EAST AFRICAN CABLES LIMITED
25th ANNIVERSARY

1989 Report and Accounts

DELTA

Notice of Annual General Meeting

Notice is hereby given that the Twenty-Fifth Annual General Meeting of the shareholders will be held at the Norfolk Hotel, Harry Thuku Road, Nairobi, on the 25th May, 1990 at 10.00 a.m. for the following purposes:

1. To confirm the Minutes of the Twenty-Fourth Annual General Meeting held on the 26th May, 1989.

2. To receive the Accounts for the period ended 30th December, 1989, and the Directors' and Auditors' reports thereon.

3. To approve the payment of fees to Directors for the period ended 30th December, 1989.

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

5. To elect Directors in accordance with Article 97 of the Article of Association of the company. The following Directors retire by rotation and being eligible offer themselves for re-election:

   Mr R.H. Ludwick
   Mr P.A.C. Bourne

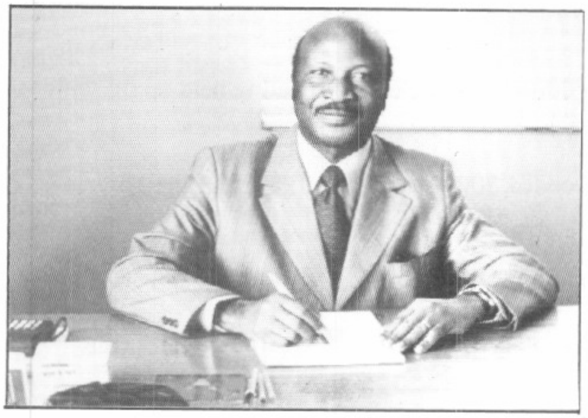
6. To empower the Directors to fix the remuneration of the Auditors.

P.O. Box 18243
Kitui Road, Nairobi
31st March, 1990

BY ORDER OF THE BOARD
F.K. Fondo
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 Registered Office of the Company not less than 48 hours before the appointed time of the Meeting.

Chairman's Statement



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

It gives me great pleasure to report, once again, on the Company's activities and results for the period ended 30th December, 1989.

Trading Conditions
An exceptional year with demand for the Company'products reaching unprecedented levels, supported in general terms by adequate inputs of raw material.

Performance and Profit
Substantial upward movements in metal prices experienced throughout the year together with adverse pressure on the Kenya currency, necessitated product price adjustments which, and when combined with improved sales from a 34.4% increase in metal processed into finished goods compared to the previous year, resulted in record sales of K£12, 225,111 compared to K£6,947,764 for 1988. The improvement is reflected in profits before taxation of K£3,002,613 compared to K£1,290,801 for 1988.

Dividend
The Directors are recommending a dividend of 25% for the year, or Shs.1.25 per share as was the case for 1988, but against an increase in the number of shares to 7,200,000 from 3,200,000, the Resolution for which was approved at the annual General Meeting held on 26th May, 1989. It is the intention of the Directors to arrange payment of 1989 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. Approval to remit 1987 dividends to overseas shareholders was received during October, 1989,with approval awaited in respect of 1988 dividends.

Outlook
There was evidence of a downturn in order receipts towards the end of 1989 with signs of recovery in January, 1990. The first half year will be affected by high costs for copper coming forward, which is seen to ease off as the year progresses. Depending upon the extent of adjustments to the Kenya shilling, the year as a whole should be satisfactory.

Finally, I would like to express the Board's appreciation and thanks to all our staff, whose commitment and dedication throughout the year, enabled your Company to achieve these outstanding results.

March 1990 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 (Resigned 30th June 1989)

P. WAIGANJO

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

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

(*British)

2. Secretary and Other Officers

Secretary	F.K. Fondo, 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	3,002,613
Taxation	(1,363,496)
Profit after taxation	1,639,117
Retained profit brought forward	1,772,032
	3,411,149
Utilised for Bonus Issue	(1,000,000)
Proposed Dividend	(450,000)
Retained profit carried forward	1,961,149

4. Dividends

No interim dividend was declared. The Directors recommend the payment of a final dividend of K£450,000, 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 16th February, 1990.

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.

BY ORDER OF THE BOARD,
F.K. FONDO,
Secretary.

