


THE FINAL PRODUCT: This is part of Alliance Girls' High School, Kikuyu. Construction was done using Blue Triangle cement.

**THE EAST AFRICAN
PORTLAND CEMENT
COMPANY LIMITED**

CEMENTING THE NATION

Personnel and Public Relations

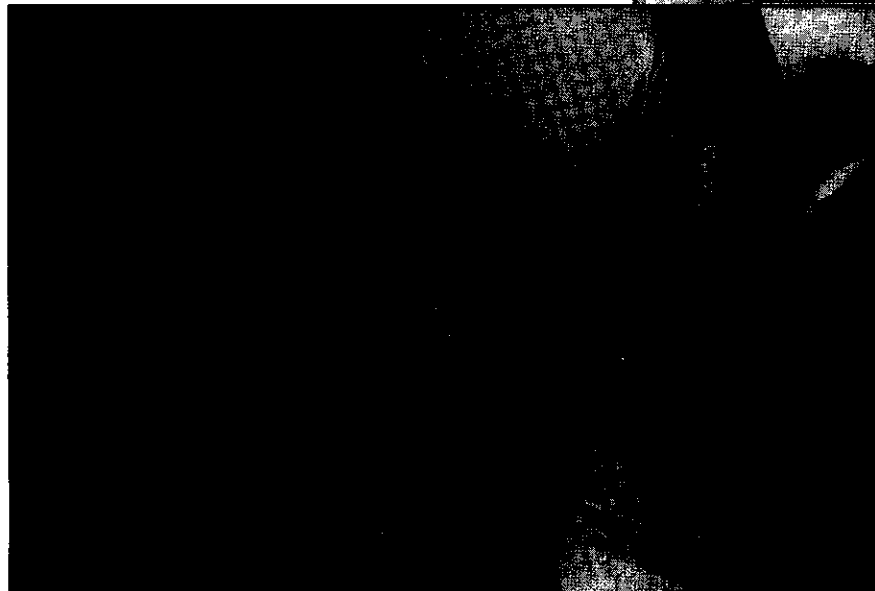


KARIBU: The Minister for Commerce & Industry, Hon. K. M'Mukindia signs the visitors book in the MD's office on arrival for the Long Service Awards ceremony. Looking on are Chairman A.M. Lulu (right) and Managing Director J.G. Maina.

IT'S GOOD TO SEE YOU: Hon. K. M'Mukindia meets face to face with his Permanent Secretary, Mrs. M.W. Gitlinji, watched by company management.



PONGEZI: The Managing Director, Mr. J. G. Maina receives his certificate of 25 years of service from the Minister for Commerce & Industry.



THE EAST AFRICAN
PORTLAND CEMENT
COMPANY LIMITED

CEMENTING THE NATION

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 63rd Annual General Meeting of the East African Portland Cement Company Limited will be held at the Factory, Athi River, on 8th December 1995 at 12.00 noon for the following purposes:

1. To approve the minutes of the 62nd Annual General Meeting held on 30th November 1994 as correct record of the proceedings.
2. To receive the Chairman's Statement, Report of the Directors and Audited Accounts for the year ended 30th June 1995.
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.
7. Special business:
 - (a) To consider, and if deemed fit, amend Article 94 of the Articles of Association regarding the Directors' borrowing powers.
 - (b) To consider, and if deemed fit, approve a recommendation by the Directors regarding a proposed rights issue.

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

By Order of the Board

J.C. RONO
Secretary

NAIROBI

6 November, 1995

**THE EAST AFRICAN
PORTLAND CEMENT
COMPANY LIMITED**

CEMENTING THE NATION

Report of the Chairman

In my report for 1993/94, I predicted that 1994/95 would in many ways be a more difficult year of adjustment to the effects of economic liberalisation. During this period, exchange rates, interest rates, and commodity prices were determined by market forces. For the first time, adjustment of the price of cement by the industry had to take into account possible competition from imports.

The state of our aged plant in Athi River continued to be a source of concern. In my report for 1992/93, I indicated that in some 3 to 4 years' time, it would no longer be economical to run the existing plant which will require frequent and expensive maintenance stops.

The combined effect of these two factors has been lower production volumes, higher production costs, and consequently lower profits.

Production and Sales

After falling steadily for two years, national demand for cement changed trend and increased by 6.21% from 874,640 tonnes in 1993/94 to 928,990 tonnes in 1994/95.

During this period, we produced and sold 278,000 tonnes of cement. This represents a drop of 9.1% from the 306,000 tonnes produced and sold in the previous year. Our share of the market was therefore 29.87%, down from the 35% of the previous year.

Despite this drop in production and sales, turnover for the year marginally improved from K£ 80,192,000 to K£ 82,341,000 as a result of higher selling prices. However, pretax profit dropped by 27.27% from K£ 6,350,000 to K£ 4,618,000 due to higher production and distribution costs and the company's inability to fully adjust cement prices to match these costs because of constraints in the liberalised market.

