EAST AFRICAN BREWERIES LIMITED

Annual Report and Accounts
for the year ended 30 June 1988

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Cables TUSKER NAIROBI

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Financial Calendar

Financial Year	ends	30 June 1988
Interim results	announced	2 March 1988
Final results	announced	16 September 1988

Report and Accounts

Annual Report	issued	26 October 1988
Annual General Meeting	to be held	17 November 1988

Dividends

Interim	announced	2 March 1988
	closing date	21 April 1988
	paid	20 May 1988
Final	announced	16 September 1988
	closing date	17 November 1988
	payable	19 December 1988

Kalenda ya Fedha

Mwaka wa Fedha	unaomalizika	30 Juni 1988
Matokeo ya kwanza	yalitangazwa	2 Machi 1988
Matokeo ya mwisho	yalitangazwa	16 Septemba 1988

Ripoti na Hesabu

Ripoti ya mwaka	itatolewa	26 Oktoba 1988
Mkutano mkuu wa mwaka	utafanywa	17 Novemba 1988

Mgao

Wa kwanza	ulitangazwa	2 Machi 1988
	kufungwa kwa daftari	21 Aprili 1988
	ulilipwa	20 Mei 1988
Wa mwisho	ulitangazwa	16 Septemba 1988
	kufungwa kwa daftari	17 Novemba 1988
	utalipwa	19 Desemba 1988

2007/0829

Corporate Information

Board of Directors

Chairman
B.H. Hobson EBS

Managing Director
R.M. Maina

Directors
N.G. Ajania FCA
Dr. M.J. Aliker (Ugandan)
C. Goodall (British)
M.J. Karanja
M.H. Madoka
G.F. Masbay
J.J. Mbaki
J.M. Muchura
N. Ng'ang'a EBS
D.A. Omari MBE
G.W. Tetu
S.N. Waruhiu
R. O'B Wilson

Secretary
J.J. Ogwapit B Com ACIS Dip Ed (Lon)

Registrar
W.K. Munguti FCIS

Registered Office
Tusker House Ruaraka
P.O. Box 30161
Nairobi Kenya.

Auditors
Gill & Johnson
P.O. Box 40092
Nairobi Kenya

Advocates
Kaplan & Stratton
P.O. Box 40111
Nairobi Kenya

Subsidiary Companies
Kenya Breweries Limited
Uganda Breweries Limited
Central Glass Industries Limited
Masterplan (K) Limited

Associated Companies
Seychelles Breweries Limited
Tanzania Breweries Limited

Bankers
Barclays Bank of Kenya Limited
P.O. Box 30116
Nairobi Kenya

Citibank NA
P.O. Box 30711
Nairobi Kenya

Standard Chartered Bank Kenya Limited
P.O. Box 72585
Nairobi Kenya

Notice of Meeting

Notice is hereby given that the sixty sixth Annual General Meeting of shareholders will be held at Rift Valley Sports Club, Club Road, Nakuru on Thursday 17 November, 1988 at 12.00 noon.

Ordinary Business

1. To receive the accounts for the year ended 30 June 1988, and the reports of the Directors and Auditors thereon.
2. To confirm the payment of the interim dividend of 50 cents per share, and to consider the recommendation of the Board to declare a final dividend of Shs. 1.50 per share payable on or about 19 December 1988 to shareholders registered on 17 November 1988. Payment to shareholders resident outside Kenya can only be made after obtaining Exchange Control approval.
3. To elect Directors in accordance with the Company's Articles of Association.
4. To confirm the Directors' remuneration.
5. To authorise the directors to fix the Auditors' remuneration.
6. To transact any other ordinary business of the company.

A shareholder entitled to attend and vote may appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the company.

By Order of the Board

J.J. Ogwapit
Secretary
26 October 1988

A form of proxy is on page 27 which shareholders who do not propose to be at the meeting are requested to complete and return to the Registered Office of the Company so as to arrive not later than 12.00 noon on Wednesday 16 November 1988.

Tangazo la Mkutano

Tangazo linatolewa hapa kwamba Mkutano Mkuu wa Mwaka wa sitini na sita wa wenyehisa, utafanywa katika Rift Valley Sports Club, Club Road, Nakuru siku ya Alhamisi, tarehe 17 Novemba 1988, saa sita za mchana.

