EAST AFRICAN BREWERIES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

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CORPORATE INFORMATION

DIRECTORS

C Muchene	Group Chairman
N Blazquez*	Group Deputy Chairman
C Ireland*	Group Managing Director
T Barnes*	Group Finance Director
A Shonubi **	
S Githuku	
J Karuku	
J Katto**	
N Mchechu***	
J O'Keeffee****	(Appointed on 1 July 2015)
A Fennell*	(Resigned 30 June 2015)
E Mwaniki	(Resigned 30 April 2015)

* British ** Ugandan *** Tanzanian ****Irish

SECRETARY

Ruth Ngobi (Ms)
Tusker House
Ruaraka
P.O. Box 30161
00100 Nairobi, GPO

AUDITORS

KPMG Kenya
Certified Public Accountants of Kenya
8th Floor, ABC Towers
ABC Place, Waiyaki way
P.O. Box 40612
00100 Nairobi, GPO

ADVOCATES

Kaplan and Stratton Advocates
Williamson House
4th Ngong Avenue
P.O. Box 40111
00100 Nairobi, GPO

Coulson Harney Advocates
5th Floor, ICEA Lion Centre, West Wing
Riverside Park, Chiromo Road, Nairobi
P.O Box 10643
00100 Nairobi, GPO

CORPORATE INFORMATION (continued)

SHARE REGISTRARS

Custody & Registrar Services Limited
6th Floor, Bruce House
Standard Street
P.O. Box 8484
00100 Nairobi, GPO

PRINCIPAL BANKERS

Standard Chartered Bank Kenya Limited
48 Westlands Road, Nairobi, Kenya
P.O. Box 30003
00100 GPO, Nairobi

CfC Stanbic Bank Limited
CfC Stanbic Center
Chiromo Road, Westlands
P.O. Box 30550
00100 Nairobi, GPO

Citibank NA
Citibank House
Upper Hill Road
P.O. Box 30711
00100 Nairobi, GPO

Barclays Bank of Kenya Limited
Barclays Westend Building
Off Waiyaki Way
P.O. Box 30120
00100 Nairobi, GPO

REGISTERED OFFICE

East African Breweries Limited
Corporate Centre
Ruaraka
P.O. Box 30161
00100 Nairobi, GPO

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements for the year ended 30 June 2015 in accordance with section 157 of the Kenyan Companies Act, which disclose the state of affairs of East African Breweries Limited (the 'Group' and 'Company').

1. **Principal activities**
East African Breweries Limited is a holding Company with subsidiaries involved in the marketing, brewing/manufacturing and selling of drinks, glass containers, malt and barley.

2. **Results**
The Group and Company results for the year are set out on page 7 and page 9 respectively.

3. **Dividends**
The Directors recommend a final dividend of Kshs 6.00 per ordinary share to be paid on or before 7th December 2015 to those members on the register at the close of business on 31 August 2015. During the year an interim dividend of Kshs 1.50 per share, amounting to a total of Kshs 1,186,162,000 was paid. The total dividend for the year is therefore Kshs 7.50 per share (2014: Kshs 5.50), amounting to a total of Kshs 5,930,808,000 (2014: Kshs 4,349,259,000).

4. **Directors**
The Directors who held office during the year and to the date of this report are set out on page 1.

5. **Auditors**
The auditors, KPMG Kenya, will retire at the conclusion of the Annual General Meeting in accordance with Section 159(2) of the Kenyan Companies Act. The Directors recommend the appointment of PricewaterhouseCoopers as auditors subject to approval by shareholders at the next Annual General Meeting in accordance with Section 159(1) of the Kenyan Companies Act.

6. **Employees**
The Directors are pleased once again to record their appreciation for the untiring effort of all employees of the Company and its subsidiaries.

7. **Approval of financial statements**
The financial statements were approved by the Board of Directors on 30 July 2015.

BY ORDER OF THE BOARD

....
Ruth Ngobi (Ms)
Company Secretary

Date: 30 July 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation and presentation of the consolidated and separate financial statements of East African Breweries Limited set out on pages 7 to 81 which comprise the consolidated and separate statement of financial position at 30 June 2015, and the consolidated and separate income statements, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Directors' responsibilities include: determining that the basis of accounting described in Note 2 is an acceptable basis for preparing and presenting the financial statements in the circumstances; designing, implementing and maintaining internal control relevant to the preparation and presentation of these financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Under the Kenyan Companies Act, the Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and of the operating results of the Group for that year. It also requires the Directors to ensure the Group keeps proper accounting records which disclose with reasonable accuracy the financial position of the Group and the Company.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and the Company and of the Group's operating results.

The Directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The Directors have made an assessment of the Company and its subsidiaries' ability to continue as a going concern and have no reason to believe they will not be a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements, as indicated above, were approved by the Board of Directors on 30 July 2015 and were signed on its behalf by:

Director

Director

KPMG

KPMG Kenya
Certified Public Accountants
8th Floor, ABC Towers
Waiyaki Way
PO Box 40612 00100 GPO
Nairobi, Kenya

Telephone +254 20 2806000
Fax +254 20 2215695
Email info@kpmg.co.ke
Internet www.kpmg.com/eastafrica

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EAST AFRICAN BREWERIES LIMITED

We have audited the consolidated and separate financial statements of East African Breweries Limited set out on pages 7 to 81. These financial statements comprise the consolidated and separate statements of financial position as at 30 June 2015, the consolidated and separate income statements, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

As stated on page 4, the Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required of the Kenyan Companies Act and for such internal control; as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the consolidated and separate financial position of East African Breweries Limited at 30 June 2015, and the consolidated and separate financial performance and the consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF EAST AFRICAN BREWERIES LIMITED (CONTINUED)

Report on other legal requirements

As required by the Kenyan Companies Act we report to you, based on our audit, that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

(ii) In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and

(iii) The Company's statement of financial position and income statement are in agreement with the books of account.

The Engagement Partner responsible for the audit resulting in the independent auditors' report is FCPA Eric Aholi - P/1471.

KPMG Kenya

Date: 30 July 2015

Consolidated income statement

	Note	Year ended 30 June 2015 Kshs'000	Restated 2014 Kshs'000
Revenue	6 (a)	64,420,458	60,748,887
Cost of sales	7 (a)	(32,389,041)	(30,586,648)
Gross profit		**32,031,417**	**30,162,239**
Selling and distribution costs	8	(6,038,162)	(5,761,488)
Administrative expenses	9 (a)	(7,871,377)	(9,330,026)
Other income/(expenses)	10 (a)	103,746	(422,125)
Finance income	13 (a)	-	84,942
Finance costs	13 (a)	(4,074,380)	(4,343,869)
Profit before income tax	11	**14,151,244**	**10,389,673**
Income tax expense	14 (a)	(4,616,027)	(3,541,370)
Profit for the year from continuing operations		**9,535,217**	**6,848,303**
Profit from discontinued operations, net of tax	16	39,688	10,305
Profit for the year		**9,574,905**	**6,858,608**
Profit attributable to:			
Equity holders of the Company		8,952,352	6,498,725
Non-controlling interest	19	622,553	359,883
Profit for the year		**9,574,905**	**6,858,608**
Earnings per share			
Basic (Kshs per share)	17	11.32	8.22
Diluted (Kshs per share)	17	11.31	8.21
Earnings per share – Continuing operations			
Basic (Kshs per share)	17	11.27	8.21
Diluted (Kshs per share)	17	11.26	8.20

The notes on pages 19 to 81 are an integral part of these financial statements.

Consolidated statement of profit or loss and other comprehensive income

	Year ended 30 June	
		Restated
	2015	**2014**
	Kshs'000	**Kshs'000**
Profit for the year	9,574,905	6,858,608
Other comprehensive income, net of tax:		
Items that may be reclassified to profit or loss:		
Exchange differences from translation of net foreign operations (*Pages 14 and 15*)	(151,530)	(25,059)
Total comprehensive income for the year	**9,423,375**	**6,833,549**
Total comprehensive income for the year attributable to:		
Equity holders of the Company	9,021,217	6,488,000
Non-controlling interest	402,158	345,549
Total comprehensive income for the year	**9,423,375**	**6,833,549**

The notes on pages 19 to 81 are an integral part of these financial statements.

Separate income statement

	Note	Year ended 30 June 2015 Kshs'000	2014 Kshs'000
Revenue	6 (b)	3,776,297	4,922,237
Cost of sales	7 (b)	(7,820)	-
Gross profit		**3,768,477**	**4,922,237**
Administrative expenses	9 (b)	(2,124,872)	(3,100,988)
Other income/expenses	10 (b)	1,125,759	230,068
Finance costs	13 (b)	(4,447,518)	(4,348,675)
Finance income	13 (b)	1,172,878	1,020,125
Dividend income		8,363,500	8,411,677
Profit before income tax	11	**7,858,224**	**7,134,444**
Income tax credit/(expense)	14 (b)	104,478	(102,265)
Profit for the year		**7,962,702**	**7,032,179**

The notes on pages 19 to 81 are an integral part of these financial statements.

Separate statement of profit or loss and other comprehensive income

	Year ended 30 June	
	2015	**2014**
	Kshs'000	**Kshs'000**
Profit for the year	7,962,702	7,032,179
Other comprehensive income, net of tax	-	-
Total profit or loss and other comprehensive income for the year	**7,962,702**	**7,032,179**

The notes on pages 19 to 81 are an integral part of these financial statements.

Consolidated statement of financial position

	Note	2015 Kshs'000	2014 Kshs'000
Equity attributable to the owners of Parent			
Share capital	18	1,581,547	1,581,547
Share premium	18	1,691,151	1,691,151
Capital reserve	39 (a)	1,285,324	1,285,324
Retained earnings		27,105,032	22,501,939
Share based payment reserve	39 (b)	73,387	73,387
Translation reserve	39 (c)	246,531	177,666
		31,982,972	**27,311,014**
Non-controlling interest	19	(337,752)	81,871
Other reserves	39 (d)	(18,292,037)	(18,292,037)
Total equity		**13,353,183**	**9,100,848**
Non-current liabilities			
Deferred tax liabilities	22 (a)	3,980,937	4,010,342
Borrowings	37 (a)	24,469,236	22,294,103
Finance lease liabilities	21	205,653	-
		28,655,826	**26,304,445**
Total equity and non-current liabilities		**42,009,009**	**35,405,293**
Non-current assets			
Property, plant and equipment	23 (a)	35,580,377	37,254,785
Intangible assets – Software	24 (a)	376,790	434,439
Intangible assets – Goodwill	25 (a)	3,577,191	3,577,191
Intangible assets – Brand	25 (b)	563,005	563,005
Prepaid operating lease rentals	26 (a)	10,538	10,957
Other investments	28	10,000	10,000
Deferred tax assets	22 (a)	1,330,722	1,208,412
		41,448,623	**43,058,789**
Current assets			
Inventories	31	10,674,406	9,703,689
Trade and other receivables	32 (a)	9,113,813	7,716,617
Income tax recoverable	14 (a)	591,389	1,285,448
Cash and bank balances	36 (c)	3,005,133	1,101,400
Assets held for sale	30 (a)	2,106,414	-
		25,491,155	**19,807,154**

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The notes on pages 19 to 81 are an integral part of these financial statements.

Consolidated statement of financial position (continued)

	Note	2015 Kshs'000	2014 Kshs'000
Current liabilities			
Trade and other payables	33 (a)	14,142,200	12,351,560
Dividends payable	15	614,869	800,180
Income tax payable	14 (a)	453,096	4,985
Borrowings	37 (a)	4,898,623	12,545,500
Bank overdraft	36 (c)	4,397,031	1,758,425
Liabilities held for sale	30 (a)	424,950	-
		24,930,769	**27,460,650**
Net current assets/(liabilities)		**560,386**	**(7,653,496)**
Net assets		**42,009,009**	**35,405,293**

The financial statements on pages 7 to 81 were approved for issue by the Board of Directors on 30 July 2015 and signed on its behalf by:

Director **Director**

The notes on pages 19 to 81 are an integral part of these financial statements.

Separate statement of financial position

	Notes	2015 Kshs'000	2014 Kshs'000
EQUITY			
Share capital	18	1,581,547	1,581,547
Share premium	18	1,691,151	1,691,151
Capital reserve	39 (a)	25,616	25,616
Share based payment reserve	39 (b)	73,387	73,387
Retained earnings		12,422,901	8,809,458
Total equity		**15,794,602**	**12,181,159**
Non-current liabilities			
Borrowings	37 (b)	24,469,236	21,181,702
Total equity and non-current liabilities		**40,263,838**	**33,362,861**
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	23 (b)	623,191	442,608
Prepaid operating lease rentals	26 (b)	1,265	1,335
Intangible assets - software	24 (b)	168,828	188,955
Investment in subsidiaries	27	29,053,949	29,844,237
Other investments	28	10,000	10,000
Receivable from related parties	38 (b)	12,117,891	3,923,980
Deferred income tax assets	22 (b)	961,741	850,983
		42,936,865	**35,262,098**
Current assets			
Trade and other receivables	32 (b)	9,341,851	17,466,895
Current income tax recoverable	14 (b)	495,813	466,864
Asset held for sale	30 (b)	790,288	-
Cash and bank balances	36 (c)	600,381	-
		11,228,333	**17,933,759**
Current liabilities			
Trade and other payables	33 (b)	6,045,554	5,376,538
Dividends payable	15	614,869	800,180
Bank overdraft	36 (c)	3,525,176	1,110,778
Borrowings	37 (b)	3,715,761	12,545,500
		13,901,360	19,832,996
Net current liabilities		**(2,673,027)**	**(1,899,237)**
Total assets		**40,263,838**	**33,362,861**

The financial statements on pages 7 to 81 were approved for issue by the Board of Directors on 30 July 2015 and signed on its behalf by:

Director **Director**

The notes on pages 19 to 81 page are an integral part of these financial statements.

