EAST AFRICAN CABLES LIMITED

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1988 Report and Accounts

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DELTA

Letters

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Notice of Annual General Meeting

Notice is hereby given that the Twenty-Fourth Annual General Meeting of the shareholders will be held at the Nairobi Serena Hotel, Kenyatta Avenue, Nairobi, on the 26th May, 1989 at 10.00 a.m. for the following purposes:

1. To confirm the Minutes of the Twenty-Third Annual General Meeting held on the 27th May, 1988.

2. To receive the Accounts for the period ended 31st December, 1988, and the Directors' and Auditors' reports thereon.

3. To approve the payment of fees to Directors for the period ended 31st December, 1988.

4. To declare a final dividend of 25% representing one shilling and twenty five cents (Shs.1.25 per share).

5. The directors retiring by rotation are Mr P. Waiganjo and Mr P.M. Patel. Being eligible, each of these directors offers himself for re-election.

6. To empower the Directors to fix the remuneration of the Auditors.

7. Special Business
   The following resolutions be considered, and if thought fit, passed as Ordinary Resolutions of the Company.
   a) That the authorized share capital of the Company be increased from KShs.16,000,000 to K.Shs.36,000,000 by the creation of 4,000,000 shares of K.Shs.5 each ranking pari passu in all respects with the existing shares in the capital of the Company.

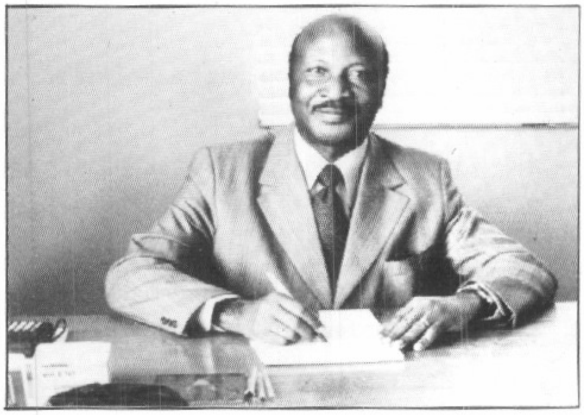
   b) That upon the recommendation of the Board of Directors it is desirable to capitalize the sum of K.Shs.20,000,000 (being part of the amount standing to the credit of the Company's Retained Profit) and accordingly that the Board of Directors be authorized and directed to appropriate the said sum to the Members of the Company who are registered as the holders of the existing shares in the capital of the Company at the close of business on the 31st day of May, 1989 and to apply the said sum on their behalf in paying up in full at par 4,000,000 unissued shares of KShs.5 each in the capital of the Company to be allotted and distributed, credited as fully paid up, to such Members in proportion to the number of shares then held by them.

P.O. Box 18243
Kitui Road, Nairobi
31st March, 1989

BY ORDER OF THE BOARD
P.M. PATEL
Secretary

Note: A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote in his stead. Such Proxy need not be a member of the Company To be valid Proxy forms must be deposited at the Registere[illegible] hours before the appointed time of the Meeting.

Chairman's Statement



D.A. OMARI, M.B.E.
Chairman

I am pleased to have the opportunity to report on the Company's activities and results for the period ended 31st December, 1988.

Trading Conditions
The Company continue to maintain its share of the market, but it has not been possible to keep pace with increased demand for our products due to restrictions in the availability of raw material which has affected production for most of the year and to the extent of a 10.5% shortfall for copper and 98% for aluminium compared to the throughput of the previous year.

Performance and Profit
Inspite of insufficient raw materials for our needs, turnover for the year was K£6,947,764 compared to K£7,258,744 for 1987, reflecting a nominal downturn of K£310,980. A copper product price increase was introduced in May, 1988 to off set rapidly escalating copper costs and unfavourable adjustments to the Kenya shilling. A moderate improvement in agency business, continuing cost savings both by way of reduced benefits to clients, strict control of in-house costs and the ability to recover increasing material costs, all contribute towards a satisfactory profit before taxation of K£1,290,801 compared to K£1,196,214 for 1987.