16th February, 1990

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 30th December, 1989 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.

P.O. Box 40612,
Nairobi.

PEAT MARWICK
Certified Public Accountants

Date 16th February, 1990.

Profit and Loss Account

	Note	52 week period ended 30.12.89	52 week period ended 31.12.88
		K£	K£
TURNOVER	1(b)	12,225,111	6,947,764
PROFIT BEFORE TAXATION	2	3,002,613	1,290,801
TAXATION	3	(1,363,496)	(600,038)
PROFIT AFTER TAXATION		1,639,117	690,763
PROPOSED DIVIDEND		(450,000)	(200,000)
RETAIND PROFIT		1,189,117	490,763
Earnings per share	4	KShs.4.55	KShs.1.92

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

Balance Sheet

	Note	At 30.12.89 K£	At 31.12.88 K£
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	5	803,390	700,542
CURRENT ASSETS			
Stocks	6	2,955,924	1,718,314
Debtors		3,222,429	2,023,701
Cash and bank balances		1,338,918	1,171,607
		7,517,271	4,913,622
CURRENT LIABILITIES			
Creditors		597,367	331,925
Amounts due to group companies		1,389,962	1,112,729
Taxation		1,417,166	680,307
Proposed dividend		450,000	200,000
Unpaid dividend		151,859	151,859
		4,006,354	2,476,820
NET CURRENT ASSETS		3,510,917	2,436,802
NET ASSETS		4,314,307	3,137,344
CAPITAL AND RESERVES			
SHARE CAPITAL	7	1,800,000	800,000
RESERVES	8	2,514,307	2,337,344
		4,314,307	3,137,344

D.A. OMARI) Directors
W.L. BAMLETT)

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

Statement of Source and Application of Funds

	52 week period ended 30.12.89	52 week period ended 31.12.88
	K£	K£
SOURCE OF FUNDS		
Profit before taxation	3,002,613	1,290,801
Adjustment for items not involving the movement of funds		
Depreciation	49, 801	82,552
(Profit) on sale of fixed assets	(783)	(76)
Funds generated from operations	3,051,631	1,373,277
FUNDS FROM OTHER SOURCES		
Proceeds from sale of fixed assets	786	251
	3,052,417	1,373,528
APPLICATION OF FUNDS		
Dividend paid	(200,000)	(124,070)
Tax paid	(626,637)	(480,004)
Purchase of fixed assets	(152,652)	(25,259)
Bonus issue expenses	(12,154)	—
	(991,443)	(629,333)
Increase in working capital	2,060,974	744,195
Analysis of change in working capital		
Stock	1,237,610	183,090
Debtors	1,198,728	449,072
Creditors and group companies	(542,675)	(521,747)
Tax reserve certificates	—	(250,000)
Movement in net liquid funds	167,311	883,780
	2,060,974	744,195

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%
Furniture, fixtures and fittings		20%
Vehicles		25%
Dies and tools		$33^1/_3$%

(d) Stocks

Stocks and work in progress are valued at the lower of cost and net realizable value. Finished goods and work in progress include 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 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.

2. PROFIT BEFORE TAXATION

	52 week period ended 30.12.89	52 week period ended 31.12.88
	K£	K£
The profit before taxation is arrived at after charging/(crediting):-		
Bank interest	18,306	1,069
Interest receivable	(43,097)	(38,609)
Directors' emoluments		
As directors	7,312	6,500
As executives	50, 267	63, 477
Depreciation	49, 801	82,552
Auditors remuneration and expenses	12,345	10,928

3. TAXATION

a) Charge for the period	1,374,157	600,038
Prior year adjustment	(10,661)	—
	1,363,496	600,038

b) There is no liability to deferred taxation at 30th December, 1989 (1988 — Nil).

4. EARNINGS PER SHARE

Earnings per share is arrived at by dividing the profit after tax by the number of issued shares. The figure for 1988 has been adjusted to reflect the bonus issue of 1989.