Consolidated statement of changes in equity

Year ended 30 June 2015	Share capital	Share premium	Capital reserve	Translation reserves	Retained earnings	Share based payment reserve	Other reserves	Total	Non control-ling interest	Total equity
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
At 1 July 2014	1,581,547	1,691,151	1,285,324	177,666	22,501,939	73,387	(18,292,037)	9,018,977	81,871	9,100,848
Total comprehensive income										
Profit for the year	-	-	-	-	8,952,352	-	-	8,952,352	622,553	9,574,905
Other comprehensive income	-	-	-	68,865	-	-	-	68,865	(220,395)	(151,530)
Total comprehensive income for the year	**-**	**-**	**-**	**68,865**	**8,952,352**	**-**	**-**	**9,021,217**	**402,158**	**9,423,375**
Transactions with owners of the Company										
Dividends:										
-2015 interim paid	-	-	-	-	(1,186,162)	-	-	(1,186,162)	(809,106)	(1,995,268)
-2014 final paid	-	-	-	-	(3,163,097)	-	-	(3,163,097)	(12,675)	(3,175,772)
Total transactions with owners of the Company	**-**	**-**	**-**	**-**	**(4,349,259)**	**-**	**-**	**(4,349,259)**	**(821,781)**	**(5,171,040)**
At 30 June 2015	**1,581,547**	**1,691,151**	**1,285,324**	**246,531**	**27,105,032**	**73,387**	**(18,292,037)**	**13,690,935**	**(337,752)**	**13,353,183**

The notes on pages 19 to 81 are an integral part of these financial statements.

Consolidated statement of changes in equity (continued)

Year ended 30 June 2014	Share capital Kshs'000	Share premium Kshs'000	Capital reserve Kshs'000	Translation reserves Kshs'000	Retained earnings Kshs'000	Share based payment reserve Kshs'000	Other reserves Kshs'000	Total Kshs'000	Non control-ling interest Kshs'000	Total equity Kshs'000
As previously stated	1,581,547	1,691,151	1,281,545	188,391	20,778,624	71,373	(18,292,037)	7,300,594	1,133,596	8,434,190
Prior period adjustment	-	-	-	-	(426,151)	-	-	(426,151)	(409,439)	(835,590)
At 1 July 2013 - As restated	**1,581,547**	**1,691,151**	**1,281,545**	**188,391**	**20,352,473**	**71,373**	**(18,292,037)**	**6,874,443**	**724,157**	**7,598,600**
Comprehensive income										
Profit for the year	-	-	-	-	6,498,725	-	-	6,498,725	359,883	6,858,608
Other comprehensive income	-	-	-	(10,725)	-	-	-	(10,725)	(14,334)	(25,059)
Total comprehensive income for the year	-	-	-	**(10,725)**	**6,498,725**	-	-	**6,488,000**	**345,549**	**6,833,549**
Prior period adjustment	-	-	3,779	-	-	-	-	3,779	-	3,779
Transactions with owners of the Company										
Share based payment reserve	-	-	-	-	-	2,014	-	2,014	-	2,014
Dividends:										
- 2013 final paid	-	-	-	-	(3,163,097)	-	-	(3,163,097)	(987,835)	(4,150,932)
- 2014 interim paid	-	-	-	-	(1,186,162)	-	-	(1,186,162)	-	(1,186,162)
Total transactions with owners of the Company	-	-	**3,779**	-	**(4,349,259)**	**2,014**	-	**(4,343,466)**	**(987,835)**	**(5,331,301)**
At 30 June 2014	**1,581,547**	**1,691,151**	**1,285,324**	**177,666**	**22,501,939**	**73,387**	**(18,292,037)**	**9,018,977**	**81,871**	**9,100,848**

The notes on pages 19 to 81 are an integral part of these financial statements.

Separate statement of changes in equity

	Share Capital Kshs'000	Share Premium Kshs'000	Capital reserve Kshs'000	Share based payment reserve Kshs'000	Retained earnings Kshs'000	Total equity Kshs'000
At 1 July 2014	1,581,547	1,691,151 -	25,616	73,387	8,809,458	12,181,159
Total comprehensive income:	-	-	-	-	7,962,702	7,962,702
Transactions with owners of the Company:						
Dividends:						
- Interim for 2015	-	-	-	-	(1,186,162)	(1,186,162)
- Final for 2014	-	-	-	-	(3,163,097)	(3,163,097)
Total distribution to owners	-	-	-	-	(4,349,259)	(4,349,259)
At 30 June 2015	**1,581,547**	**1,691,151**	**25,616**	**73,387**	**12,422,901**	**15,794,602**
At 1 July 2013	1,581,547	1,691,151	21,837	71,373	6,126,536	9,492,444
Total comprehensive income:				-	7,032,179	7,032,179
Prior period adjustment - Capital Reserve	-	-	3,779	-	-	3,779
Transactions with owners of the Company						
Share based payment	-	-	-	2,014	-	2,014
Dividends:						
- Interim for 2014	-	-	-	-	(1,186,161)	(1,186,161)
- Final for 2013	-	-	-	-	(3,163,096)	(3,163,096)
Total distribution to owners	-	-	3,779	2,014	(4,349,257)	(4,343,464)
At 30 June 2014	**1,581,547**	**1,691,151**	**25,616**	**73,387**	**8,809,458**	**12,181,159**

The notes on pages 19 to 81 are an integral part of these financial statements.

Consolidated statement of cash flows

	Notes	2015 Kshs'000	2014 Kshs'000
Operating activities			
Cash generated from operations	36 (a)	22,164,309	15,180,597
Interest received	13 (a)	-	24,072
Interest paid	13 (a)	(4,074,380)	(4,343,869)
Income tax paid	14 (a)	(3,563,087)	(4,667,510)
Net cash from operating activities		**14,526,842**	**6,193,290**
Investing activities			
Purchase of property, plant and equipment	23 (a)	(4,944,285)	(6,940,638)
Proceeds from disposal of leasehold land and buildings		195,000	-
Proceeds from disposal of property, plant and equipment		65,590	152,507
Proceeds on disposal of investment		-	50,000
Net cash used in investing activities		**(4,683,695)**	**(6,738,131)**
Financing activities			
Dividends paid to Company's shareholders	15	(4,534,570)	(4,267,000)
Dividends paid to non-controlling interests		(821,781)	(987,835)
Proceeds from borrowings	37(a)	5,000,000	10,605,366
Loan repayments	37(a)	(10,427,322)	(575,884)
Movement in finance lease liability	21	205,653	-
Net cash generated (used in)/from financing activities		**(10,578,020)**	**4,774,647**
Net (decrease)/increase in cash and cash equivalents		**(734,873)**	**4,229,806**
Movement in cash and cash equivalents			
At start of year		**(657,025)**	(4,886,831)
Net (decrease)/increase during the year		(734,873)	**4,229,806**
Cash and cash equivalents at end of year	36(c)	**(1,391,898)**	**(657,025)**

The notes on pages 19 to 81 are an integral part of these financial statements.

Separate statement of cash flows

	Notes	2015 Kshs'000	2014 Kshs'000
Operating activities			
Cash generated from/(used in) operations	36 (b)	4,102,966	(6,355,841)
Interest received	13 (b)	1,172,878	1,020,125
Interest paid	13 (b)	(4,447,518)	(4,348,675)
Income tax paid	14 (b)	(35,229)	(45,754)
Net cash from operating activities		**793,097**	**(9,730,145)**
Investing activities			
Purchase of property, plant and equipment	23 (b)	(326,003)	(175,490)
Proceeds on disposal of property and equipment		195,000	80,381
Proceeds on disposal of investment		-	50,000
Dividends received from subsidiaries		7,600,664	6,942,882
Net cash used in investing activities		**7,469,661**	**6,897,773**
Financing activities			
Dividends paid to Company's shareholders	15	(4,534,570)	(4,267,000)
Proceeds from borrowings	37 (b)	5,000,000	9,492,966
Loan repayments	37 (b)	(10,542,205)	-
Net cash used in financing activities		**(10,076,775)**	**5,225,966**
Increase/(decrease) in cash and cash equivalents		**(1,814,017)**	**2,393,594**
Movement in cash and cash equivalents			
(Bank overdraft)/cash and bank balances			
At start of year		(1,110,778)	(3,504,372)
Increase/(decrease) during the year		(1,814,017)	2,393,594
At end of year	36(c)	**(2,924,795)**	**(1,110,778)**

The notes on pages 19 to 81 are an integral part of these financial statements.

Notes

1. General information

East African Breweries Limited is incorporated as a limited liability Company in Kenya under the Kenyan Companies Act and is domiciled in Kenya. The address of its registered office and principal place of business is as follows:

East African Breweries Limited
Corporate Centre, Ruaraka
PO Box 30161
00100 Nairobi GPO

The consolidated financial statements for the Company as at 30 June 2015 and for the year then ended comprise the Company and the subsidiaries (together referred to as the 'Group' and individually as 'Group entities'). The Group is primarily involved in marketing, manufacturing and selling of drinks, glass, containers, malt and barley.

The Company's shares are listed on the Nairobi Securities Exchange, Dar es Salaam Stock Exchange and Uganda Stock Exchange.

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the income statement, in these financial statements.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

(i) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Kenyan Companies Act. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below.

(ii) ***Functional and presentation currency***

The financial statements are presented in Kenya Shillings (Kshs) which is the Company's functional currency. All financial information presented in Kenya Shillings have been rounded to the nearest thousand except when otherwise indicated.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates 'the functional currency' except where otherwise indicated.

(iii) Use of judgement and estimates

The preparation of financial statements in conformity with International Financial Reporting Standards ("IFRS") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Notes (Continued)

2. Summary of significant accounting policies (continued)

(a) Basis for preparation (continued)

(iv) Standards, amendments and interpretations to existing standards effective in 2015 and relevant to the Group

New standard or amendments	Effective for annual periods beginning on or after
• Amendments to IAS 32 - Offsetting Financial Assets and Financial Liabilities (2011)	1 January 2014
• Investment Entities- Amendments to IFRS 10, IFRS 12, and IAS 27 (2012)	1 January 2014
• Amendments to IAS 36 - Recoverable Amount Disclosures for Non-Financial Assets (2013)	1 January 2014
• Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	1 January 2014
• IFRIC 21 Levies (2013)	1 January 2014

Impact of relevant new and amended standards and interpretations to published standards on the financial statements for the year ended 30 June 2015 are as follows:

Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities *(effective for annual periods beginning on or after 1 January 2014)*

The amendments to IAS 32 clarify the offsetting criteria in IAS 32 by explaining when an entity currently has a legally enforceable right to set-off and when gross settlement is equivalent to net settlement.

The Group's policy is to offset financial assets and financial liabilities when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The clarification contained in these amendments reinforces the Group's policy and would not alter the manner in which offsetting arrangements are accounted for.

Amendments to IFRS 10, IFRS 12 and IAS 27: *Investment entities* *(effective for annual periods beginning on or after 1 January 2014)*

The amendments clarify that a qualifying investment entity is required to account for investments in controlled entities, as well as investments in associates and joint ventures, at fair value through profit or loss; the only exception would be subsidiaries that are considered an extension of the investment entity's investment activities. The consolidation exemption is mandatory and not optional.

The application of these amendments have had no material impact on the disclosures or on the amounts recognised in the Group and Company's financial statements.

Amendments to IAS 36: *Recoverable Amount Disclosures for Non-Financial Assets* *(effective for annual periods beginning on or after 1 January 2014)*

The amendments reverse the unintended requirement in IFRS 13 Fair Value Measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.

The application of this amendment has had no material impact on the disclosures or on the amounts recognised in the Group and Company's financial statements.

Notes (Continued)

2. Summary of significant accounting policies (continued)

(iv) Standards, amendments and interpretations to existing standards effective in 2014 and relevant to the Group - continued

Amendments to IAS 39: ***Novation of Derivatives and Continuation of Hedge Accounting*** *(effective for annual periods beginning on or after 1 January 2014)*

The amendments permit the continuation of hedge accounting in a situation where a counterparty to a derivative designated as a hedging instrument is replaced by a new central counterparty (known as 'novation of derivatives'), as a consequence of laws or regulations, if specific conditions are met.

The application of this amendment has had no material impact on the disclosures or on the amounts recognised in the Group and Company's financial statements.

IFRIC 21: ***Levies*** *(effective for annual periods beginning on or after 1 January 2014)*

IFRIC 21 defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It confirms that an entity recognises a liability for a levy when – and only when – the triggering event specified in the legislation occurs.

The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group and Company's financial statements.

(v) Impact of relevant new and amended standards and interpretations to published standards on the financial statements for the year ended 30 June 2015 are as follows:

New standard or amendments	Effective for annual periods beginning on or after
• Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)	1 July 2014
• Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	1 January 2016
• Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)	1 January 2016
• Amendments to IAS 41 - Bearer Plants (Amendments to IAS 16 and IAS 41)	1 January 2016
• Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciations and Amortisation	1 January 2016
• Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016
• IFRS 14 Regulatory Deferral Accounts	1 January 2016
• Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	1 January 2016
• Disclosure Initiative (Amendments to IAS 1)	1 January 2016
• IFRS 15 Revenue from Contracts with Customers	1 January 2017
• IFRS 9 Financial Instruments (2014)	1 January 2018

All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the Group).

Notes (Continued)

2. Summary of significant accounting policies (continued)

(v) Impact of relevant new and amended standards and interpretations to published standards on the financial statements for the year ended 30 June 2015 are as follows - continued

Defined benefit plans – Employee contributions (Amendments to IAS 19)

The amendments introduce relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for practical expedient if they are:

- set out in the formal terms of the plan;
- linked to service; and
- independent of the number of years of service.

When contributions are eligible for the practical expedient, a Company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered.

The amendments apply retrospectively for annual periods beginning on or after 1 July 2014 with early adoption permitted.

The application of this amendment will have no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The amendments require the full gain to be recognised when assets transferred between an investor and its associate or joint venture meet the definition of a 'business' under IFRS 3 *Business Combinations*. Where the assets transferred do not meet the definition of a business, a partial gain to the extent of unrelated investors' interests in the associate or joint venture is recognised. The definition of a business is key to determining the extent of the gain to be recognised

The amendments will be effective from annual periods commencing on or after 1 January 2016.

The application of these amendments will have no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business.

Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interest in the joint operation will not be re-measured.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

The application of this amendment will have no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

Notes (Continued)

2. Summary of significant accounting policies (continued)

(v) Impact of relevant new and amended standards and interpretations to published standards on the financial statements for the year ended 30 June 2015 are as follows - continued

Amendments to IAS 41- Bearer Plants (Amendments to IAS 16 and IAS 41)

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture require a bearer plant (which is a living plant used solely to grow produce over several periods) to be accounted for as property, plant and equipment in accordance with IAS 16 Property, Plant and Equipment instead of IAS 41 Agriculture. The produce growing on bearer plants will remain within the scope of IAS 41.

The new requirements are effective from 1 January 2016, with earlier adoption permitted.

The application of these amendments will have no material impact on the disclosures or on the amounts recognised in the Group and Company's financial statements.

***Clarification of Acceptable Methods of Depreciation and Amortisation* (Amendments to IAS 16 and IAS 38)**

The amendments to IAS 16 *Property, Plant and Equipment* explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments to IAS 38 *Intangible Assets* introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. The presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted.