Shughuli za kawaida

1. Kupokea taarifa ya hesabu ya pesa ya mwaka uliomalizika tarehe 30 Juni 1988, na taarifa za Wakurugenzi na Wakaguzi wa Vitabu vya Hesabu.
2. Kuthibitisha malipo ya mgao wa kwanza ya senti hamsini kwa kila hisa, na kufikiria pendekezo la Halmashauri kutangaza malipo ya shilingi 1.50 kwa kila hisa yanayotarajiwa kutolewa mnamo tarehe 19 Desemba 1988 kwa wenyehisa ambao majina yao yako katika daftari ya Kampuni mnamo tarehe 17 Novemba 1988. Malipo ya mgao kwa wenyehisa wanaoishi nje ya Kenya yanaweza kulipwa tu kukiwa na idhini ya Exchange Control.
3. Kuchagua Wakurugenzi kufuatana na masharti ya Kampuni.
4. Kuidhinisha malipo ya Wakurugenzi.
5. Kutoa kibali kwa Wakurugenzi kuweka kipimo cha malipo ya Wakaguzi wa vitabu.
6. Kuzungumza mambo mengine yo yote yanayohusu shughuli za Kampuni.

Mwenyehisa aliye na haki ya kuhudhuria mkutano na kupiga kura, anaweza kutuma mtu mwingine kumwakilisha. Si lazima mwakilishi kama huyo kuwa mwanachama wa Kampuni.

Kwa amri ya Halmashauri

J.J. Ogwapit
Katibu
26 Oktoba 1988

Ikiwa mwenyehisa hataweza kuhudhuria mkutano kuna fomu kwenye ukurasa 27 anayoweza kujaza na kurudisha kwenye Ofisi Kuu ya Kampuni ili iweze kufika huko kabla ya saa sita mchana, Jumatano tarehe 16 Novemba 1988.

Chairman's Statement

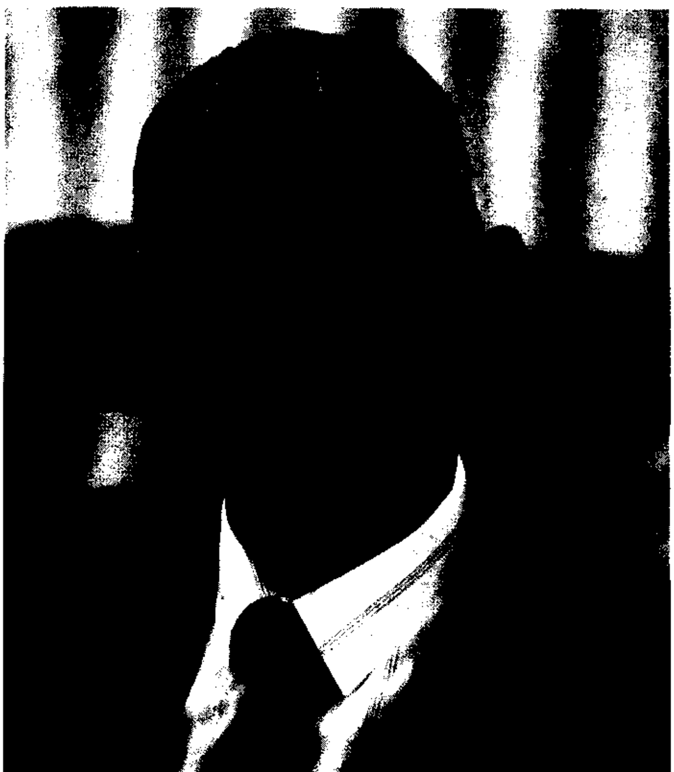
In my Interim Statement covering the first six months ending 31st December, 1987 of the financial year under review, where we had suffered a reduction in pre-tax profits of K£1.77 million compared with the same period in 1986, I expressed hopes that if the trend for increased sales which we experienced in January and February, 1988 continued, this shortfall might be reduced by the end of the full financial year. Unfortunately the onset of unusually heavy long rains for a protracted period throughout virtually the whole Republic in most of March, April and May 1988 produced widespread flood conditions not only unfavourable to beer consumption but also to the distribution of our products by road which caused the sales of our main operating company, Kenya Breweries Limited, to be very badly affected during these months. The other factors affecting Kenya Breweries Limited sales and therefore profits were:-

(1) The sharp increase in the cost of imported items particularly hops, motor spares and accessories and machinery spares largely due to reduction in the value of the Kenya Shilling against currencies of countries abroad.

(2) Reduced yields due to inadequate rainfall in the latter part of 1987 resulted in increased cost of barley.

(3) An exceptional debit of K£1,833,215 arising out of a write-down of beer bottles and crates to deposit price as required by our accounting policy. This has risen because, in order to replenish our depleting stocks of bottles during the year, we purchased several million bottles at a price considerably higher than the deposit price and the above figure represents the difference between the cost and deposit price.