Profit after tax for the year amounted to K£2,793,913. Consequently earnings per share dropped from Ksh.13.48 to Ksh.9.31, and it is proposed to pay a 20% dividend to shareholders amounting to K£ 300,000.

The report on plant performance, production and sales points a gloomy picture, and will remain so for some time. Nevertheless, the good news is that the rehabilitation project is now well under way and is making very good progress. Almost all machinery has been manufactured and delivered to site. The civil works and machinery installation are progressing well and the project is still expected to be completed on schedule and the new plant commissioned by mid 1996. So far the project is being managed within the budget. Work carried out so far has caused an increase in fixed assets of 1377.57% from K£13,415,000 to K£ 198,216,000. The current assets have however dropped by 19.67% from K£ 36,887,000 to K£ 29,632,000 due to investment in the rehabilitation project.

**THE EAST AFRICAN
PORTLAND CEMENT
COMPANY LIMITED**

CEMENTING THE NATION

Report of the Chairman [Cont'd]

As indicated in previous reports, plans to sell additional shares to raise local finance required for the rehabilitation project are still on. Modalities are being worked out and these will be announced once they are ready.

Mr. R. Brenneisen, after serving for many years, resigned from the Board on 14 December 1994 and was replaced by Mr. S. M. Bates on 1 January 1995. Mr. Bates is no stranger to EAPC as he had served as an alternate Director for many years.

Finally, I expect 1995/96 to be another very difficult year. Until the new plant is commissioned and operational, we can expect to incur very heavy expenditure on both keeping the old plant running, and on the rehabilitation programme. We shall require, all the more, the cooperation and support of the Board, management, staff and business associates.

ALFRED M. LULU
Chairman

Report of the Directors

The Directors submit their report together with the audited accounts for year ended 30th June 1995 which disclose the state of affairs of the company.

Activities of the Company

The company's principal activity is the manufacture of cement.

Through an associate 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.

Results

	1995 K£	1994 K£
Profit before tax for the year	4,617,711	6,350,010
Tax thereon	<u>1,823,798</u>	<u>2,306,137</u>
Profit after tax for the year	2,793,913	4,043,873
Dividends (first & final – 20%)	<u>300,000</u>	<u>300,000</u>
Profit retained for the year	<u>2,493,913</u>	<u>3,743,873</u>

Dividends

If approved by members at the Annual General Meeting, the proposed dividends will be paid on 15.12.95 to the registered shareholders of the company at the close of business on 8.12.95.

Directors

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

Mr. R. Brenneisen resigned as Director on 14.12.94 and was replaced by Mr. S.M. Bates whose substantive appointment took effect from 1.1.95. On 1.1.95 Mr. G.C.D. Groom became Mr. Bates' Alternate.

Mr. M.M. Nzube replaced Mr. E.K. Mcharo as Alternate Director on 11.11.94.

In accordance with Article 99 of the Articles of Association, Messrs. K.W. George and S.M. Bates 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

Secretary

25 August 1995

**THE EAST AFRICAN
PORTLAND CEMENT
COMPANY LIMITED**

CEMENTING THE NATION

Report of the Auditor-General (Corporations)

I have examined the accounts of the East African Portland Cement Company Limited for the year ended 30 June 1995 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 needed for the purpose of the audit. Proper books of account have been kept by the company and the accounts are in agreement therewith and comply with the Companies Act.

In my opinion, the Balance Sheet and the Profit and Loss Account, when read together with the notes thereon, present a true and fair view of the company's state of affairs as at 30 June 1995 and of its profit and source and application of funds for the year ended on that date.

W. K. KEMEI

Auditor - General (Corporations)

THE EAST AFRICAN
PORTLAND CEMENT
COMPANY LIMITED

CEMENTING THE NATION

Profit and Loss Account

For the year ended 30th June 1995

	Notes	1995 K£	1994 K£
Turnover	1(e)	<u>82,341,475</u>	<u>80,192,122</u>
Trading Profit	2	4,881,393	7,021,695
Interest Payable	3	<u>263,682</u>	<u>671,685</u>
Profit Before Tax		4,617,711	6,350,010
Tax	1(f) & 4	<u>1,823,798</u>	<u>2,306,137</u>
Profit After Tax		2,793,913	4,043,873
Dividends	5	<u>300,000</u>	<u>300,000</u>
Profit Retained for the Year	14	<u>2,493,913</u>	<u>3,743,873</u>
Earnings per Share	17	<u>Shs. 9.31</u>	<u>Shs. 13.48</u>