The application of these amendments will have no material impact on the disclosures or on the amounts recognised in the Group and Company's financial statements.

Equity Method in Separate Financial Statements (Amendments to IAS 27)

The amendments allow the use of the equity method in separate financial statements, and apply to the accounting not only for associates and joint ventures but also for subsidiaries.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016 with early adoption permitted.

The application of this amendment will have no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

IFRS 14 *Regulatory Deferral Accounts*

IFRS 14 provides guidance on accounting for regulatory deferral account balances by first-time adopters of IFRS. To apply this standard, the entity has to be rate-regulated i.e. the establishment of prices that can be charged to its customers for goods and services is subject to oversight and/or approval by an authorised body.

The standard is effective for financial reporting years beginning on or after 1 January 2016 with early adoption is permitted.

The application of this standard will have no material impact on the disclosures or on the amounts recognised in the Group and Company's financial statements.

Notes (Continued)

2. Summary of significant accounting policies (continued)

(v) Impact of relevant new and amended standards and interpretations to published standards on the financial statements for the year ended 30 June 2015 are as follows – continued

***Investment Entities: Applying the Consolidation Exception* (Amendments to IFRS 10, IFRS 12 and IAS 28)**

The amendment to IFRS 10 *Consolidated Financial Statements* clarifies which subsidiaries of an investment entity are consolidated instead of being measured at fair value through profit and loss. The amendment also modifies the condition in the general consolidation exemption that requires an entity's parent or ultimate parent to prepare consolidated financial statements. The amendment clarifies that this condition is also met where the ultimate parent or any intermediary parent of a parent entity measures subsidiaries at fair value through profit or loss in accordance with IFRS 10 and not only where the ultimate parent or intermediate parent consolidates its subsidiaries.

The amendment to IFRS 12 *Disclosure of Interests in Other Entities* requires an entity that prepares financial statements in which all its subsidiaries are measured at fair value through profit or loss in accordance with IFRS 10 to make disclosures required by IFRS 12 relating to investment entities.

The amendment to IAS 28 *Investments in Associates and Joint Ventures* modifies the conditions where an entity need not apply the equity method to its investments in associates or joint ventures to align these to the amended IFRS 10 conditions for not presenting consolidated financial statements. The amendments introduce relief when applying the equity method which permits a non-investment entity investor in an associate or joint venture that is an investment entity to retain the fair value through profit or loss measurement applied by the associate or joint venture to its subsidiaries.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2016, with early application permitted.

The application of these amendments will have no material impact on the disclosures or on the amounts recognised in the Group's financial statements.

***Disclosure Initiative* (Amendments to IAS 1)**

The amendments provide additional guidance on the application of materiality and aggregation when preparing financial statements.

The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted.

The application of these amendments will have no material impact on the disclosures or on the amounts recognised in the Group and Company's financial statements.

IFRS 15 Revenue from Contracts with Customers

This standard replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers* and SIC-31 *Revenue – Barter of Transactions Involving Advertising Services.*

Notes (Continued)

2. Summary of significant accounting policies (continued)

(v) Impact of relevant new and amended standards and interpretations to published standards on the financial statements for the year ended 30 June 2015 are as follows – continued

IFRS 15 Revenue from Contracts with Customers - continued

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The standard specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers in recognising revenue being: Identify the contract(s) with a customer; Identify the performance obligations in the contract; Determine the transaction price; Allocate the transaction price to the performance obligations in the contract; and recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption is permitted.

Management is currently evaluating the impact of the new standard to the Group and Company's financial statements.

IFRS 9: Financial Instruments (2014)

On 24 July 2014 the IASB issued the final IFRS 9 *Financial Instruments* Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*.

This standard introduces changes in the measurement bases of the financial assets to amortized cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "incurred loss" model from IAS 39 to an "expected credit loss" model.

The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

Management is currently evaluating the impact of the new standard to the Group and Company's financial statements.

(b) Basis of consolidation

The Group accounts for business combinations using the acquisition method when the control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchases is recognised in profit or loss immediately.

Transactions costs are expensed as incurred except if related to the issue of debt or equity securities.

Notes (Continued)

2. Summary of significant accounting policies (continued)

(b) Basis of consolidation (continued)

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Investments in subsidiaries are accounted for at cost in the separate financial statements.

(ii) Non-controlling Interest ("NCI")

NCI are measured at their proportionate share of the acquired identifiable net assets at the acquisition date.

(iii) Transactions eliminated at consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- Represents a separate major line of business or geographic area of operations; or
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-of-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-represented as if the operation had been discontinued form the start of the comparative year.

(d) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax (VAT), returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

(i) Sales of goods are recognised in the period in which the Group delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured

Notes (Continued)

2. Summary of significant accounting policies (continued)

(d) Revenue recognition (continued)

(ii) Dividend income is recognised as income in the period in which the right to receive payment is established.

(iii) Royalty income is recognised based on agreed rates applied on net sales value of the related products.

(iv) Management fee is recognised based on actual costs plus an agreed mark up.

(e) Finance income and expenses

Finance income comprises interest income and foreign exchange gains that relate to borrowings and cash and cash equivalents. Interest income is recognised in profit or loss on a time proportion basis using the effective interest method.

Finance expenses comprise interest expense and foreign exchange losses that relate to borrowings and cash and cash equivalents. Interest income is recognised in profit or loss using the effective interest method.

All other foreign exchange gains and losses are presented in profit or loss within 'other income'.

(f) Foreign currency translation

Foreign currency transactions are translated into the functional currency of the respective entity using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Consolidation of group entities

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in the translation reserve except to the extent that the translation difference is allocated to NCI.
- Finance expenses comprise interest expense and foreign exchange losses that relate to borrowings and cash and cash equivalents. Interest income is recognised in profit or loss using the effective interest method.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the profit or loss as part of the gain or loss on sale. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, then the relevant proportion of the cumulative amount is reattributed to NCI.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into presentational currency at the spot exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentational currency at spot exchange rates at the dates of the transactions.

Notes (Continued)

2. Summary of significant accounting policies (continued)

(g) Property, plant and equipment

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Expenditure on Assets under Construction is charged to work in progress until the asset is brought into use.

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Expenditure on Assets under Construction is charged to work in progress until the asset is brought into use.

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Depreciation is calculated on the straight line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life as follows:

Building	25 years or unexpired period of lease if less than 25 years
Plant, equipment, furniture and fittings	5 – 33 years
Motor vehicles	4 – 5 years
Moulds	5 – 15 years

Freehold land is not depreciated.

Depreciation methods, useful lives and residual values are reassessed annually at each reporting date and adjusted if appropriate.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within “other income” in the profit or loss.

(h) Intangible assets

(i) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of intangible asset from the date that they are available for use. The estimated useful life is three to five years.

(ii) Goodwill

Goodwill arising on acquisition of subsidiaries and associates is stated at cost less accumulated impairment losses. At the reporting date, the Group assesses the goodwill carried in the books for impairment.

Notes (Continued)

2. Summary of significant accounting policies (continued)

(h) Intangible assets (continued)

(i) Brands

Brands acquired as part of acquisitions of businesses are capitalised separately from goodwill as intangible assets if their value can be measured reliably on initial recognition and it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group. Certain brands are considered to have an indefinite economic life because of the institutional nature of the brands, their proven ability to maintain market leadership and the Group's commitment to develop and enhance their value. The carrying value of these intangible assets are reviewed at least annually for impairment and adjusted to the recoverable amount if required.

(i) Financial instruments

(i) Classification

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise. These are classified as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group intends to sell in the short-term or that it has designated as at fair value through profit or loss or available for sale. Loans and receivables comprise trade and other receivables, cash and bank balances and intercompany balances.

These are measured at amortised cost using the effective interest method, less any impairment losses.

Other financial liabilities

Other financial liabilities are non-derivative financial liabilities that are recognized on the date the Group becomes party to the contractual provisions of the instruments. Other financial liabilities are initially recognized at fair value less any directly attributable transaction costs. These include trade and other payables, loans and borrowings and intercompany balances. Other financial liabilities are measured at amortized cost.

(ii) Recognition

The Group recognizes loans and receivables on the date when they are originated. These assets are initially recognized at fair value plus any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

All other financial instruments are recognized on the trade date which is the date on which the Group becomes party to the contractual provisions of the instrument.

(iii) Measurement

Financial instruments are measured initially at fair value. In the case of financial instruments not at fair value, these are measured through profit or loss less applicable transaction costs.

Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Other financial liabilities are measured at amortised cost.

Notes (Continued)

2. Summary of significant accounting policies (continued)

(i) Financial Instruments (continued)

(iv) De-recognition

A financial asset is derecognized when the Group loses control over the contractual rights that comprise that asset. This occurs when the rights are realized, expire or are surrendered. A financial liability is derecognized when it is extinguished, cancelled or expires.

(v) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount reported on the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(j) Leases

i) *Finance leases*
Leases of equipment including hire purchase contracts where the Group assumes substantially all the risks and rewards incident to ownership are classified as finance leases. Finance leases are recognised as a liability at the inception of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The interest rate implicit in the lease is used as the discount factor in determining the present value. The finance cost is charged to the profit and loss account in the year in which it incurred. Equipment acquired under finance leases are capitalised and depreciated over the estimated useful life of the asset.

ii) Operating leases
Leases of assets where a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised to the profit and loss account on a straight line basis over the term of the lease. The leased assets are not recognised in the Group's statement of financial position.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average method and expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The cost of finished goods and work in progress comprises an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(l) Employee benefits

(i) Retirement benefits obligations

The Group operates defined contribution retirement benefit schemes for some of its employees. The assets of all schemes are held in separate trustee administered funds, which are funded by contributions from both the Group and employees. The Group and all its employees also contribute to the National Social Security Funds, which are defined contribution schemes.

The Group's contributions to the defined contribution schemes are recognised in the profit or loss in the year to which they relate. The Company has no further obligation once the contributions have been paid.

Notes (Continued)

2. Summary of significant accounting policies (continued)

(ii) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met. The Group funded the employee share options plan to acquire shares from the market and recognised the expense in the profit or loss upfront.

(iii) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date.

(iv) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(m) Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax is the amount of tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation and any adjustment to tax payable or receivable in respect of previous years. The current tax charge is calculated on the basis of the tax rates enacted or substantively enacted at the reporting date.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured using tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised

Notes (Continued)

2. Summary of significant accounting policies (continued)

(n) Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared.

(o) Segmental reporting

Segment information is presented in respect of the Group's geographical segments, which is the primary format and is based on the countries in which the Group operates. The Group has no distinguishable significant business segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis.

(p) Impairment

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost such as trade and other receivables is calculated as the difference between its carrying amount, and the present value of estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment of loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

(q) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, bank balances, and deposits held at call with the banks net of bank overdrafts.

Notes (Continued)

2. Summary of significant accounting policies (continued)

(r) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

(s) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

(t) Comparative information

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year, and to correct errors in prior years.

(u) Other investments

Other investments are measured at cost.

(v) Assets and liabilities held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than continuing use.

Such assets or disposal groups are generally measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill and then to the remaining asset and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax asset, employee benefit assets or investment property, which continue to be measured in accordance with the group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit and loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

Notes (Continued)

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expected future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

(ii) Impairment of goodwill and other indefinite lived intangible assets

The Group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(p). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations as stated in Note 25.

(iii) Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgment is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iv) Property, plant and equipment

Critical estimates are made by the Directors in determining depreciation rates for property, plant and equipment. The rates used are set out in Note 2(g) above.

(v) Receivables

Critical estimates are made by the Directors in determining the recoverable amount of receivables. The carrying amount of receivables is set out in Note 4(a).

(b) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made judgements in determining:

i. the classification of financial assets and leases;

ii. whether assets are impaired

Notes (Continued)

4. Financial risk management objectives and policies

Overview

The Group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates, liquidity risk and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

This note presents information about the Group's exposure to financial risks, the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

East African Breweries Limited has established a risk management committee made up of senior management which is responsible for developing and monitoring the Group's risk management policies which are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has established a risk and compliance function, which carries out regular and ad hoc reviews of risk management controls and procedures. The results are reported to senior management.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, have less of an influence on credit risk.

The Group has established a credit policy under which each new customer is analysed individually for credit worthiness before the Group's Standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, where available, and in some cases bank references. Credit limits are established for each customer, which represents the maximum open amounts. These limits are reviewed quarterly.

In monitoring customer credit risk, customers are classified according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, maturity and existence of previous financial difficulties.

Notes (Continued)

4. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individual significant exposures. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Investments

The Group limits its exposure to credit risk by only investing in liquid securities. The main investment is in term deposits with local financial institutions. The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was:

Group	2015 Kshs'000	2014 Kshs'000
Trade receivables (Note 32 (a))	4,993,307	5,027,035
Other receivables	2,653,039	1,321,108
Receivables from related parties (Note 32(a))	225,650	25,184
Cash and bank balances (Note 36(c))	3,005,133	1,101,400
	10,877,129	**7,474,727**

Company		
Trade Receivables (Note 32(b))	25,017	-
Receivables from related companies - current (Note 38(b))	6,855,992	14,720,261
Dividend receivable	2,231,631	1,468,796
Other receivables	229,211	1,277,838
Receivables from related companies - non-current (Note 38(b))	12,117,891	3,923,980
Cash and bank balances (Note 36(c))	600,381	-
	22,060,123	**21,390,875**

Notes (Continued)

4. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

The aggregated aging of trade receivables, receivables from related parties and other receivables at the reporting date was:

Group	**Gross Kshs'000**	**Impairment Kshs'000**	**Net Kshs'000**
2015			
Current	7,146,320	(4,581)	7,141,739
Past Due			
0-30 days	268,694	-	268,694
31-120 days	299,888	(25,912)	273,976
120 days and above	899,169	(711,582)	187,587
	8,614,071	**(742,075)**	**7,871,996**
2014			
Current	4,826,193	-	4,826,193
Past Due			
0-30 days	640,284	-	640,284
31-120 days	429,333	(35,312)	394,021
120 days and above	1,195,878	(683,049)	512,829
	7,091,688	**(718,361)**	**6,373,327**

Company	**Gross Kshs'000**	**Impairment Kshs'000**	**Net Kshs'000**
2015			
Current	8,014,778	-	8,014,778
Past Due			
0-30 days	55,656	-	55,656
31-120 days	62,560	-	62,560
121 days and above	13,326,748	-	13,326,748
	21,459,742	**-**	**21,459,742**
2014			
Current	17,466,895	-	17,466,895
Past Due			
121 days and above	3,923,980	-	3,923,980
	21,390,875	**-**	**21,390,875**

Notes (Continued)

4. Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Group	2015 Kshs'000	2014 Kshs'000
At 1 July	718,361	633,875
Impairment recognised in profit or loss	23,714	84,486
At 30 June	**742,075**	**718,361**

The impairment loss recognised relates to the specific customer debtors provision. During the year the Group did not renegotiate the terms of a trade receivable from any long-standing customer.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group expects to meet its obligations from operating cash flows and proceeds of maturing financial assets.