5. FIXED ASSETS

	Freehold properties	Leasehold property	Plant, machinery, equipment and motor vehicles	Total
	K£	K£	K£	K£
Cost or valuation:				
At 1st January, 1989	140,000	390,603	1,307,103	1,837,706
Additions	—	—	152,652	152,652
Disposals	—	—	(2,420)	(2,420)
At 30th December, 1989	140,000	390,603	1,457,335	1,987,938
Valuation	140,000	387,500	—	527,500
Cost	—	3,103	1,457,335	1,460,438
Depreciation:				
At 1st January, 1989	1,750	7,787	1,127,627	1,137,164
Charge for period	1,750	7,812	40,239	49,801
Disposals	—	—	(2,417)	(2,417)
At 30th December, 1989	3,500	15,599	1,165,449	1,184,548
Valuation	3,500	15,500	—	19,000
Cost	—	99	1,165,449	1,165,548
Net book value:				
At 30th December, 1989	136,500	375,004	291,886	803,390
At 31st December, 1988	138,250	382,816	179,476	700,542

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 30.12.89	At 31.12.88
	K£	K£
Raw materials	1,089,337	906,372
Work in progress	260,352	313,270
Finished goods	252,625	213,838
Stock in transit	1,353,610	284,834
	2,955,924	1,718,314

7. SHARE CAPITAL

Authorised, issued and fully paid

7,200,000 Ordinary shares of Shs 5/- each (1988 – 3,200,000)	1,800,000	800,000

8. RESERVES

	Share Premium account	Revaluation reserve	Profit & loss account	Total
	K£	K£	K£	K£
Balance 1st January, 1989	80,820	484,492	1,772,032	2,337,344
Utilised for bonus issue	(12,154)	—	(1,000,000)	(1,012,154)
Retained profit for period	—	—	1,189,117	1,189,117
Balance 30th December, 1989	68,666	484,492	1,961,149	2,514,307

9. CAPITAL COMMITMENTS

	At 30.12.89	At 31.12.88
	K£	K£
Authorised and committed	77,000	—
Authorised and not contracted for	15,000	56,847
	92,000	56,847

TANGAZO LA MKUTANO

TAARIFA YA MWENYE KITI

TAARIFA YA WAKURUGENZI

TAARIFA YA WAKAGUZI WA HESABU KWA WENYE HISA

DELTA

Tangazo la Mkutano

Mnatangaziwa kwamba Mkutano wa Mwaka wa ishirini na tano wa wenye hisa utafanyika Nairobi. Norfolk Hotel, Harry Thuku Road, Nairobi, Tarehe 25 Mei, 1990, saa nne kamili (10.00 a.m.) kwa shughuli zifuatazo:-

1. Kuthibitisha Taarifa za Mkutano wa ishirini na nne uliofanyika tarehe 26 Mei, 1989.
2. Kupokea Hesabu za mwaka uliomalizika tarehe 30 December, 1989, pamoja na taarifa ya Wakurugenzi na Wakaguzi wa Hesabu.
3. Kutoa idhini ya malipo ya wakurugenzi kwa mwaka uliomalizikia tarehe 30 December, 1989.
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. Kuwachagua wakurugenzi kwa kulingana na fungu la 97 la kanuni za kampuni. Wakurugenzi ambao muda wao umemalizika, lakini wamejitolea kuchaguliwa tena ni:

   Bwana R.H. Ludwick
   Bwana P.A.C. Bourne

6. Kuwaruhusu Wakurugenzi kuweka kiasi cha malipo ya Wakaguzi wa Hesabu.

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

KWA AMRI YA HALMASHAURI,
F.K. Fondo,
Katibu.

Tarehe: 31 Machi, 1990

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
Ninafurahi kuwapa taarifa ya shughuli za Kampuni yenu na matokeo yake kuhusu mwaka uliomalizikia tarehe 30 Desemba, 1989.

Hali ya biashara
Tumekuwa na mwaka wenye mafanikio makubwa kutokana na ongezeko kubwa la uuzaji wa bidhaa zetu na pia kwa kupatikana mali ghafi bila shida.