Dividend
The Directors are recommending a dividend of 25% for the year, or Shs.1.25 per share, as was the case for 1987. It is the intention of the Directors to arrange payment of 1988 dividends to local shareholders immediately following adoption at the Annual General Meeting, and payment to overseas shareholders after approval has been received from the Central Bank of Kenya. My statement for 1987 made reference to approval being awaited from the Central Bank to remit 1986 dividends to overseas shareholders. I am pleased to report that approval was received during December, 1988. Approval is now awaited in respect of 1987 dividends.

Outlook
It is anticipated that product demand will continue at the high level evident throughout 1988 and also, from current indicators, that there will be an easing in procurement of raw material than hitherto. The price increase effected in May, 1988 was made possible by the removal of copper products from Price Control and the increase applied was based on the formula used in previous applications to the Price Controller's office. This policy will be adhered to in future.

I wish once again, to record the Board's grateful thanks to all our staff for their support and achievements throughout the year.

March 1989 D.A. Omari

1. Present Directors

The Directors at the date of this report are:-

D.A. OMARI, M.B.E. (Chairman)

W.L. BAMLETT* (Managing Director)

P.M. PATEL

P. WAIGANJO

R.H. LUDWICK* (U.K. Resident)

P.A.C. BOURNE* (U.K. Resident)

(*British)

2. Secretary and Other Officers

Secretary	P.M. Patel, P.O. Box 18243, Nairobi.
Registered office	Kitui Road, P.O. Box 18243, Nairobi.
Auditors	Peat Marwick, Certified Public Accountants, P.O. Box 40612, Nairobi.
Registrars	Standard Chartered Bank Kenya Ltd., Trustee Branch, P.O. Box 30299, Nairobi.

3. Profit and Appropriations

	K£
Profit before taxation	1,290,801
Taxation	(600,038)
Profit after taxation	690,763
Final Dividend – Proposed	(200,000)
	490,763
Retained profit brought forward	1,281,269
Retained profit carried forward	1,772,032

4. Dividends

No interim dividend was declared. The Directors recommend the payment of a final dividend of K£200,000, equivalent to 25%. It is the intention of the Directors to pay the dividend to resident shareholders as soon as possible after the Annual General Meeting, and to non-resident shareholders after approval has been received from the Central Bank of Kenya.

5. Approval of Accounts by Board

The accounts were approved at a meeting of the directors held on 1st February, 1989.

6. Auditors

Peat Marwick will continue in office in accordance with Section 159 (2) of the Companies Act.

P.O. Box 18243,
Kitui Road,
Nairobi.

1st February, 1989

BY ORDER OF THE BOARD,
P.M. PATEL,
Secretary.

Auditors' report to the Members of East African Cables Limited

We have audited the accounts as set out on pages 6 to 12 and have obtained all the information and explanations which we considered necessary. Proper books have been kept and the accounts are in agreement therewith.

In our opinion, the accounts, which have been prepared on the basis of the accounting policies set out on page 9, give a true and fair view of the state of the Company's affairs at 31st December, 1988 and of the profit and source and application of funds for the 52 week period ended on that date and comply with the requirements of the Companies Act.

Peat Marwick

P.O. Box 40612,
Nairobi.

PEAT MARWICK
Certified Public Accountants

Date 1st February, 1989.

Profit and Loss Account

	Note	52 week period ended 31.12.88	52 week period ended 2.1.88
		K£	K£
TURNOVER	1(b)	6,947,764	7,258,744
PROFIT BEFORE TAXATION	2	1,290,801	1,196,214
TAXATION	3	(600,038)	(559,453)
PROFIT AFTER TAXATION		690,763	636,761
PROPOSED DIVIDEND		(200,000)	(200,000)
		490,763	436,761
RETAINED PROFIT Brought forward		1,281,269	844, 508
RETAINED PROFIT Carried forward		1,772,032	1,281,269
Earnings per share	4	KShs.4.32	KShs.3.98

The Notes on pages 9 to 12 form part of these accounts.