The Group had credit facility arrangements with both related party and banks as at 30 June 2015. The facilities include up to Kshs 38 billion (2014: Kshs 43 billion) in intercompany facilities, corporate bonds, commercial paper, bank overdrafts and short term loans with various banks across East Africa.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

Group

2015	**Total amount**	**Current**	**0-30 days**	**31-120 days**	**121+ days**
Financial liabilities	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
Trade and other payables (Note 33(a))	14,142,200	10,775,107	1,785,499	1,581,490	104
Dividends payable (Note 15)	614,869	-	-	-	614,869
Finance lease liabilities	205,653	-	-	-	205,653
Borrowings (Note 37 (a))	33,764,890	4,466,621	229,033	4,600,000	24,469,236
Total financial liabilities	**48,727,612**	**15,241,728**	**2,014,532**	**6,181,490**	**25,289,862**

Notes (Continued)

4. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

Group

2014	**Total amount**	**Current**	**0-30 days**	**31-120 days**	**121+ days**
Financial liabilities	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
Trade and other payables (Note 33(a))	12,351,560	8,211,030	3,113,239	1,027,291	-
Dividends payable (Note 15)	800,180	-	-	-	800,180
Borrowings (Note 37(a))	36,598,028	1,758,425	-	-	34,839,603
Total financial liabilities	**49,749,768**	**9,969,455**	**3,113,239**	**1,027,291**	**35,639,783**

Company

2015	**Total amount**	**Current**	**0-30 days**	**31-120 days**	**121+ days**
Financial liabilities	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**	**Kshs'000**
Trade and other payables (Note 33(b))	6,045,554	5,619,645	119,267	306,642	-
Dividends payable (Note 15)	614,869	-	-	-	614,869
Borrowings (Note 37(b))	31,710,173	7,011,904	229,033	-	24,469,236
Total financial liabilities	**38,370,596**	**12,631,549**	**348,300**	**306,642**	**25,084,105**
2014					
Financial liabilities					
Trade and other payables (Note 33(b))	5,376,538	4,721,808	654,104	626	-
Dividends payable (Note 15)	800,180	-	-	-	800,180
Borrowings (Note 37(b))	34,837,980	1,110,778	-	-	33,727,202
Total financial liabilities	**41,014,698**	**5,832,586**	**654,104**	**626**	**34,527,382**

Notes (Continued)

4. Financial risk management objectives and policies (continued)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Foreign exchange risk

Foreign currency risk arises on sales, purchases and borrowings denominated in currencies other than Kenya Shillings. Receipts of foreign currency denominated debtors finance repayments of foreign currency denominated borrowings.

The table below summarises the Group's exposure to foreign currency risks in the respective foreign currency:

Group

	UGX	GBP	SSP	USD	AUD	EUR	TZS
2015	'000	'000	'000	'000	'000	'000	'000
Effect in Kenya shillings							
Monetary assets							
Cash and bank balances	402,977	119,364	1,751,833	1,753,947	-	-	122,293
Trade and other receivables	1,033,031	1,422,578	792,998	1,250,299	-	148,654	825,379
	1,436,008	1,541,942	2,544,831	3,004,246	-	148,654	947,672
Monetary liabilities							
Bank overdraft	(144,318)	(611,950)	-	-	-	(368,313)	(675,115)
Trade and other payables	(269,920)	(2,106,477)	9,188	(422,980)	-	(422,102)	-
	(414,238)	(2,718,427)	9,188	(422,980)	-	(790,415)	(675,115)
Net open position	**1,021,770**	**(1,176,485)**	**2,554,019**	**2,581,266**	**-**	**(641,761)**	**272,557**

Notes (Continued)

4. Financial risk management objectives and policies (continued)

(c) Market risk (continued)

(i) Foreign exchange risk (continued)

Group	**UGX '000**	**GBP '000**	**SSP '000**	**USD '000**	**AUD '000**	**EUR '000**	**TZS '000**
2014							
Effect in Kenya shillings							
Monetary assets							
Cash and bank balances	398,472	877,737	92,438	1,891,237	-	7,670	1,087,446
Trade and other receivables	53,338	18,277	484,327	253,719	-	5,154	-
	451,810	896,014	576,765	2,144,956	-	12,824	1,087,446
Monetary liabilities							
Trade and other payables	(302,979)	(792,495)	(32,031)	(473,269)	-	(215,011)	(59,801)
Borrowings	-	(398,644)	-	-	-	(95,161)	(633,270)
	(302,979)	(1,191,139)	(32,031)	(473,269)	-	(310,172)	(693,071)
Net open position	**148,831**	**(295,125)**	**544,734**	**1,671,687**	**-**	**(297,348)**	**394,375**

Notes (Continued)

4. Financial risk management objectives and policies (continued)

(c) Market risk (continued)

(i) Foreign exchange risk - continued

Company	**UGX '000**	**GBP '000**	**SSP '000**	**USD '000**	**AUD '000**	**EUR '000**	**TZS '000**
2015							
Effect in Kenya sillings							
Monetary assets							
Trade and other receivables	54,469	1,810,821	11,383	-	529,159	-	6,987
	54,469	1,810,821	11,383	-	529,159	-	6,987
Monetary liabilities							
Trade and other payables	(289)	-	(803)	-	(1,126,645)	(34)	-
Bank overdraft	(3,921)	-	-	-	-	(1,139)	-
	(4,210)	-	(803)	-	(1,126,645)	(1,173)	-
Net open position	**50,259**	**1,810,821**	**10,580**	**-**	**(597,486)**	**(1,173)**	**6,987**

	GBP '000	**UGX '000**	**USD '000**	**ZAR '000**	**TZS '000**	**EUR '000**	**SSP '000**
2014							
Effect in Kenya sillings							
Monetary assets							
Trade and other receivables	5,402	6,713,880	10,477	-	234,775	12	3,052
Cash and bank balances	-	-	2,801	-	-	-	-
	5,402	6,713,880	13,278	-	234,775	12	3,052
Monetary liabilities							
Trade and other payables	(1,161)	-	(199)	(1,013)	-	(2)	-
Bank overdraft	(2,661)	-	-	-	-	(794)	-
	(3,822)	-	(199)	(1,013)	-	(796)	-
Net open position	**1,580**	**6,713,880**	**13,079**	**(1,013)**	**234,775**	**(784)**	**3,052**

Notes (Continued)

4. Financial risk management objectives and policies (continued)

(c) Market risk (continued)

(i) Foreign exchange risk (continued)

The following exchange rates were applied during the year:

	Average rates		Closing rates	
	2015	**2014**	**2015**	**2014**
EUR-KSHS	109.13	118.12	110.69	119.85
GBP-KSHS	144.30	142.07	156.07	149.81
SSP-KSHS	30.27	27.90	31.47	29.67
TZS-KSHS	0.05	0.05	0.05	0.05
UGX-KSHS	0.03	0.03	0.03	0.03
USD-KSHS	91.93	86.72	99.41	87.61
ZAR-KSHS	8.00	8.33	8.17	8.24
AUD-KSHS	75.79	-	76.50	-

Sensitivity analysis on foreign currency risk

A 5 percent strengthening of the Kenya shilling against the following currencies at 30 June would have increased/(decreased) post-tax profit/loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remains constant. The analysis is performed on the same basis for 2014.

Group **As at 30 June**	**Profit or loss/equity**	
	2015	**2014**
	Kshs'000	**Kshs'000**
Uganda Shillings (UGX)	(48,657)	14,867
Pound Sterling (GBP)	58,824	14,756
South Sudanese Pound (SSP)	(127,701)	41,723
US Dollar (USD)	(129,063)	(6,849)
Euro (EUR)	32,088	(30,286)
Tanzanian Shilling (TZS)	(12,979)	-
	(227,488)	**(34,211)**

Notes (Continued)

4. Financial risk management objectives and policies (continued)

(c) Market risk (continued)

(i) Foreign exchange risk (continued)

Company **At 30 June**	**Profit or loss/equity** **2015** **Kshs'000**	 **2014** **Kshs'000**
Pound Sterling (GBP)	297	11,835
Uganda Shillings (UGX)	90,541	11,310
US Dollar (USD)	529	57,291
South Africa Rand (ZAR)	-	(417)
Tanzania Shillings (TZS)	(29,874)	623
Euro (EUR)	(59)	(4,696)
South Sudanese Pound (SSP)	349	4,527
	61,783	**80,473**

A 5 percent weakening of the Kenya Shillings against the above currencies at 30 June would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk

The Group's interest bearing financial assets and financial liabilities include bank loans and overdrafts. These are at variable rates, and they are therefore exposed to cash flow interest rate risk. The Group regularly monitors financing options available to ensure optimum interest rates are obtained. As at 30 June 2015, an increase/decrease of 1 percentage point would have resulted in a decrease/increase in post-tax profit of Kshs 40,822,000 (2014: 43,588,000), mainly as a result of higher/lower interest charges on variable rate borrowings.

The table below summarises the interest rate profile of the Group's financial assets and liabilities.

Group **As at 30 June**	**Effective Interest Rate** **Kshs'000**	**Total** **Kshs'000**	**On Demand** **Kshs'000**	**Due in between three and twelve months** **Kshs'000**	**Due in over twelve months** **Kshs'000**
2015					
Borrowings	12.09%	33,764,890	4,466,621	4,829,033	24,469,236
2014					
Borrowings	11.91%	36,598,028	1,758,425	12,545,500	22,294,103

Notes (Continued)

4. Financial risk management objectives and policies (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

As at 30 June 2015, an increase/decrease of 1 percentage point would have resulted in a decrease/increase in post-tax profit of Kshs 38,338,000 (2014: 40,656,000), mainly as a result of higher/lower interest charges on variable rate borrowings.

Company As at 30 June	Effective Interest Rate Kshs'000	Total Kshs'000	On Demand Kshs'000	Due in between three and twelve months Kshs'000	Due in over twelve months Kshs'000
2015					
Borrowings	12.09%	31,710,173	7,011,904	229,033	24,469,236
2014					
Borrowings	11.67%	34,837,980	1,110,778	12,545,500	21,181,702

(iii) Equity price risk

The investments are unquoted and there is no readily available market for valuation.

(d) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as total shareholders' equity. There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

(e) Fair value estimation

The fair values of significant financial assets and liabilities is an approximate of the carrying amounts as shown in the statement of financial position due to the short term nature of these items.
The Company had nil values of financial assets classified under the following categories in the fair value hierarchy:

i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes (Continued)

4. Financial risk management objectives and policies (continued)

(e) Fair value estimation (continued)

Group	**Carrying amount**			**Fair value**			
2015	**Loans and receivables Kshs'000**	**Other amortized cost Kshs'000**	**Total carrying amount Kshs'000**	**Level 1 Kshs'000**	**Level 2 Kshs'000**	**Level 3 Kshs'000**	**Fair value Kshs'000**
Assets							
Financial assets							
Cash and bank balances	3,005,133	-	3,005,133	-	-	-	-
Trade and other receivables	7,871,996	-	7,871,996	-	-	-	-
Other investments	10,000	-	10,000	-	-	10,000	10,000
Total financial assets	**10,887,129**	**-**	**10,887,129**	**-**	**-**	**10,000**	**10,000**
Liabilities							
Borrowings	-	33,764,890	33,764,890	-	-	-	-
Finance lease liabilities	-	205,653	205,653	-	-	-	-
Trade and other payables	-	14,142,200	14,142,200	-	-	-	-
Dividends payable	-	614,869	614,869	-	-	-	-
Total financial liabilities	**-**	**48,727,612**	**48,727,612**	**-**	**-**	**-**	**-**
2014							
Assets							
Financial assets							
Cash and bank balances	1,101,400	-	1,101,400	-	-	-	-
Trade and other receivables	6,373,327	-	6,373,327	-	-	-	-
Other investments	10,000	-	10,000	-	-	10,000	10,000
Total financial assets	**7,484,727**	**-**	**7,484,727**	**-**	**-**	**10,000**	**10,000**
Liabilities							
Borrowings	-	36,598,028	36,598,028	-	-	-	-
Trade and other payables	-	11,925,409	11,925,409	-	-	-	-
Dividends payable	-	800,180	800,180	-	-	-	-
Total financial liabilities	**-**	**49,323,617**	**49,323,617**	**-**	**-**	**-**	**-**

Notes (Continued)

4. Financial risk management objectives and policies (continued)

(e) Fair value estimation (continued)

Company	Carrying amount			Fair value			
2015	**Loans and receivables Kshs'000**	**Other amortized cost Kshs'000**	**Total carrying amount Kshs'000**	**Level 1 Kshs'000**	**Level 2 Kshs'000**	**Level 3 Kshs'000**	**Fair value Kshs'000**
Assets							
Financial assets							
Cash and bank balances	600,381		600,381				
Trade and other receivables	21,459,742	-	21,459,742	-	-	-	-
Other investments	10,000	-	10,000	-	-	10,000	10,000
Total financial assets	**22,070,123**	-	**22,070,123**	-	-	**10,000**	**10,000**
Liabilities							
Borrowings	-	31,710,173	31,710,173	-	-	-	-
Trade and other payables	-	6,045,554	6,045,554	-	-	-	-
Dividends payable	-	614,869	614,869	-	-	-	-
Total financial liabilities	-	**38,370,596**	**38,370,596**	-	-	-	-
2014							
Assets							
Financial assets							
Trade and other receivables	11,237,125	-	11,237,125	-	-	-	-
Other investments	10,000	-	10,000	-	-	10,000	10,000
Total financial assets	**11,247,125**	-	**11,247,125**	-	-	**10,000**	**10,000**
Liabilities							
Borrowings	-	34,837,980	34,837,980	-	-	-	-
Trade and other payables	-	5,376,538	5,376,538	-	-	-	-
Dividends payable	-	800,180	800,180	-	-	-	-
Total financial liabilities	-	**41,014,698**	**41,014,698**	-	-	-	-

Notes (Continued)

5. Segmental reporting

Management has determined the operating segments based on the reports reviewed by the Group executive committee that are used to make strategic decisions.

The committee considers the business from a geographical perspective. Geographically, management considers the performance of the business in Kenya, Uganda and Tanzania.