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THE EAST AFRICAN
PORTLAND CEMENT
COMPANY LIMITED

CEMENTING THE NATION

Balance Sheet

As at 30th June 1995

	Notes	1995 K£	1994 K£
Fixed Assets	1(d) & 7	198,216,171	13,415,408
Investments	9	79	79
Current Assets:			
Stocks	1(c) & 10	12,797,839	11,947,425
Debtors	11	4,187,814	4,384,828
Bank balances and cash		12,646,125	20,555,033
		<u>29,631,778</u>	<u>36,887,286</u>
Current Liabilities:			
Creditors		18,880,587	25,078,146
Bank overdraft	12	1,299,216	—
Dividends	5	548,028	382,739
Tax payable	4	594,626	1,233,519
		<u>21,322,457</u>	<u>26,694,404</u>
Net Current Assets		<u>8,309,321</u>	<u>10,192,882</u>
Total Net Assets		<u>206,525,571</u>	<u>23,608,369</u>
Financed by:			
Share Capital	13	1,500,000	1,500,000
Reserves	14	15,397,366	12,912,184
Shareholders' Funds		<u>16,897,366</u>	<u>14,412,184</u>
Loans	15	186,507,282	6,038,030
Deferred Liability	16	3,120,923	3,158,155
		<u>206,525,571</u>	<u>23,608,369</u>

The accounts on page 11 to 18 were approved by the Board of Directors on 25 August 1995 and signed on its behalf by:

A. M. LULU Director

J. G. MAINA Director

THE EAST AFRICAN
PORTLAND CEMENT
COMPANY LIMITED

CEMENTING THE NATION

Statement of Source and Application of Funds

For the year ended 30th June 1995

	1995 K£	1994 K£
Source of Funds		
Profit before tax	4,617,711	6,350,010
Items not involving the movement of funds:		
Profit on disposal of fixed assets	(89,283)	(45,750)
Depreciation	2,373,266	647,932
(Decrease)/increase in deferred liability	(37,232)	757,526
Capital reserve written back	(10,000)	—
Generated From Trading Operations	6,854,462	7,709,718
Funds From Other Sources:		
Proceeds from disposal of fixed assets	89,283	45,750
Long term loan	180,881,101	426,936
Total Funds	<u>187,824,846</u>	<u>8,182,404</u>
Application of Funds:		
Tax paid	2,462,691	1,614,711
Dividends paid	133,445	105,409
Loans repaid	411,849	411,849
Additions to fixed assets and capital work-in-progress	187,174,026	7,451,532
Total Applications	<u>190,182,011</u>	<u>9,583,501</u>
Net Outflow of Funds	<u>(2,357,165)</u>	<u>(1,401,097)</u>
Movement in Working Capital		
Increase in stocks	850,414	1,433,291
Decrease in debtors	(197,014)	(1,379,768)
Decrease/(increase) in creditors	6,197,559	(8,811,196)
(Decrease)/increase in bank balances and cash	(7,908,908)	7,356,576
Increase in bank overdraft	(1,299,216)	—
Net Outflow of Funds	<u>(2,357,165)</u>	<u>(1,401,097)</u>

**THE EAST AFRICAN
PORTLAND CEMENT
COMPANY LIMITED**

CEMENTING THE NATION

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) 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.

(c) Stocks

Stocks 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.

(d) Fixed Assets

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%

(e) Turnover

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

(f) Taxation

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

Notes to the Accounts [Cont'd]

	1995 K£	1994 K£
2 Trading Profit		
Trading profit is stated after charging:		
Depreciation	2,373,266	647,932
Auditors remuneration	25,000	25,000
Directors' emoluments – Fees	5,250	5,250
– Others	49,041	39,655
And after crediting:		
Profit on disposal of fixed assets	89,283	45,750
Interest receivable	<u>2,355,228</u>	<u>4,407,592</u>
3 Interest Payable		
Kenya Government loans	48,649	479,340
Bank overdraft	<u>215,033</u>	<u>192,345</u>
	<u>263,682</u>	<u>671,685</u>
4 Tax		
Balance brought forward	1,233,519	542,093
Current year's provision	1,823,798	2,306,137
Tax payable	<u>3,057,317</u>	<u>2,848,230</u>
Paid during the year	2,462,691	1,614,711
Balance carried forward	<u>594,626</u>	<u>1,233,519</u>
Tax has been provided for at 35% on the profit for the year adjusted for tax purposes.		
5 Dividends		
Proposed ordinary dividends		
(20% first & final; 1994 - 20%)	300,000	300,000
Declared dividends payable (gross)	248,028	82,739
	<u>548,028</u>	<u>382,739</u>
6 Currency		

The accounts are presented in Kenya Currency. The Sign K£ represents twenty Kenya Shillings (KShs.)