Balance Sheet

	Note	At 31.12.88 K£	At 2.1.88 K£
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	5	700,542	758,010
CURRENT ASSETS			
Stocks	6	1,718,314	1,535,224
Debtors		2,023,701	1,574,629
Tax reserve certificates		—	250,000
Cash and bank balances		1,171,607	287,827
		4,913,622	3,647,680
CURRENT LIABILITIES			
Creditors		331,925	273,589
Amounts due to group companies		1,112,729	649,318
Taxation		680,307	560,273
Proposed dividend		200,000	200,000
Unpaid dividend		151,859	75,929
		2,476,820	1,759,109
NET CURRENT ASSETS		2,436,802	1,888,571
NET ASSETS		3,137,344	2,646,581
CAPITAL AND RESERVES			
SHARE CAPITAL	7	800,000	800,000
RESERVES	8	2,337,344	1,846,581
		3,137,344	2,646,581

[signature]) Directors
[signature])

The notes on pages 9 to 12 form part of these accounts.

Statement of Source and Application of Funds

	52 week period ended 31.12.88	52 week period ended 2.1.88
	K£	K£
SOURCE OF FUNDS		
Profit before taxation	1,290,801	1,196,214
Adjustment for items not involving the movement of funds		
Depreciation	82, 552	91,095
(Profit)/Loss on sale of fixed assets	(76)	1
Funds generated from operations	1,373,277	1,287,310
FUNDS FROM OTHER SOURCES		
Proceeds from sale of fixed assets	251	35,386
	1,373,528	1,322,696
APPLICATION OF FUNDS		
Dividend paid	(124,070)	(24,071)
Tax paid	(480,004)	(358,032)
Purchase of fixed assets	(25,259)	(48,848)
	(629,333)	(430,951)
Increase in working capital	744,195	891,745
Analysis of change in working capital		
Stock	183,090	149,922
Debtors	449,072	402,728
Creditors and group companies	(521,747)	60,120
Tax reserve certificates	(250,000)	250,000
Movement in net liquid funds	883,780	28,975
	744,195	891,745

1. ACCOUNTING POLICIES

The following paragraphs describe the main accounting policies of the company:-

(a) Accounting convention

The accounts are prepared under the historical cost convention modified to include the revaluation of certain assets.

(b) Turnover

Turnover represents external sales of cables and imported allied electrical products.

(c) Depreciation

Depreciation is calculated on a straight line basis at annual rates estimated to write off the assets over their expected useful lives.

The annual rates used are:-

Freehold land		Nil
Freehold buildings		2%
Leasehold property	Over the term of the lease but not less than	2%
Plant, machinery and equipment		10% – 15%
Furniture, fixtures and fittings		20%
Vehicles		25%
Dies and tools		33$^1/_3$%

(d) Stocks

Stocks are valued at the lower of cost and net realizable value.
Finished goods and work in progress included all applicable labour and overheads.

(e) Translation of foreign currencies

Transactions during the year are converted into Kenya Shillings at rates ruling at the transaction dates. Assets and liabilities at thebalance 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.

2. PROFIT BEFORE TAXATION

	52 week period ended 31.12.88	52 week period ended 2.1.88
	K£	K£
The profit before taxation is arrived at after charging/(crediting):-		
Bank interest	1,069	12,193
Interest receivable	(38,609)	(992)
Directors' emoluments		
As directors	6,500	6,500
As executives	63, 477	45, 415
Depreciation	82, 552	91,095
Auditors remuneration and expenses	10,928	10,946

3. TAXATION

		52 week period ended 31.12.88	52 week period ended 2.1.88
a)	Charge for the period	600,038	560,273
	Prior year adjustment	—	(820)
		600,038	559,453

b) There is no liability to deferred taxation at 31st December, 1988 (1987 — Nil).

4. EARNINGS PER SHARE

Earnings per share is arrived at by dividing the profit after tax by the number of issued shares.