The reportable operating segments derive their revenue primarily from brewing, marketing and selling of drinks, glass containers, malt and barley. The executive committee assesses the performance of the operating segments based on a measure of profit before income tax.

The segmental information provided to the executive committee is as follows:

	Kenya		**Uganda**		**Tanzania**		**South Sudan**		**Eliminations**		**Consolidated**	
	2015 Kshs'000	**2014 Kshs'000**	**2015 Kshs'000**	**2014 Kshs'000**	**2015 Kshs'000**	**2014 Kshs'000**	**2015 Kshs'000**	**2014 Kshs'000**	**2015 Kshs'000**	**2014 Kshs'000**	**2015 Kshs'000**	**2014 Kshs'000**
External sales	43,201,162	40,773,587	11,485,612	11,086,372	6,903,679	7,048,021	2,830,005	1,840,905	-	-	64,420,458	60,748,885
Inter segment sales	9,671,158	7,299,719	105,150	667,966	-	63,186	-	63,186	(9,776,308)	(8,772,966)	-	-
Total sales	**52,872,320**	**48,073,306**	**11,590,762**	**11,754,338**	**6,903,679**	**7,111,207**	**2,830,005**	**1,904,091**	**(9,776,308)**	**(8,772,966)**	**64,420,458**	**60,748,885**

Notes (Continued)

5. Segmental reporting (continued)

Reportable segments assets and liabilities agree to the consolidated assets as follows:

Other information	Kenya		Uganda		Tanzania		South Sudan		Eliminations		Consolidated	
	2015 Kshs'000	2014 Kshs'000	2015 Kshs'000	2014 Kshs'000	2015 Kshs'000	2014 Kshs'000	2015 Kshs'000	2014 Kshs'000	2015 Kshs'000	2014 Kshs'000	2015 Kshs'000	2014 Kshs'000
Segment assets	98,607,647	88,903,157	7,297,683	7,976,653	12,247,263	13,479,779	1,474,749	821,750	(52,687,564)	(48,315,396)	66,939,779	62,865,943
Segment liabilities	58,522,078	54,108,290	5,589,331	6,292,749	11,928,278	11,505,439	1,057,204	637,204	(23,305,853)	(18,778,098)	52,733,834	53,765,094
Capital expenditure	3,827,553	5,169,121	612,057	774,383	485,063	979,677	19,613	17,457	-	-	4,944,286	6,940,638
Depreciation expense and amortisation	2,264,864	1,967,263	549,998	507,287	785,724	762,059	675	780	-	-	3,601,201	3,237,389

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period. Segment revenue is based on the geogrephical location of both customers and assets. Sales between segments are carried out at arm's lenght. The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the income statement. There is no reliance on individually significant customers by the Group. The amounts provided to the executive committee in respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements.

Notes (Continued)

6. Revenue

	2015 Kshs'000	2014 Kshs'000
(a) Group		
Gross sales	100,956,069	92,266,456
Indirect taxes	(36,535,611)	(31,517,569)
	64,420,458	**60,748,887**
(b) Company		
Revenue	13,191	-
Management fees	3,008,935	4,227,220
Royalties	754,171	695,017
	3,776,297	**4,922,237**

7. Cost of sales

	2015 Kshs'000	2014 Kshs'000
(a) Group		
Raw materials and consumables	15,899,055	14,246,229
Distribution and warehousing	4,744,903	5,246,892
Maintenance and other costs	4,881,803	4,759,527
Staff costs (including travel)	3,443,365	3,314,426
Depreciation	3,419,915	3,019,574
	32,389,041	**30,586,648**
(b) Company		
Raw materials and consumables	7,820	-
	7,820	**-**

8. Selling and distribution costs

	2015 Kshs'000	2014 Kshs'000
Group		
Advertising and promotion costs	**6,038,162**	**5,761,488**

9. Administrative expenses

	2015 Kshs'000	2014 Kshs'000
(a) Group		
Staff Costs	5,149,531	4,746,614
Travelling and entertainment	433,105	398,434
Office Supplies and other costs	2,058,597	2,830,255
Depreciation on property	230,144	173,643
Restructuring costs	-	1,181,080
	7,871,377	**9,330,026**

Notes (Continued)

9. Administrative expenses (continued)

(b) Company

	2015 Kshs'000	**2014 Kshs'000**
Staff Costs	1,844,687	1,605,893
Travelling and entertainment	124,684	112,755
Office Supplies and Other costs	62,314	1,132,797
Depreciation, amortisation and impairment	93,187	77,640
Restructuring costs	-	171,903
	2,124,872	**3,100,988**

10. Other income/(expenses)

(a) Group

	2015 Kshs'000	**2014 Kshs'000**
Other income		
Profit on disposal of investment	-	49,600
Profit on disposal of land (Note 36(a))	1,782,734	-
Profit on disposal of property, plant and equipment (Note 36(a))	-	41,604
Transactional foreign exchange gains	-	127,386
Rental income	23,800	2,138
	1,806,534	220,728
Other expenses		
Sundry expenses	596,204	284,145
Impairment losses on trade receivables	23,714	84,486
Impairment of inventories	88,818	119,892
Impairment losses on property, plant and equipment	82,507	154,330
Loss on disposal of property, plant and equipment (Note 36(a))	48,090	-
Transactional foreign exchange losses	863,455	-
	1,702,788	642,853
	103,746	**(422,125)**

(b) Company

Other income		
Profit on disposal of property, plant and equipment	1,782,734	75,475
Net transactional foreign exchange gains	-	123,055
Sundry other income /other expenses	-	383,536
Profit on disposal of investment	-	49,600
	1,782,734	631,666
Other expenses		
Net transactional foreign exhcange losses	13,576	-
Other expenses	107,406	-
Withholding tax irrecoverable	535,993	401,598
	656,975	401,598
	1,125,759	**230,068**

Notes (Continued)

11 Profit before income tax

The following items have been charged/ (credited) in arriving at the profit before tax:

a) Group	2015 Kshs'000	2014 Kshs'000
Employee benefits expense (Note 12 (a))	5,149,531	4,757,206
Depreciation on property, plant and equipment (Note 23 (a))	3,546,805	3,183,114
Amortisation of intangible assets - software (Note 24(a)	54,090	53,969
Amortisation of prepaid operating lease (Note 26 (a)	306	306
Auditor's remuneration	36,008	29,150

b) Company

Employee benefits expense (Note 12 (b))	1,844,687	1,605,893
Depreciation on property, plant and equipment (Note 23 (b))	72,957	46,854
Amortisation of intangible assets - software (Note 24(b)	20,127	30,347
Amortisation of prepaid operating lease (Note 26 (b)	71	72
Auditor's remuneration	1,460	1,300

12. Employee benefits expense

The following items are included within employee benefits expense:

(a) Group	2015 Kshs'000	2014 Kshs'000
Salaries and wages	3,836,748	3,155,946
Defined contribution scheme	312,460	302,828
National Social Security Fund	93,658	90,666
Share based payments expense	43,347	33,980
Other staff cost	863,318	1,173,786
	5,149,531	**4,757,206**

(b) Company

Salaries and wages	1,450,580	1,043,105
Retirement benefits costs:		
Defined contribution scheme	48,674	45,490
National Social Security Fund	6,351	15,887
Other staff related costs	303,604	499,397
Share based payments expense	35,478	2,014
	1,844,687	**1,605,893**

Notes (Continued)

13. Net finance cost

(a) Group

	2015 Kshs'000	2014 Kshs'000
Finance income		
Interest income	-	24,072
Foreign exchange gains on cash and cash equivalents	-	60,870
	-	84,942
Finance costs		
Interest expense	(4,074,380)	(4,343,869)
Net finance costs	**(4,074,380)**	**(4,258,927)**

(b) Company

	2015 Kshs'000	2014 Kshs'000
Finance income		
Interest income	1,172,878	1,020,125
	1,172,878	**1,020,125**
Finance costs		
Interest expense	(4,413,206)	(4,218,239)
Other finance costs	(34,312)	(130,436)
	(4,447,518)	**(4,348,675)**
Net finance costs	**(3,274,640)**	**(3,328,550)**

14. Income tax

(a) Group

	2015 Kshs'000	2014 Kshs'000
i) Income tax expense		
Current income tax		
- Current year charge	4,624,457	3,695,114
- Over provision of tax in prior years	(4,979)	(52,647)
- Tax effect of reclassification to asset held for sale	-	(6,817)
Current income tax charge	4,619,478	3,635,650
Deferred income tax (Note 22)		
- Current year credit	(263,427)	(53,908)
- Under/(over) provision of tax in prior years	259,976	(40,548)
- Tax effect of reclassification to asset held for sale	-	176
Deferred tax charge/(credit)	(3,451)	(94,280)
Total income tax expense	**4,616,027**	**3,541,370**

Notes (Continued)

14. Income tax (continued)

(a) Group – continued

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2015 Kshs'000	2014 Kshs'000
Profit before income tax	14,151,244	10,389,673
Tax calculated at the statutory income tax rate of 30% (2014 - 30%)	4,245,373	3,116,902
Tax effects of:		
Expenses not deductible for tax purposes	779,646	655,340
Income not subject to tax	(651,212)	(131,036)
Over provision of current tax in prior year	(4,979)	(52,647)
Under/(over) provision of deferred tax in prior year	259,976	(40,548)
Tax effect of reclassification to asset held for sale (Note 16)	(12,777)	(6,641)
Income tax expense	**4,616,027**	**3,541,370**

ii) Income tax recoverable

	2015 Kshs'000	2014 Kshs'000
Opening balance	1,280,463	250,894
Tax paid	3,563,087	4,667,510
Tax charge for the year	(4,624,457)	(3,688,223)
Prior year over provision	4,979	52,647
Translation difference	1,669	(2,365)
Transfer to assets held for sale	(87,448)	-
	138,293	**1,280,463**
Analysed as follows		
Current income tax recoverable	591,389	1,285,448
Current income tax payable	(453,096)	(4,985)
	138,293	**1,280,463**

(b) Company

(i) Income tax (credit)/expense	**2015 Kshs'000**	**2014 Kshs'000**
Current income tax:		
Under/(over) provision of tax in prior years	6,280	(1,486)
Current income tax charge/(credit)	6,280	(1,486)
Deferred income tax:		
Current year (credit)/charge	(158,416)	124,809
Under/(over) provision of tax in prior years	47,658	(21,058)
Deferred tax (credit)/charge (Note 22 (b))	(110,758)	103,751
Total tax (credit)/expense	**(104,478)**	**102,265**

Notes (Continued)

14. Income tax (continued)

(b) Company – continued

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2015 Kshs'000	2014 Kshs'000
Profit before income tax	**7,858,224**	**7,134,444**
Tax calculated at the statutory income tax rate of 30%	2,357,467	2,140,333
Tax effects of:		
Non-taxable income	(3,043,235)	(2,561,776)
Expenses not deductible for tax purposes	527,352	546,252
Under/(over) provision of deferred tax in prior year	47,658	(21,058)
Under/(over) provision of current tax in prior year	6,280	(1,486)
Income tax (credit)/expense	**(104,478)**	**102,265**

ii) Income tax recoverable

	2015 Kshs'000	2014 Kshs'000
At 1 July	466,864	419,624
Tax paid	35,229	45,754
Prior year (over)/under provision	(6,280)	1,486
At 30 June	**495,813**	**466,864**

15. Dividends

A final dividend in respect of the year ended 30 June 2015 of Kshs 6.00 per share (2014: Kshs 4.00 per share) amounting to a total of Kshs 4,744,646,000 (2014: Kshs 3,163,097,000) has been proposed. During the year an interim dividend of Kshs 1.50 per share amounting to a total of Kshs 1,186,161,534 was paid. The total dividend for the year is therefore Kshs 7.50 per share (2014: Kshs 5.50 amounting to a total of Kshs 5,930,808,000 (2014: Kshs 4,349,259,000).

Payment of dividends is subject to withholding tax at a rate of 0%, 5% and 10% depending on the residence and the percentage shareholding of the respective shareholders.

The following is the movement in dividends during the year:

Group and Company	2015 Kshs'000	2014 Kshs'000
At 1 July	800,180	717,922
Dividend declared during the year	4,349,259	4,349,258
Dividends paid	(4,534,570)	(4,267,000)
At 30 June	**614,869**	**800,180**

Notes (Continued)

16. Discontinued operation

In March 2015, the Board of Directors of the Group announced its intention to sell Central Glass Industries Limited, the glass and containers producing subsidiary within the Group, to Consol Glass Proprietary Limited following a strategic review of the business. Accordingly, the facility is presented as a disposal group held for sale. Efforts to sell the disposal group have started and a sale is expected to be completed in the subsequent financial period.

Central Glass Industries Limited was not previously classified as held-for-sale or as a discontinued operation. The comparative consolidated income statement and other comprehensive income of East African Breweries Limited have therefore been restated to show the discontinued operation separately from continuing operations.

(a) Results of discontinued operations	**Note**	**2015 Kshs'000**	**2014 Kshs'000**
Revenue		343,365	543,289
Expenses		(290,900)	(526,343)
Results from operating activities		**52,465**	**16,946**
Income tax		(12,777)	(6,641)
Results from operating activities, net of tax		**39,688**	**10,305**
Attributable to:			
Equity holders of the Company		39,688	10,305
Basic earnings per share	17	0.05	0.01
Diluted earnings per share	17	0.05	0.01

(b) Cash flows from/(used in) discontinued operation

		2015	2014
Net cash generated from operating activities		348,685	58,600
Net cash used from investing activities		(627,657)	(25,508)
Net cash generated from financing activities		280,576	(33,090)
Net cash flow for the year		**1,604**	**2**

Notes (Continued)

17. Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2015 was based on profit attributable to ordinary shareholders of Kshs 8,952,352,000 (2014: Kshs 6,498,725,000) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2015 of 790,878,344 (2013 – 790, 785,034) as the effect of share options exercised is immaterial.

	Continuing operations	Discontinued operations	2015 Total	Continuing operations	Discontinued operations	2014 Total
Profit attributable to ordinary shareholders	8,912,664,000	39,688,000	8,952,352,000	6,488,420,000	10,305,000	6,498,725,000
Weighted average number of ordinary shares						
Issued and paid shares (Note 29)	790,774,356	790,774,356	790,774,356	790,774,356	790,774,356	790,774,356
Effects of share options exercised	103,988	103,988	103,988	10,678	10,678	10,678
	790,878,344	790,878,344	790,878,344	790,785,034	790,785,034	790,785,034
Basic earnings per share (Kshs per share)	11.27	0.05	11.32	8.21	0.01	8.22

Diluted earnings per share

The calculation of diluted earnings per share as at 30 June 2015 was based on profit attributable to ordinary shareholders of Kshs 8,952,352,000 (2014: Kshs 6,498,725,000) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2015 of 791,519,815 (2014 – 791,530,463).