Mapato na faida
Katika kipindi kizima cha mwaka wa 1989 bei za baadhi ya mali ghafi, hasa madini, zilipanda sana na vile vile thamani ya pesa za Kenya ilikuwa ikipunguapungua. Hali hii ilitulazimisha tusawazishe bei za bidhaa zetu kwa kuzipandisha kidogo. Kutokana na bei hizi mpya pamoja na ongezeko la uuzaji wa bidhaa ambao ulizidi ule mwaka wa 1988 kwa kiasi cha 34.4%, tuliweza kuuza bidhaa za thamani ya K£12,225,111 ikilinganishwa na K£6,947,764 kwa mwaka jana. Hivyo, faida nayo ikafikia K£3,002,613 kabla ya kuondoa fungu la kodi, ambapo mwaka jana ilikuwa K£1,290,801 tu!

Mgao wa faida
Wakurugenzi wanapendekeza malipo ya mgao wa faida wa kiasi cha 25%, yaani Shs 1.25 kwa kila hisa kama ilivyokuwa mwaka wa 1988. Lakini idadi ya hisa sasa imeongezeka toka 3,200,000 hadi 7,200,000 kwa kufuatana na uamuzi wenu katika Mkutano Mkuu wa Mwaka jana uliofanyika tarehe 26 Mei. Ni nia ya Wakurugenzi kwamba wenyehisa wa hapa nchini walipwe haki yao mara tu baada ya malipo hayo kuidhinishwa katika Mkutano Mkuu wa Mwaka huu. Wale walioko nje ya Kenya watalipwa baada ya Banki Kuu ya Kenya kutoa idhini yake. Idhini kama hiyo kuhusu mwaka wa 1987 ilipatikana tu katika mwezi wa Oktoba,1989, lakini kwa mwaka wa 1988 bado haijatolewa.

Matazamio ya siku zijazo
Kufikia mwisho wa 1989 kulikuwapo na upungufu wa haja ya bidhaa zetu, lakini hali hii ilibadilika ilipofika Januari ya 1990. Katika miezi sita ya kwanza ya mwaka huu wa 1990 faida yetu haitakuwa nzuri sana kwa sababu bei ya madini ya shaba imekuwa ya juu, lakini hatutazamii kwamba jambo hili litadumu kwa muda mrefu. Iwapo thamani ya pesa za Kenya haitaendelea kushuka, basi huenda muaka huu wa 1990 nao pia ukafanikiwa.

Mwishoni, ningependa kutoa pongezi na shukrani za Wakurugenzi kwa wafanyi kazi wote kwa uaminifu na bidii yao kubwa ambayo imeiwezesha hii Kampuni yenu kupata mfanikio haya makubwa ambayo hayajawahi kutokea.

Machi, 1990 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 (alijiuzulu tarehe 30 juni 1989)

P. WAIGANJO

R.H. LUDWICK* (Anaishi Uingereza)

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

(*Raia wa Uingereza)

2. Katibu na Maafisa wengine

Katibu	F.K. Fondo, P.O. Box 18243, Nairobi.
Afisi kuu ya Kampuni	Kitui Road, P.O. Box 18243, Nairobi.
Wakaguzi 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	3,002,613
Toa fungu la kodi	(1,363,496)
Faida baada ya kuondoa fungu la kodi	1,639,117
Ongeza faida ya miaka iliyopita	1,772,032
	3,411,149
Matumizi:	
Hisa za Bahshishi	(1,000,000)
Mgao wa mwisho unaoazimiwa	(450,000)
Baki la faida	1,961,149

4. Migao ya Faida

Mgao wa kwanza haukutangazwa. Wakurugenzi walipendekeza malipo ya mgao wa mwisho wa K£450,000 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 tarehe16 Februari 1990.

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,
F.K. Fondo,
Katibu.

Tarehe: 16 Februari, 1990

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 zina onyesha kwa usahihi hali ya Kampuni ilivyokuwa tarehe 30 December, 1989, 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: 16 Februari, 1990

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

P R O X Y

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 25th May, 1990, and at any adjournment thereof.

Signed by me/us this . . . . day of . . . . 1990.

. . . .
Signature (s)

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

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 25th Mei, 1990), ama siku nyingine ikiwa Mkutano huo utaahirishwa.

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

ya mwezi . . . . 1990.

. . . .
Sahihi

Jambo Muhimu: Ikiwa ni Kampuni ndiyo inayowakilishwa, muhuri wa Kampuni hiyo ni lazima utiwe katika hati hii ya uwakilishi.