5. FIXED ASSETS

	Freehold properties	Leasehold property	Plant, machinery, equipment and motor vehicles	Total
	K£	K£	K£	K£
Cost or valuation:				
At 3rd January, 1988	140,000	387,500	1,319,470	1,846,970
Additions	—	3,103	22,156	25,259
Disposals	—	—	(34,523)	(34,523)
At 31st December, 1988	140,000	390,603	1,307,103	1,837,706
Valuation	140,000	387,500	—	527,500
Cost	—	3,103	1,307,103	1,310,206
Depreciation:				
At 3rd January, 1988	—	—	1,088,960	1,088,960
Charge for period	1,750	7,787	73,015	82,552
Disposals	—	—	(34,348)	(34,348)
At 31st December, 1988	1,750	7,787	1,127,627	1,137,164
Valuation	1,750	7,750	—	9,500
Cost	—	37	1,127,627	1,127,664
Net book value:				
At 31st December, 1988	138,250	382,816	179,476	700,542
At 2nd January, 1988	140,000	387,500	230,510	758,010

Valuations

All the properties shown at valuation are based on professional valuations carried out during the period ended 2nd January, 1988 on an open market value basis for their existing use.

6. STOCKS

Stocks and work in progress comprise:-

	At 31.12.88	At 2.1.88
	K£	K£
Raw materials	906,372	399,279
Work in progress	313,270	186,551
Finished goods	213,838	142,983
Stock in transit	284,834	806,411
	1,718,314	1,535,224

7. SHARE CAPITAL

Authorised, issued and fully paid 3,200,000 Ordinary shares of Shs 5/- each	800,000	800,000

8. RESERVES

	Share Premium account	Revaluation reserve	Profit & loss account	Total
	K£	K£	K£	K£
Balance 3rd January, 1988	80,820	484,492	1,281,269	1,846,581
Retained profit for period	—	—	490,763	490,763
Balance 31st December, 1988	80,820	484,492	1,772,032	2,337,344

9. CAPITAL COMMITMENTS

	At 31.12.88	At 2.1.88
	K£	K£
Authorised and committed	—	30,978
Authorised and not contracted for	56,847	57,000
	56,847	87,978

TANGAZO LA MKUTANO

TAARIFA YA MWENYE KITI

TAARIFA YA WAKURUGENZI

TAARIFA YA WAKAGUZI WA HESABU KWA WENYE HISA

Tangazo la Mkutano

Mnatangaziwa kwamba Mkutano wa Mwaka wa ishiri na nne wa wenye hisa utafanyika Nairobi, Serena Hotel, Kenyatta Avenue, Nairobi, Tarehe 26 Mei, 1989, saa nne kamili (10.00 a.m.) kwa shughuli zifuatazo:-

1. Kuthibitisha Taarifa za Mkutano wa ishirini na tatu uliofanyika tarehe 27 Mei, 1988.
2. Kupokea Hesabu za mwaka uliomalizika tarehe 31 December, 1988, pamoja na taarifa ya Wakurugenzi na Wakaguzi wa Hesabu.
3. Kutoa idhini ya malipo ya wakurugenzi kwa mwaka uliomalizikia tarehe 31 December, 1988.
4. Kutangaza mgao wa faida wa mwisho wa kiasi cha 25% yaani shillingi moja na peni mbili na ndururu (Shs.1.25) kwa kila hisa, utakaolipwa mapema iwezekanavyo.
5. Wakurugenzi wanao staafu kwa wakati ni Bwana P. Waiganjo na Bwana P.M. Patel. Kwasababu wanajimudu kila mmoja wa Wakurugenzi hawa amejitolea kuchaguliwa tena.
6. Kuwaruhusu Wakurugenzi kuweka kiasi cha malipo ya Wakaguzi wa Hesabu.

P.O. Box 18243,
Kitui Road,
Nairobi.

KWA AMRI YA HALMASHAURI,
P.M. PATEL,
Katibu.

Tarehe: 31 Machi, 1989

Mwenye hisa ambaye ana haki ya kuhudhuria Mkutano na kupiga kura, aweza kumchagua mwakilishi ikiwa yeye mwenyewe hawezi kuhudhuria. Mwakilishi huyo si lazima awe mwenye hisa katika kampuni hii. Fomu ya uwakilishi ni lazima irudishwe kwenye Afisi Kuu ya Kampuni katika muda usiopungua saa 48 kabla ya kufanyika Mkutano.

Taarifa ya Mwenye Kiti

Ninayo furaha tena kuwapa taarifa kuhusu shughuli za Kampuni yenu na matokeo yake katika mwaka uliomalizikia tarehe Desemba, 1988.