	Continuing operations	Discontinued operations	2015 Total	Continuing operations	Discontinued operations	2014 Total
Profit attributable to ordinary shareholders (Kshs)	8,912,664,000	39,688,000	8,952,352,000	6,488,420,000	10,305,000	6,498,725,000
Weighted average number of ordinary shares						
Issued and paid shares (Note 29)	790,878,344	790,878,344	790,878,344	790,785,034	790,785,034	790,785,034
Effects of share options on issue	641,471	641,471	641,471	745,459	745,459	745,459
	791,519,815	791,519,815	791,519,815	791,530,493	791,530,493	791,530,493
Diluted earnings per share (Kshs per share)	11.26	0.05	11.31	8.20	0.01	8.21

Notes (Continued)

18. Share capital

2015	Number of shares	Ordinary shares Kshs'000	Share premium Kshs'000
Issued and fully paid			
Balance as at 30 June 2015	790,774,356	1,581,547	1,691,151
2014			
Issued and fully paid			
Balance as at 30 June 2014	790,774,356	1,581,547	1,691,151

The total authorised number of ordinary shares is 1,000,000,000 with a par value of Kshs 2.00 per share.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

19. Non-controlling interest (NCI)

The following table summarizes the information relating to the Group's subsidiaries that have material non-controlling interests (NCI).

30 June 2015	UDV (Kenya) Limited Kshs'000	Serengeti Breweries Limited Kshs'000	Other subsidiaries with immaterial NCI Kshs'000	Total Kshs'000
Non-controlling interest percentage	**53.68%**	**49%**	**1% - 1.8%**	
Non-current assets	741,096	9,834,078	4,643,698	
Current assets	4,667,958	2,376,767	3,948,551	
Non-current liabilities	-	(11,996,223)	(907,211)	
Current liabilities	(3,141,165)	(3,461,443)	(5,506,760)	
Net assets/(liabilities)	**2,267,889**	**(3,246,821)**	**2,178,278**	
Carrying amount of Non-controlling interest	1,217,403	(1,590,942)	35,787	**(337,752)**
Revenue	10,179,357	6,903,679	14,420,767	
Profit/(loss)	2,056,340	(1,564,463)	1,155,139	
Total comprehensive income	**2,056,340**	**(1,025,019)**	**15,575,906**	
In respect of Non-controlling interest	1,103,843	(502,259)	20,969	**622,553**
Cash flows generated / (used in) from operating activities	1,592,877	(918,612)	624,375	
Cash flows used in investment activities	(174,665)	(502,033)	(30,385)	
Cash flows (used in)/generated from financing activities	(1,507,277)	1,462,267	-	
Net (decrease)/increase in cash and cash equivalents	**(89,065)**	**41,622**	**593,990**	

Notes (Continued)

19. Non-controlling interest (continued)

30 June 2014	UDV (Kenya) Limited Kshs'000	Serengeti Breweries Limited Kshs'000	Other Subsidiaries with immaterial NCI Kshs'000	Total Kshs'000
Non-controlling interest percentage	**53.68%**	**49%**	**1% - 1.8%**	
Non-current assets	742,189	10,770,316	5,193,259	
Current assets	2,696,103	2,670,602	3,423,073	
Non-current liabilities	-	(12,035,644)	(1,246,126)	
Current liabilities	(1,675,589)	(3,239,831)	(5,462,630)	
Net assets/(liabilities)	**1,762,703**	**(1,834,557)**	**1,907,576**	
Carrying amount of non-controlling interest	946,219	(898,933)	34,585	**81,871**
Revenue	7,815,186	7,111,205	13,244,093	
Profit/(loss)	1,686,324	(1,155,624)	1,238,928	
Total comprehensive income	**1,686,324**	**(1,155,624)**	**1,238,928**	
In respect of Non-controlling interest	905,219	(566,256)	20,920	**359,883**
Cash flows generated / (used in) from operating activities	2,245,519	(1,690,177)	1,744,962	
Cash flows used in investment activities	(510,021)	(967,867)	(783,278)	
Cash flows (used in)/generated from financing activities	(1,760,099)	4,823,490	(568,519)	
Net (decrease)/increase in cash and cash equivalents	**(24,601)**	**2,165,446**	**393,165**	

20. Unconsolidated structured entities

The Group has interest in Tusker Football Club, EABL Foundation and East African Breweries Limited Employee Share Options Plan. The Group provides financial infrastructure but is not involved in the day to day operations. These structured entities have therefore not been consolidated as the Group does not have control over them as defined in IFRS 12 Disclosure of Interests in Other Entities.

Notes (Continued)

21. Finance lease liabilities

During the year (2015) the Group entered into a lease agreement to purchase motor vehicles. The purchased vehicles are recognized as Group's assets at their fair value at the inception of the lease. The corresponding liabilities to the lessor are disclosed as finance lease liabilities.

Lease payments are apportioned between finance lease expenses and reduction of the lease obligation to achieve a constant rate of interest in the remaining balance of the lease liability. Finance expenses are recognised immediately in profit and loss. The imputed cost on the liabilities is based on an agreed interest rate of 9%.

	Future Minimum Lease Payments 2015 Kshs'000	Present Value of Minimum Lease Payments 2015 Kshs'000	Future Minimum Lease Payments 2014 Kshs'000	Present Value of Minimum Lease Payments 2014 Kshs'000
Finance Lease Liabilities				
Less than one year	-		-	-
Between one and five years	311,018	205,653	-	-
More than five years	-		-	-
	311,018	**205,653**	-	-
Less future finance charges	(105,365)	-	-	-
Present value of lease obligations	**205,653**	**205,653**	-	-

22. Deferred tax

Deferred tax is calculated using the enacted domestic tax rate of 30% (2014 – 30%). The movement on the deferred tax account is as follows:

(a) Group	2015 Kshs'000	2014 Kshs'000
At 1 July	2,801,930	2,846,741
Charge to profit or loss	(263,427)	(53,908)
Under/(over) provision of deferred tax in prior year	259,976	(40,548)
Effect of change in exchange rates	(85,508)	49,645
Transfer to asset held for sale	(62,756)	-
At 30 June	**2,650,215**	**2,801,930**
Presented in the statement of financial position as follows:		
Deferred tax liabilities	3,980,937	4,010,342
Deferred tax assets	(1,330,722)	(1,208,412)
At 30 June	**2,650,215**	**2,801,930**

Notes (Continued)

22. Deferred tax (continued)

(b) Company

	2015 Kshs'000	2014 Kshs'000
At the beginning of the year	(850,983)	(954,734)
(Charge)/credit to profit or loss	(158,416)	124,809
Prior year under/(over) provision	47,658	(21,058)
Total deferred tax movement	(110,758)	103,751
Deferred tax assets at end of year	**(961,741)**	**(850,983)**
Presented in the statement of financial position as follows:		
Deferred tax assets	**(961,741)**	**(850,983)**

Deferred tax assets and liabilities and deferred tax charge/(credit) in the income statement are attributable to the following items:

(a) Group

Year ended 30 June 2015:	At 1 July 2014 Kshs'000	Prior year over/ (under) provision Kshs'000	Charged/ (credited) to income statement Kshs'000	Effect of exchange rate changes Kshs'000	Transfer to assets held for sale Kshs'000	At 30 June 2015 Kshs'000
Deferred income tax liabilities						
Property, plant and equipment on historical cost basis	3,954,642	(48)	563,494	(128,190)	(399,076)	3,990,822
Intangible assets	168,901	-	-	-		168,901
Unrealised exchange gains/(losses)	27,591	-	(124,807)	5,356	2,439	(89,421)
Tax losses carried forward	(50,814)	(13,016)	(284,834)	-	320,298	(28,366)
Provisions	(89,978)	16,419	7,221	(8,244)	13,583	(60,999)
Deferred tax liabilities	**4,010,342**	**3,355**	**161,074**	**(131,078)**	**(62,756)**	**3,980,937**
Deferred income tax assets						
Property, plant and equipment on historical cost basis	1,619,111	189	470	(100,998)	-	1,518,772
Unrealised exchange gains/(losses)	26,257	(48,749)	(152,120)	12,428	-	(162,184)
Tax losses carried forward	(2,759,369)	358,741	(234,781)	118,020	-	(2,517,389)
Provisions	(94,411)	(53,560)	(38,070)	16,120	-	(169,921)
Deferred tax assets	**(1,208,412)**	**256,621**	**(424,501)**	**45,570**	**-**	**(1,330,722)**
Net deferred income tax	**2,801,930**	**259,976**	**(263,427)**	**(85,508)**	**(62,756)**	**2,650,215**

Notes (Continued)

22. Deferred tax (continued)

(a) Group (continued)

Year ended 30 June 2014:	**At 1 July 2013 Kshs'000**	**Prior year over/ (under) provision Kshs'000**	**Charged/ (credited) to income statement Kshs'000**	**Effect of exchange rate changes Kshs'000**	**At 30 June 2014 Kshs'000**
Deferred income tax liabilities					
Property, plant and equipment on historical cost basis	3,551,867	-	386,616	16,159	3,954,642
Intangible assets	168,901	-	-	-	168,901
Unrealised exchange gains/(losses)	52,783	-	(24,613)	(579)	27,591
Tax losses carried forward	(21,029)	-	(29,215)	(570)	(50,814)
Provisions	(79,429)	-	(9,891)	(658)	(89,978)
Deferred tax liabilities	**3,673,093**	**-**	**322,897**	**14,352**	**4,010,342**
Deferred income tax assets					
Property, plant and equipment on historical cost basis	1,773,053	-	(204,155)	50,213	1,619,111
Unrealised exchange gains/(losses)	(548)	-	27,388	(583)	26,257
Tax losses carried forward	(2,500,360)	-	(245,339)	(13,670)	(2,759,369)
Provisions	(98,497)	-	4,754	(668)	(94,411)
Deferred tax assets	**(826,352)**	**-**	**(417,352)**	**35,292**	**(1,208,412)**
Net deferred tax liabilities	**2,846,741**	**-**	**(94,455)**	**49,644**	**2,801,930**

(b) Company

Year ended 30 June 2015:	**At 1 July 2014 Kshs'000**	**Prior year over/(under) provision Kshs'000**	**Charged/ (credited) to income statement Kshs'000**	**At 30 June 2015 Kshs'000**
Deferred income tax liabilities				
Property, plant and equipment:	-	-	-	-
- on historical cost basis	15,388	-	(6,812)	8,576
- on revaluation surpluses	7,410	-	(3,280)	4,130
Unrealised exchange	-	-	54,879	54,879
	22,798	**-**	**44,787**	**67,585**
Deferred income tax assets				
Provisions	(39,645)	-	(34,726)	(74,371)
Unrealised exchange (losses)/gains	(29,693)	-	-	(29,693)
Tax losses	(804,443)	47,658	(168,477)	(925,262)
	(873,781)	**47,658**	**(203,203)**	**(1,029,326)**
Net deferred income tax	**(850,983)**	**47,658**	**(158,416)**	**(961,741)**

Notes (Continued)

22. Deferred tax (continued)

(b) Company (continued)

Year ended 30 June 2014:	**At 1 July 2013 Kshs'000**	**Prior year over/(under) provision Kshs'000**	**Charged/ (credited) to income statement Kshs'000**	**At 30 June 2014 Kshs'000**
Deferred income tax liabilities				
Property, plant and equipment:	-	-	-	-
- on historical cost basis	21,231	(433)	(5,410)	15,388
- on revaluation surpluses	10,224	(209)	(2,605)	7,410
	31,455	**(642)**	**(8,015)**	**22,798**
Deferred income tax assets				
Provisions	(20,755)	(20,114)	1,224	(39,645)
Unrealised exchange (losses)/gains	32,149	1	(61,843)	(29,693)
Tax Losses	(997,583)	(303)	193,443	(804,443)
	(986,189)	**(20,416)**	**132,824**	**(873,781)**
Net deferred income tax asset	**(954,734)**	**(21,058)**	**124,809**	**(850,983)**

Notes (Continued)

23. Property, plant and equipment

(a) Group

Year ended 30 June 2015	**Freehold property Kshs'000**	**Leasehold buildings Kshs'000**	**Plant and equipment Kshs'000**	**Motor vehicles Kshs'000**	**Returnable packaging materials Kshs'000**	**Capital work in progress Kshs'000**	**Total Kshs'000**
Cost:							
At 1 July 2014	3,611,805	3,243,458	35,702,899	109,098	11,544,050	3,694,891	57,906,201
Additions	344,811	156,846	2,352,987	19,613	997,623	1,072,405	4,944,285
Transfers from work in progress	296,854	110,187	1,645,700	-	230	(2,052,971)	-
Disposals	(7,365)	(5,535)	(759,204)	(878)	(30,747)	(70,777)	(874,506)
Assets written off	-	-	-	-	(279,339)	-	(279,339)
Reclassification to assets held for sale (Note 30)	(719)	(200,628)	(2,350,147)	(8,460)	-	(103,752)	(2,663,706)
Effect of exchange rate	(10,454)	(177,639)	(1,094,299)	2,935	(304,689)	(1,078,715)	(2,662,861)
At 30 June 2015	**4,234,932**	**3,126,689**	**35,497,936**	**122,308**	**11,927,128**	**1,461,081**	**56,370,074**
At 1 July 2014	831,463	704,623	13,633,123	59,797	5,422,410	-	20,651,416
Charge for the year	154,574	118,319	1,570,172	178	1,703,562	-	3,546,805
On assets disposed	(3,806)	(3,806)	(717,201)	(641)	(23,914)	-	(749,368)
On assets written off	-	-	-	-	(196,832)	-	(196,832)
Reclassification to assets held for sale (Note 30)	-	(21,284)	(939,383)	(6,699)	-	-	(967,366)
Effect of exchange rates	(5,200)	(27,650)	(364,758)	8,923	(1,106,273)	-	(1,494,958)
At 30 June 2015	**977,031**	**770,202**	**13,181,953**	**61,558**	**5,798,953**	**-**	**20,789,697**
Carrying amount at 30 June 2015	**3,257,901**	**2,356,487**	**22,315,983**	**60,750**	**6,128,175**	**1,461,081**	**35,580,377**

There are no assets pledged by the Group to secure liabilities other than as disclosed under note 38. Collaterised borrowings are secured by land, industrial property and bank guarantee. The capital work in progress is mainly due to the information systems, safety and supply related projects within the Group.