THE EAST AFRICAN
PORTLAND CEMENT
COMPANY LIMITED

CEMENTING THE NATION

Notes to the Accounts [Cont'd]

7 Fixed Assets

	Land K£	Buildings K£	Plant & Machinery K£	Equipment & Vehicles K£	Total K£
Cost or Valuation					
1.7.94	407,932	1,967,573	13,606,982	3,911,715	19,894,202
Additions	-	-	1,216,425	1,844,588	3,061,013
Disposals	-	-	-	(107,817)	(107,817)
30.6.95	407,932	1,967,573	14,823,407	5,648,486	22,847,398
Comprising:					
At cost	407,932	1,967,573	14,823,407	5,543,486	22,742,398
At valuation	-	-	-	105,000	105,000
30.6.95	407,932	1,967,573	14,823,407	5,648,486	22,847,398
Depreciation					
1.7.94	28,024	1,199,258	11,401,073	3,226,094	15,854,449
Charge for the year	3,378	45,200	1,241,642	1,083,046	2,373,266
On disposals	-	-	-	(107,817)	(107,817)
30.6.95	31,402	1,244,458	12,642,715	4,201,323	18,119,898
Net Book Value					
30.6.95	376,530	723,115	2,180,692	1,447,163	4,727,500
Capital work in progress					193,488,671
30.6.94	379,908	768,315	11,581,567	685,618	198,216,171
					13,415,408

8 Capital Commitments

Authorised by the Board and contracted:

Loan	Purpose	J. YENS (BILLIONS)
OECE	Rehabilitation project	7.674
TOMEN	Rehabilitation project	1.100
		<u>8.774</u>

As at 30.6.95, the amount drawn was J. Yens 5.659 billion.

THE EAST AFRICAN
PORTLAND CEMENT
COMPANY LIMITED

CEMENTING THE NATION

Notes to the Accounts [Cont'd]

9 Investments

Equity shares in unquoted associates

At cost:

Portland Mines Limited

Kenya Cement Marketing Limited

	1995 K£	1994 K£
	29	29
	50	50
	<u>79</u>	<u>79</u>

10 Stocks

Raw materials, production and finished stocks

General consumable stores

Goods in transit

Livestock

	10,661,324	9,290,314
	522,342	1,335,314
	1,507,393	1,241,515
	106,780	80,282
	<u>12,797,839</u>	<u>11,947,425</u>

11 Debtors

Debtors include K£ NIL (1994 K£ Nil) due from officers of the company.

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12 Bank Overdraft

The banking facilities with Kenya Commercial Bank Limited are secured by debentures totalling K£6,430,000.

13 Share Capital

	1995 K£	1994 K£
Authorised:		
126 million Ordinary shares @ Kshs. 5.00	<u>31,500,000</u>	<u>31,500,000</u>
Issued and fully paid:		
6 million Ordinary shares @ Kshs. 5.00	<u>1,500,000</u>	<u>1,500,000</u>

14 Reserves

	Capital K£	Revenue K£	Total K£
1.7.94	115,000	12,797,184	12,912,184
Profit retained for the year	—	2,493,913	2,493,913
Unclaimed dividends	—	1,269	1,269
Reserves written back	(10,000)	—	(10,000)
30.6.95	<u>105,000</u>	<u>15,292,366</u>	<u>15,397,366</u>

THE EAST AFRICAN
PORTLAND CEMENT
COMPANY LIMITED

CEMENTING THE NATION

Notes to the Accounts [Cont'd]

	1995 K£	1994 K£
15 Loans	<u>186,507,282</u>	<u>6,038,030</u>
(a) Kenya Government Loans - K£2,621,785:		
Repayable in twenty half yearly instalments commencing June 1987. To be secured by a debenture creating a second charge on the company's assets. The amount payable within the next 12 months is K£ 411,849 (1994 - K£411,849).		
The loans are dominated in a number of currencies. Except for the 6th Danish loan, interest is payable at 5 1/4 % p.a. on the others. Interest is payable at 15% p.a. on the 6th Danish loan.		
(b) The OECF (Japan) Loan - K£183,885,497:		
Denominated in J. Yens. Guaranteed by the Kenya Government. Interest on this loan is payable at 2 1/2 % p.a.		
16 Deferred Liability		
This represents staff gratuity provision.		
17 Earnings per Share		
The earnings per share is calculated by dividing the profit after taxation by six million ordinary shares in issue throughout the year.		
18 Contingent Liabilities		
As at 30th June 1995, there were contingent liabilities in respect of guarantees totalling K£170,500 (1994 K£170,500).		
19 Incorporation		
The company is incorporated in Kenya under the Companies Act.		

Proxy Form

I/We

of

.....being a member (s) of the

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 Annual General Meeting of the company to be held at Athi River on 8 December 1995 at 12.00 noon and at any adjournment thereof.

Signed..... day of..... 1995.

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
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CEMENTING THE NATION