Hali ya Biashara
Kampuni yenu iliendelea kufanya biashara nzuri, lakini hatukuweza kutosheleza mahitaji ya bidhaa zetu yaliyozidi kuwa makubwa. Ukosefu wa mali ghafi (vifaa vya kutengenezea bidhaa) ilisababisha upungufu wa kiasi cha 10.5% ya bidhaa zetu za nyuzi au waya za shaba na 98% ya nyuzi za aluminium ikilinganishwa na bidhaa tulizouza mwaka uliopita.

Mapato na Faida
Ingawa tulikuwa na shida ya kupata mali ghafi, tuliweza kuuza bidhaa za thamani ya K£6,947,764. Kiasi hiki kilipungua tu kwa K£310,980 kikilinganishwa na K£7,258,744 tulichouza katika mwaka wa 1987. Hata hivyo, tuliweza kupata faida ya kuridhisha ya kiasi cha K£1,290,801 kabla ya malipo ya kodi ikilinganishwa na faida ya K£1,196,214 ya mwaka wa 1987. Jambo hili liliwezekana kwa sababu zifuatazo: ongezeko la bei ya bidhaa za shaba katika mwezi wa Mei, 1988 ili kufidia gharama za mali ghafi na upungufu wa thamani ya pesa za Kenya; biashara nzuri kutokana na uuzaji wa bidhaa zilizokwisha tengenezwa nje ya Kenya; na upunguzaji wa gharama nyinginezo mbalimbali.

Mgawo wa Faida
Wakurugenzi wanapendekeza malipo ya mgawo wa faida kiasi cha 25%, yaani Shs 1.25 kwa kila hisa kama ilivyokuwa mwaka uliopita. Inatarajiwa kwamba wenye hisa wa humu nchini watalipwa mara tu baada ya kuthibitishwa na Mkutano Mkuu wa Mwaka, na wale walio nje ya Kenya baada ya kuidhinishwa na Banki Kuu ya Kenya. Katika taarifa yangu ya mwaka uliopita nilitaja kwamba Banki Kuu ilikuwa bado haijaidhinisha malipo ya faida ya mwaka wa 1986 kwa wenyehisa waishio nje ya Kenya. Nafurahi kuwaarifu kwamba idhini hiyo ilipatikana mnamo mwezi wa Desemba, 1988 na kwa wakati huu tunasubiri idhini ya malipo ya mwaka wa 1987.

Matazamio ya Siku Zijazo
Inatazamiwa kwamba bidhaa zetu zitaendelea kutakikana kama ilivyokuwa katika mwaka wa 1988 na pia inaelekea kuwa hapatakuwa na shida kubwa katika kupata mali ghafi. Kuongezwa bei bidhaa zetu za shaba sasa hakuhitaji tena ruhusa ya Serikali, na jambo hili lilituwezesha kuongeza bei zetu katika mwezi wa Mei, 1988. Hata hivyo, hatuongezi bei zetu mpaka tuwe na sababu ya kutosha, na tufanyapo hivyo tutafuata kanuni zile zile za zamani.

Kwa mara nyingine tena, kwa niaba ya Wakurugenzi, napenda kuwashukuru sana wafanyi kazi wote kwa uaminifu wao na bidii yao kubwa ambayo imeiwezesha Kampuni yenu kupata mafanikio makubwa katika mwaka wa 1988.

Tarehe: Machi; 1989 D.A. OMARI

1. Wakurugenzi

Kwa wakati huu Wakurugenzi ni:-

D.A. OMARI, M.B.E. (Mwenye Kiti)

W.L. BAMLETT* (Mkurugenzi Mkuu)

P.M. PATEL

P. WAIGANJO

R.H. LUDWICK* (Anaishi Uingereza)

P.A.C. BOURNE* (Anaishi Uingereza)

(*Raia wa Uingereza)

2. Katibu na Maafisa wengine

Katibu	P.M. Patel, P.O. Box 18243, Nairobi.
Afisi kuu ya Kampuni	Kitui Road, P.O. Box 18243, Nairobi.
Wakurugenzi wa Hesabu	Peat Marwick, Certified Public Accountants, P.O. Box 40612, Nairobi.
Waandishi	Standard Chartered Bank Kenya Ltd., Trustee Branch, P.O. Box 30299, Nairobi.