Notes (Continued)

23. Property, plant and equipment (continued)

(a) Group (continued)

Year ended 30 June 2014	**Freehold property Kshs'000**	**Leasehold buildings Kshs'000**	**Plant and equipment Kshs'000**	**Motor vehicles Kshs'000**	**Returnable Packaging materials Kshs'000**	**Capital work in progress Kshs'000**	**Total Kshs'000**
Cost:							
At 1 July 2013	2,010,355	3,169,552	32,880,634	90,180	10,700,005	3,090,401	51,941,127
Additions	896,948	1,138	1,188,040	17,457	1,222,409	3,614,646	6,940,638
Transfers from work in progress	770,768	55,497	1,935,454	-	224,243	(2,985,962)	-
Disposals	(65,798)	-	(341,793)	-	(124,987)	(8,388)	(540,966)
Assets written off	-	-	-	-	(505,667)	-	(505,667)
Transfers to inventory	-	-		-	-	(11,436)	(11,436)
Transfers to software (Note 24 (a))			(66,333)			(6,701)	(73,034)
Effect of exchange rate	(468)	17,271	106,897	1,461	28,047	2,331	155,539
At 30 June 2014	**3,611,805**	**3,243,458**	**35,702,899**	**109,098**	**11,544,050**	**3,694,891**	**57,906,201**
At 1 July 2013	768,377	586,044	12,399,654	58,744	4,413,220	-	18,226,039
Revaluation reserve adjustment	-	(3,779)	-	-	-	-	(3,779)
Charge for the year	95,092	119,308	1,516,512	1,057	1,451,145	-	3,183,114
On assets disposed	(32,006)	-	(308,525)	(73)	(100,896)	-	(441,500)
On assets written off	-	-	-	-	(351,337)	-	(351,337)
Transfers to inventory	-	-	(9,319)	-	-	-	(9,319)
Effect of exchange rates	-	3,050	34,801	69	10,278	-	48,198
At 30 June 2014	**831,463**	**704,623**	**13,633,123**	**59,797**	**5,422,410**	-	**20,651,416**
Carrying amount at 30 June 2014	**2,780,342**	**2,538,835**	**22,069,776**	**49,301**	**6,121,640**	**3,694,891**	**37,254,785**

There are no assets pledged by the Group to secure liabilities other than as disclosed under note 38. Collaterised borrowings are secured by land, industrial property and bank guarantee. The capital work in progress is mainly due to additional spirit line in Kenya.

Notes (Continued)

23. Property, plant and equipment (continued)

(b) Company

2015:	**Freehold land and buildings Kshs'000**	**Leasehold Buildings Kshs'000**	**Plant, Equipment furniture & fitting Kshs'000**	**Capital Work in progress Kshs'000**	**Returnable Packaging Kshs'000**	**Total Kshs'000**
Cost:						
At 1 July 2014	147,324	41,420	223,818	153,056	-	565,618
Additions	24,414	-	17,629	283,960	-	326,003
Disposal	(11,458)	-	(2,982)	(58,888)	-	(73,328)
Transfers	2,025	-	95,264	(97,289)	-	-
Transfers to related companies	-	-	-		-	
At 30 June 2015	**162,305**	**41,420**	**333,729**	**280,839**	**-**	**818,293**
At 1 July 2014	-	(16,314)	(106,696)	-	-	(123,010)
Charge for the year	-	(2,636)	(70,321)	-	-	(72,957)
On assets disposed	-	-	865	-	-	865
At 30 June 2015	**-**	**(18,950)**	**(176,152)**	**-**	**-**	**(195,102)**
Carrying amount at 30 June 2015	**162,305**	**22,470**	**157,577**	**280,839**	**-**	**623,191**

There are no assets pledged by the Company to secure liabilities other than as disclosed under Note 38. Collaterised borrowings are secured by land, industrial property and bank guarantee.

Notes (Continued)

23. Property, plant and equipment (continued)

(b) Company

2014:	**Freehold land and buildings Kshs'000**	**Leasehold Buildings Kshs'000**	**Plant, Equipment furniture & fitting Kshs'000**	**Capital Work in progress Kshs'000**	**Returnable Packaging Kshs'000**	**Total Kshs'000**
Cost:						
At 1 July 2013	140,403	41,420	175,665	35,004	-	392,492
Additions	-	-	2,961	172,529	-	175,490
Disposal	(2,215)	-	(148)	-	-	(2,363)
Transfers	9,136	-	45,341	(54,477)	-	-
At 30 June 2014	147,324	41,420	223,819	153,056	-	565,619
Depreciation:						
At 1 July 2013	-	(18,452)	(61,576)	-	-	(80,028)
Charge for the year	-	(1,642)	(45,212)	-	-	(46,854)
On reclassifications	-	3,780	-	-	-	3,780
On assets disposed	-	-	91	-	-	91
At 30 June 2014	-	(16,314)	(106,697)	-	-	(123,011)
Carrying amount at 30 June 2014	**147,324**	**25,106**	**117,122**	**153,056**	-	**442,608**

There are no assets pledged by the Company to secure liabilities other than as disclosed under Note 38. Collaterised borrowings are secured by land, industrial property and bank guarantee.

Notes (Continued)

24. Intangible assets - software

(a) Group

	2015 Kshs'000	2014 Kshs'000
Cost		
At 1 July	1,543,240	1,469,814
Transferred from property, plant and equipment (Note 23 (a))	-	73,034
Effect of exchange rate changes	(6,300)	392
Carrying amount as at 30 June	**1,536,940**	**1,543,240**
Amortisation		
At 1 July	1,108,801	1,045,738
Amortisation during the year	54,090	53,969
Transferred from property, plant and equipment	-	9,319
Effect of exchange rate changes	(2,741)	(225)
Carrying amount as at 30 June	**1,160,150**	**1,108,801**
Carrying amount as at 30 June	**376,790**	**434,439**

(b) Company

Cost		
At start of year	1,265,040	1,265,040
Amortisation		
At start of year	(1,076,085)	(1,045,738)
Charge for the year	(20,127)	(30,347)
Carrying amount as at 30 June	**(1,096,212)**	**(1,076,085)**
Net book amount	**168,828**	**188,955**

Transfer of assets from property plant and equipment to intangible assets in the prior year related to costs incurred in the acquisition of software.

25. (a) Goodwill

Year ended 30 June 2015	At 1 July Kshs'000	Cumulative Impairment Kshs'000	Carrying amount as 30 June Kshs'000
UDV (Kenya) Limited (UDV)	415,496	-	415,496
International Distillers (Uganda) Limited (IDU)	233,168	-	233,168
Serengeti Breweries Limited (SBL)	2,928,527	-	2,928,527
Total	**3,577,191**	**-**	**3,577,191**
Year ended 30 June 2014			
UDV (Kenya) Limited (UDV)	415,496	-	415,496
International Distillers (Uganda) Limited (IDU)	233,168	-	233,168
Serengeti Breweries Limited (SBL)	2,928,527	-	2,928,527
Total	**3,577,191**	**-**	**3,577,191**

Notes (Continued)

25. (a) Goodwill (continued)

The goodwill represents the excess of cost of acquisitions over the fair value of identifiable assets and liabilities of the respective companies.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

(b) Brand

This represents value of brand intangibles in the acquired subsidiary as calculated under the relief from royalties methodology and based on Directors' forecast of brand performance.

	2015 Kshs'000	2014 Kshs'000
On acquisition of subsidiary	**563,005**	**563,005**
Deferred tax thereon	**(168,901)**	**(168,901)**

26. Prepaid operating lease rentals

Leases of land have been classified as operating leases.

(a) Group

	2015 Kshs'000	2014 Kshs'000
Cost		
At 1 July	16,846	16,969
Reclassification to assets held for sale (Note 30)	(43)	-
Effect of exchange rate changes	(167)	(123)
Carrying amount as at 30 June	**16,636**	**16,846**
Amortisation and impairment		
At 1 July	5,889	5,721
Amortisation during the year	306	306
Reclassification to assets held for sale (Note 30)	(20)	-
Effect of exchange rate changes	(77)	(138)
Carrying amount as at 30 June	**6,098**	**5,889**
Carrying amount as 30 June	**10,538**	**10,957**

Notes (Continued)

26. Prepaid operating lease rentals (continued)

(b) Company

	2015 Kshs'000	2014 Kshs'000
Cost:		
At start and end of year	2,250	2,250
Amortisation:		
At start of year	(915)	(843)
Charge for the year	(70)	(72)
At end of year	**(985)**	**(915)**
Net book amount	**1,265**	**1,335**

27. Investments in subsidiaries

	Country of incorporation	Effective ownership interest	30 June 2015 Kshs'000	30 June 2014 Kshs'000
Kenya Breweries Limited	Kenya	100%	22,377,809	22,377,809
Salopia Limited	Kenya	100%	200	200
Allsopps (EA) Sales Limited	Kenya	100%	2	2
East African Breweries (Mauritius) Limited	Mauritius	100%	-	-
Central Glass Industries Limited (Note 30)	Kenya	100%	-	790,288
Uganda Breweries Limited	Uganda	98%	687,648	687,648
International Distillers Uganda Limited	Uganda	100%	300,000	300,000
East African Maltings (Kenya) Limited	Kenya	100%	-	-
East African Maltings (Uganda) Limited	Uganda	100%	-	-
UDV (Kenya) Limited	Kenya	46%	589,410	589,410
EABL International Limited	Kenya	100%	150,000	150,000
EABL Tanzania Limited	Tanzania	100%	5,610	5,610
Serengeti Breweries Limited	Tanzania	51%	4,942,998	4,942,998
East African Beverages (South Sudan) Limited	South Sudan	99%	272	272
Kenya Liquor Distributors Limited	Kenya	46%	-	-
Harp Distributors Limited	Kenya	46%	-	-
International Distillers Kenya Limited	Kenya	46%	-	-
Kenya Distillers Limited	Kenya	46%	-	-
Gilbeys East Africa Limited	Kenya	46%	-	-
Net book amount			**29,053,949**	**29,844,237**

Movement in investment in subsidiaries

	2015 Kshs'000	2014 Kshs'000
At 1 July	29,844,237	29,844,237
Reclassified to non current assets held for sale (Note 30 (b))	(790,288)	-
At 30 June 2015	**29,053,949**	**29,844,237**

Notes (Continued)

28. Other investments (Group and Company)

	2015 Kshs'000	2014 Kshs'000
Unquoted: at cost		
20% investment in Challenge Fund Limited who in turn have subscribed to 50% in Central Depository and Settlement Corporation Limited	10,000	10,000
At end of year	**10,000**	**10,000**
Movement during the year		
Opening balance as at 1 July	10,000	10,400
Disposal during the year	-	(400)
Closing balance as at 30 June	**10,000**	**10,000**

During the year, the investment in Challenge Fund Limited did not change.

This entity is not listed and the amounts are not material to warrant investment in complex valuation models.

29. Employees benefit

Equity compensation benefits

The Directors, through an independent Trust, are empowered to grant share options to Group employees. These options are granted for a maximum period of ten years and a minimum period of three years at a price determined by the market value ruling on the Nairobi Securities Exchange on the day preceding the day on which the options are granted. The shares to be exercised within this Trust have been issued directly through the Company and also purchased at the securities exchange

i) Executive share option scheme

Movements in the number of share options held for the employees under the Executive Option Scheme are as follows:

	2015 Number of shares	2014 Number of shares
Outstanding at start of year	745,459	756,137
Exercised	(103,988)	(10,678)
	641,471	**745,459**
Exercise price per share - Kshs	**134.80**	**135.00**

Notes (Continued)

29. Employees benefit (Continued)

i) Executive Share Option Scheme - continued

Options may be exercised at prices ranging between Kshs 74 and Kshs 135 (2014 – Kshs 74 and Kshs 135).The trading price of EABL share as at 30 June 2015 on the Nairobi Securities Exchange was Kshs 308 (2014: Kshs 283).

ii) Employee Share Save Scheme

As at 30 June 2015, the Trust's obligation to members under the employee share save scheme stood at 727,271 shares (2014 -1,321,163). During the year 593,892 (2014 – Nil) shares were exercised by employees.

30. Assets and liabilities of disposal group classified as held for sale

In March 2015, the EABL Board announced its intention to sell Central Glass Industries Limited to Consol Glass Proprietary Limited following a strategic review of the business.

Management is committed to sell this entity in the 2016 financial year once completion of the transaction is attained. The transaction received the approval of Shareholders, Capital Markets Authority and Competition Authority of Kenya following the end of the financial year ended 30 June 2015.

Accordingly Central Glass Industries Limited is presented as disposal group held for sale.

a) Group

Assets and liabilities of disposal group held for sale

At 30 June 2015, the disposal group was stated at carrying amount and comprised the following assets and liabilties:

	30 June 2015 Kshs'000	**30 June 2014 Kshs'000**
Property, plant and equipment	1,696,340	-
Prepaid operating lease rentals	23	-
Inventories	194,974	-
Receivables and prepayments	124,660	-
Current income tax recoverable	87,448	-
Cash and bank balances	2,969	-
Assets held for sale	**2,106,414**	**-**
Payables and accrued expenses	362,194	-
Deferred tax liability	62,756	-
Liabilities held for sale	**424,950**	**-**

b) Company

Assets held for sale

Assets classified as held for sale	790,288	-

The non-current assets classified as held for sale relates to investment in Central Glass Industries Limited which has been reclassified in the separate financial statements in accordance with IFRS 5.

Notes (Continued)

31. Inventories

Group	2015 Kshs'000	2014 Kshs'000
Raw materials and consumables	5,995,490	5,148,525
Work in progress	611,721	593,093
Finished goods	3,976,772	3,726,554
Goods in transit	90,423	235,517
	10,674,406	**9,703,689**

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to Kshs 20,157,579,000 (2014 – Kshs 14,359,111,000). Finished goods and work in progress in 2014 were reclassified to consumables in 2015.

32. Trade and other receivables

(a) Group

	2015 Kshs'000	2014 Kshs'000
Trade receivables	5,688,960	5,745,396
Less: provision for impairment losses	(695,653)	(718,361)
	4,993,307	5,027,035
Other receivables	2,653,039	1,321,108
Less: provision for impairment losses	(46,422)	-
Prepayments	1,288,239	1,343,290
Receivables from related companies (Note 38(a))	225,650	25,184
	9,113,813	**7,716,617**

Movements on provision for impairment of trade receivables is detailed in Note 4(a).

(b) Company

	2015 Kshs'000	2014 Kshs'000
Trade Receivables	25,017	-
Receivables from related companies (Note 38(b))	6,855,992	14,720,261
Other receivables and prepayments	2,460,842	2,746,634
	9,341,851	17,466,895

Notes (Continued)

33. Trade and other payables

(a) Group

	2015 Kshs'000	2014 Kshs'000
Trade payables	3,741,415	3,689,886
Other payables and accrued expenses	8,585,304	7,978,408
Payables to related parties (Note 38(b))	1,815,481	683,266
	14,142,200	**12,351,560**

(b) Company

	2015 Kshs'000	2014 Kshs'000
Trade payables	72,074	1,561,520
Payables to related parties (Note 38(b))	4,870,270	3,815,018
Other payables and accrued expenses	1,103,210	-
	6,045,554	**5,376,538**

34. Contingent liabilities

In the normal course of business the Company and its subsidiaries are faced with litigation. These cases will not crystallise hence no accrual has been made in the financial statements. The potential exposure that may arise from these legal cases is quantified below:

(a) Group

	2015 Kshs'000	2014 Kshs'000
Guarantees	12,437	12,000
Pending legal cases	298,801	344,368
	311,238	**356,368**

(b) Company

Guarantees	12,000	12,000
Pending legal cases	-	2,763
	12,000	**14,763**

35. Commitments – Group

(i) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised in the financial statements is as follows:

	2015 Kshs'000	2014 Kshs'000
Contracted but not provided for	1,419,256	5,104,726
Authorised but not contracted for	236,061	1,906,190
	1,655,317	**7,010,916**

Notes (Continued)

35. Capital commitments – Group

ii) Operating lease commitments

(a) Group leases as lessee

Two subsidiaries in the Group (Kenya Breweries Limited and Uganda Breweries Limited) have entered into operating lease agreements for leasing of commercial and non-commercial vehicles and point-of-sale refrigerators. Lease payments cover principal rentals, maintenance fees, fleet management costs and insurance costs.

Future minimum lease payments under these operating leases are as follows:

	2015 Kshs'000	2014 Kshs'000
Not later than 1 year	1,044,096	915,723
Later than 1 year and not later than 5 years	3,512,509	720,136
	4,556,605	**1,635,859**

(b) Group leases as lessor

The Group has entered into operating lease agreements for leasing part of its properties. Future minimum lease receipts under these operating leases are as follows:

	2015 Kshs'000	2014 Kshs'000
Not later than 1 year	33,790	-
Later than 1 year and not later than 5 years	116,259	25,158
	150,049	**25,158**

(c) Company leases as lessee

The Company has entered into operating lease agreements for leasing of printers and motor vehicles. Future minimum lease payments under these operating leases are as follows:

	2015 Kshs'000	2014 Kshs'000
Not later than 1 year	9,517	25,631
Later than 1 year and not later than 5 years	41,303	33,193
	50,820	**58,824**

Notes (Continued)

36. Cash generated from operations

Reconciliation of profit before income tax to cash generated from operations:

(a) Group

	2015 Kshs'000	2014 Kshs'000
Profit before income tax	14,151,244	10,406,619
Interest income (Note 13 (a))	-	(24,072)
Interest expense (Note 13 (a))	4,074,380	4,343,869
Depreciation (Note 23 (a))	3,546,805	3,183,114
Employee Share Ownership Plan Reserve	-	2,014
Impairment of tangible assets (Note 23 (a))	82,507	154,330
Amortisation of intangible asset - software (Note 24 (a))	54,090	53,969
Amortisation of prepaid operating lease rentals (Note 26 (a))	306	306
Gain on disposal of land	(1,782,734)	-
Loss/(gain) on disposal of property, plant and equipment	48,090	(41,604)
Loss/(gain) on disposal of investment	-	(49,600)
Exchange differences	967,702	(71,061)
Cash generated from operations before working capital adjustments	**21,142,390**	**17,957,884**
Changes in working capital:		
-Trade and other receivables	201,996	1,299,205
-Inventories	(970,717)	(2,233,082)
-Trade and other payables	1,790,640	(1,843,410)
Cash generated from operations	**22,164,309**	**15,180,597**

Reconciliation of profit before income tax to cash generated from operations:

(b) Company

	2015 Kshs'000	2014 Kshs'000
Profit before income tax	7,858,224	7,134,444
Adjustments for:		
Interest income (Note 13(b))	(1,172,878)	(1,020,125)
Interest expense (Note 13(b))	4,447,518	4,348,675
Depreciation (Note 23 (b))	72,957	46,854
Employee Share Ownership Plan Reserve	-	2,014
Amortisation of intangible asset - software (Note 24(b))	20,127	30,347
Amortisation of prepaid operating lease rentals (Note 26(b))	70	72
Dividend income receivable	(7,600,664)	(6,942,884)
Profit on disposal of business	-	(49,600)
Gain on property, plant and equipment disposal/retirement	(1,782,734)	(78,109)
Loss on retirement of plant and equipment	2,119	-
Receivable from subsidiary	(8,193,911)	(3,923,980)
Cash generated from operations before working capital adjustments	**(6,349,172)**	**(452,292)**
Changes in working capital:		
-Trade and other receivables	9,783,122	(6,229,768)
-Trade and other payables	669,016	326,219
Cash generated from/(used in) operations	**4,102,966**	**(6,355,841)**

Notes (Continued)

36. Cash generated from operations (continued)

(c) Cash and cash equivalents

	2015 Kshs'000	2014 Kshs'000
Group		
Cash and bank balances	3,005,133	1,101,400
Bank overdraft (Note 37(a))	(4,397,031)	(1,758,425)
	(1,391,898)	**(657,025)**
Company		
Cash and bank balances	600,381	-
Bank overdraft (Note 37(b))	(3,525,176)	(1,110,778)
	(2,924,795)	**(1,110,778)**

(d) Group

Movement in trade and other receivables		
Movement per statement of financial position	(1,397,196)	1,299,205
Non cash transactions (receivable on sale of leasehold land)	1,599,192	-
Net movement in receivables as per cash flow (Note 36(a))	**201,996**	**1,299,205**

Company

Movement in receivables and prepayments		
Movement per statement of financial position	8,125,044	(6,229,768)
Non cash transactions (receivable on sale of leasehold land)	1,599,192	-
Intergroup transfer	58,886	-
Net movement in receivables as per cash flow (Note 36(b))	**9,783,122**	**(6,229,768)**

37. Borrowings

(a) Group

The borrowings are made up as follows:

	2015 Kshs'000	2014 Kshs'000
Non-current		
Long-term debt (inter-company)	19,469,236	22,294,103
Medium term note	5,000,000	-
	24,469,236	**22,294,103**
Current		
Borrowings	4,898,623	12,545,500
Bank overdraft	4,397,031	1,758,425
	9,295,654	**14,303,925**
	33,764,890	**36,598,038**

Notes (Continued)

37. Borrowings (continued)

(a) Group - continued

The carrying amounts of current borrowings approximate their fair value, as the impact of discounting is not material.

The movement in borrowings is as follows:	2015 Kshs'000	2014 Kshs'000
At start of year	36,598,028	31,086,189
Advanced in the year	5,000,000	10,605,366
Repayments	(10,427,322)	(575,884)
Movement in bank overdrafts	2,638,606	(4,534,497)
Effect of exchange rate changes	(44,422)	16,854
At end of the year	**33,764,890**	**36,598,028**

Bank borrowings mature between July 2015 and June 2016 and at average annual interest rates of 11.37% (2014: 12.19%)

Total borrowings include medium term note of Kshs 5,000,000,000 (2014: Nil), commercial papers of nil (2014: Kshs 4,665,500,000 and secured liabilities (bank and collateralised borrowings) of Kshs 954,242,530 (2014: Kshs 980,459,000). Collateralised borrowings are secured by land, industrial property and bank guarantee.

The commercial paper matured in January 2015 and at a weighted average annual interest rate of 11.52%. The medium term note is unsecured and matures in March 2018. It has a weighted average annual interest rate of 12.25%.

The related party loan attracts variable interest rates at 1.5% above 364 Treasury bill rate plus 1.5%. The loan is repayable after a period of five years from the draw down date.

(b) Company

The borrowings are made up as follows:	2015 Kshs'000	2014 Kshs'000
Non-current		
Long-term borrowings	19,469,236	21,181,702
Medium term note	5,000,000	-
	24,469,236	**21,181,702**
Current		
Borrowings	3,715,761	12,545,500
Bank overdraft	3,525,176	1,110,778
	7,240,937	**13,656,278**
Total borrowings	**31,710,173**	**34,837,980**

Notes (Continued)

37. Borrowings (continued)

(b) Company - continued

The carrying amounts of current borrowings approximate their fair value, as the impact of discounting is not material.

The movement in borrowings is as follows:

	2015 Kshs'000	2014 Kshs'000
At start of year	34,837,980	27,738,608
Advanced in the year	5,000,000	9,492,966
Repayments	(10,542,205)	-
Movement in bank overdrafts	2,414,398	(2,393,594)
At end of the year	**31,710,173**	**34,837,980**

Bank borrowings mature between July 2014 and June 2015 and at average annual interest rates of 10.55% (2013: 11.76%)

The Company did not have secured liabilities (bank and collateralised borrowings) (2014: Nil).

The related party loan attracts variable interest rates at 1.5% above 364 Treasury bill rate. The loan is repayable after a period of five years from the draw down date.

38. Related party transactions

The Company is controlled by Diageo Kenya Limited incorporated in Kenya. The ultimate parent of the group is Diageo plc, incorporated in the United Kingdom. There are other companies that are related to East African Breweries Limited through common shareholdings or common Directorships.

The following transactions were carried out with related parties:

a) Management and manufacturing fees payable/receivable to/from companies and royalties paid

(i) ***Sale of goods and services***	2015 Kshs'000	2014 Kshs'000
East African Beverages (Southern Sudan) Limited	690,569	433,423
Central Glass Industries	17,544	19,587
EABL International Limited	659,573	633,035
UDV (Kenya) Limited	155,886	338,438
Serengeti Breweries Limited	37	-
Uganda Breweries Limited	1,217,407	1,103,830
Guinness Ghana Breweries Limited	-	16,954
	2,741,016	**2,545,267**

Notes (Continued)

38. Related party transactions (continued)

a) Management and manufacturing fees payable/receivable to/from companies and royalties paid - continued

	2015 Kshs'000	2014 Kshs'000
(ii) Purchase of goods and services		
Parent Company	1,988,749	1,988,749
Fellow subsidiaries	2,290,845	2,290,845
	4,279,594	**4,279,594**

Sales and purchases to/from related parties were made at terms and conditions similar to those offered to major customers.

(b) Outstanding balances arising from sale and purchase of goods/services

	2015 Kshs'000	2014 Kshs'000
Group		
Receivables from related parties	225,650	25,184
Payable to related parties	1,815,481	683,266
Company		
Non-current assets – due from related party	12,117,891	3,923,980
Current assets		
Receivables from subsidiaries	4,907,431	12,690,128
Receivables from related parties	1,948,561	2,030,133
	6,855,992	**14,720,261**
Current liabilities		
Payables to subsidiaries	4,614,642	3,187,402
Payables to related parties	255,628	627,616
	4,870,270	**3,815,018**

(c) Directors' remuneration

	2015 Kshs'000	2014 Kshs'000
Group		
Fees for services as a Director	15,918	14,313
Other emoluments (included in key management compensation in (d) below)	260,418	247,427
	276,336	**261,740**

Directors' remuneration include fees in relation to non-executive directors and compensation to executive directors in the company and its subsidiaries.

Company		
Fees for services as a Director	7,395	9,557
Other emoluments (included in key management compensation in (d) below)	100,004	91,639
	107,399	**101,196**

Notes (Continued)

38. Related party transactions (continued)

(d) Key management compensation

Key management includes Directors (executive and non-executive) and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2015 Kshs'000	2014 Kshs'000
Salaries and other shorter term employment benefits	672,118	639,975
Termination benefits	8,028	24,140
Post-employment benefits	36,793	30,392
	716,939	**694,507**

The key management compensation included compensation to the senior management of the Company and its subsidiaries.

39. Reserves

(a) Capital reserve

The capital reserve represents the surplus on the revaluation of property, plant and equipment net of deferred income tax and is non-distributable. This is revaluation surplus recognised prior to adoption of International Financial Reporting Standards in 2000. It is released upon impairment or de-recognition of the related item of property, plant and equipment.

(b) Share based payment reserve

Share based payment reserve is the benefit granted to employees arising from equity settled Employee Share Ownership Plan. During the year, a fair value charge of nil (2014: Kshs 2,014,000) was recognised in respect of the employees in the Employee Share Ownership Plan (ESOP).

(c) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

(d) Other reserves

On 25 November 2011, the Group completed the acquisition of SABMiller Africa BV's 20% non-controlling equity stake in Kenya Breweries Limited (KBL), for a total consideration of Kshs 20.6 billion. This figure was arrived at based on a fair valuation of KBL's business. KBL is now a wholly owned subsidiary of the Group. The other reserves of Kshs 18,292,037,000 relates to the difference between the cash consideration and the carrying value of the net assets attributable to non-controlling interests and has been accounted for as a charge to equity in line with the requirements of IAS 27 (2008).

Principal shareholders and share distribution

The ten largest shareholdings in the Company and the respective number of shares held at 30 June 2015 are as follows:

	Name(s) and Address	Number of shares	%
1	Diageo Kenya Limited	338,618,340	42.82%
2	Diageo Holdings Netherlands B.V.	36,361,290	4.60%
3	Guinness Overseas Limited	20,628,804	2.61%
4	Standard Chartered Nominees A/C KE13084	12,768,427	1.61%
5	Standard Chartered Nom A/C KE11916	11,595,842	1.47%
6	Standard Chartered Nominees Non Res A/C KE9273	11,331,400	1.43%
7	Kenya Commercial Bank Nominees Limited A/C 915B	10,834,544	1.37%
8	Standard Chartered Nominees Non-Resd. A/C 9866	8,425,105	1.07%
9	Standard Chartered Nominee Account KE17682	7,668,800	0.97%
10	Standard Chartered Nominees Non-Resd. A/C 9069	6,281,139	0.79%
	Total number of shares	**464,513,691**	**58.74%**

Distribution of shareholders	Number of shares	Number of shareholders	%
1 – 500	2,376,884	12,317	0.30%
501 – 5,000 shares	15,988,482	10,015	2.02%
5,001 – 10,000 shares	6,719,106	949	0.85%
10,001 – 100,000 shares	40,002,927	1,407	5.06%
100,001 – 1,000,000 shares	108,201,643	333	13.68%
Over 1,000,000 shares	617,485,314	73	78.09%
Total	**790,774,356**	**25,094**	**100.00%**