3. Faida na Matumizi Maalum:

	K£
Faida kabla ya kutolewa fungu la kodi	1,290,801
Toa fungu la kodi..	(600,038)
Faida baada ya kuondoa fungu la kodi	690,763
Mgao wa mwisho unaoazimiwa	(200,000)
	490,763
Ongeza faida ya miaka iliyopita	1,281,269
Baki la faida	1,772,032

4. Migao ya Faida

Mgao wa kwanza haukutangazwa. Wakurugenzi walipendekeza malipo ya mgao wa mwisho wa K£200,000 yaani kiasi cha 25%. Ni madhumuni ya wakurugenzi kulipa mgao wa faida kwa wenye hisa hapa nchini mapema iwezekanavyo baada ya kikao cha Mkutano Mkuu na wale wenye hisa wanaoishi nchi ya ng'ambo, baada ya Banki Kuu ya Kenya kutoa idhini.

5. Kukubaliwa kwa Mahesabu na Wakurugenzi

Mahesabu yalikubaliwa katika mkutano wa wakurugenzi uliofanyika mnamo tarehe1 Februari 1989.

6. Wakaguzi wa Hesabu

Peat marwick wataendelea na kazi yao katika kampuni yetu kwa kulingana na fungu 159 (2) la sheria ya kampuni.

P.O. Box 18243,
Kitui Road,
Nairobi.

KWA AMRI YA HALMASHAURI,
P.M. PATEL,
Katibu.

1st February, 1989

Taarifa ya Wakaguzi wa Hesabu kwa Wenye hisa wa East African Cables Limited

Tumekagua hesabu za Kampuni ambazo zimeonyeshwa katika ukurasa wa 6 hadi ukurasa wa 12 na tumepata maelezo yote kamili juu ya hesabu hizi. Daftari za hesabu zimeandikwa na kuwekwa kikamilifu.

Kwa Maoni yetu hesabu hizi, ambazo zimetayarishwa kulingana na utaratibu ulioonyeshwa katika ukurasa wa 9 zinazonyesha kwa usahihi hali ya Kampuni ilivyokuwa tarehe 31 December, 1988, pamoja na faida iliyopatikana, mapato na matumizi katika muda wa majuma 52 kufika tarehe hiyo na zimefuata sheria za Kampuni.

P.O. Box 40612,
Nairobi.

PEAT MARWICK
Certified Public Accountants

Tarehe: 1 Februari, 1989

The Secretary,
East African Cables Limited,
P.O. Box 18243,
NAIROBI.

HATI YA UWAKILISHI (PROXY)

Mimi/Sisi ....

wa ....

.... nikiwa/tukiwa/mwenye hisa/wenye hisa

katika Kampuni ya East African Cables Limited, namchagua/tunamchagua ....

....

wa ....

ama ikiwa atakosekana ....

wa .... awe mwakilishi wangu/wetu katika Mkutano wa Mwaka wa Kampuni hii utakaofanyika tarehe ~~26th~~ Mei, ~~1989~~, ama siku nyingine ikiwa Mkutano huo utaahirishwa. 25th Mei, 1990

Natoa idhini yangu/yetu kwa kutia sahihi yangu/yetu leo hivi tarehe ....

ya mwezi .... 1990 ~~1989~~.

....
Sahihi

Jambo Muhimu: Ikiwa ni Kampuni ndiyo inayowakilishwa, muhuri wa Kampuni hiyo ni lazimautiwe katika hali hii ya uwakilishi.

The Secretary,
East African Cables Limited,
P.O. Box 18243,
NAIROBI.

PROXY

I/We ....

of ....

being a member/members of the above-named Company hereby appoint ....

....

of ....

or failing him ....

of ....

as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on ~~26~~th May, 1989, and at any adjournment thereof.
25

Signed by me/us this .... day of .... 1989.

....
Signature (s)

Note: In the case of a Corporation, the Proxy must be under the Common Seal.