Our profits before tax for the year amounted to K£11,264,861 which is K£5,501,656 below that of previous year. Our profits after tax of K£5,534,041 show a decrease of K£5,567,223. In respect of the latter, however, it should be noted that in 1986/87 there was a tax saving of K£2,370,498 because of the investment allowances



Mr. B.H. Hobson, EBS, Chairman East African Breweries Limited Group of Companies.

Bw. B.H. Hobson, EBS, Mwenyekiti wa Kundi la Makampuni ya East African Breweries Limited.

Taarifa ya Mwenyekiti

Kwenye taarifa yangu ya muda ya miezi sita iliyoisha tarehe 31 Desemba, 1987 ya kipindi cha mwaka tunaouchunguza, ambapo niligusia kuhusu upungufu wa faida zetu kabla ya kutoa kodi ya K£1.77 milioni ikilinganishwa na muda kama huo mwaka wa 1986, tulikuwa tumedokeza kimbele ya kwamba kama ongezeko la uuzaji wa miezi ya Januari na Februari, 1988 ungalidumu, basi faida zetu zingalikuwa za kuridhisha kufikia mwisho wa mwaka wa fedha. Walakini kutokana na mvua nyingi ya masika ambayo haikutarajiwa nchini kote kwa miezi ya Machi, Aprili na Mei 1988, mafuriko yaliyofuatia sio tu kwamba yalidhuru utumiaji wa bidhaa zetu bali pia ugawanyaji wa bia unaofanywa na Kenya Breweries Limited ulipunguka sana kutokana na kuharibika kwa barabara kila mahali nchini katika miezi hiyo mitatu iliyotajwa.

Mambo mengine yaliyosababisha kupunguka kwa mauzo ya Kenya Breweries Limited na kwa hivyo faida zetu ni:

(1) Ongezeko la bei za bidhaa muhimu, hasa zile zinazotumika katika utengenezaji wa bia kama vile hops, vipuri vya magari na mitambo na vitu vingine, na hali hii ilitokana na upungufu wa thamani ya pesa ya Kenya ikilinganishwa na fedha za nchi za kigeni.

(2) Kudidimia kwa mavuno kwa ajili ya mvua iliyopungua mwishoni mwa mwaka 1987 na kwa sababu hiyo pia bei ya shayiri ililazimika kuongezeka.

(3) Kufutiliwa mbali kwa K£1,833,215 hii ikiwa ni hasara iliyotokana na kuchunguza upya bei ya chupa na rubuni inayotengwa kwa masanduku ya kubebea bia ili ilingane na mtindo wa hesabu za kampuni. Hatua hii ilichukuliwa kutokana na kupungukiwa sana na chupa za bia za zile chupa milioni kadha pamoja na masanduku tuliyoomba wateja kurejesha kwa kampuni, ilitubidi kulipa bei ya juu kuliko ile ya awali.

Faida zetu kabla ya kutoa kodi zilifikia kiasi cha K£11,264,861 na hii ilionyesha upungufu wa faida wa K£5,501,656 ikilinganishwa na tarakimu za mwaka uliopita. Faida ya

Chairman's Statement *continued)*

received on completion of extensions to the Kisumu Brewery.

However, prospects have been considerably brightened by the National Budget of June, 1988 wherein our permitted margins were satisfactorily increased to offset the cost inflations experienced in the year under review. At the same time we have been permitted to increase deposit charges on bottles to a figure nearer to our actual cost of purchase of these bottles which has steadily risen in recent years.

Another favourable factor in the Budget was the increase in investment allowance which will have a favourable effect on our substantial development programmes.

In the light of the post-budget increase in beer prices, we do not forecast any significant increase in sales in the financial year just commenced. Even so we do anticipate, and indeed are budgeting for a similar level of profit as that achieved in 1986/87. This expectation is supported by results in July and August, 1988.

In view of the foregoing, your Board has decided to recommend maintaining a final dividend at the same level as that of last year, that is Kshs. 1/50 per share on the issued capital.

Technical Services Division

Our Technical Services Division has had a busy year both in planning for the Nyeri Bottling Project and improving and expanding the Mombasa Brewery together with providing technical services to Uganda Breweries Limited.

Barley Malt

After many years of successful barley growing, our barley growing areas suffered a set-back during 1987 due to insufficient rainfall. This contributed to your Company's adverse profitability performance. I am, however, able to report that unusually heavy long rains and flooding in 1988 did not have any serious effect on the 1988 crop which to date looks promising. Our experiments on growing of barley by irrigation in Taveta area are also continuing.

Hops

Despite not very exciting progress from our research and experiments in this area to date we have been encouraged by the excellent results in this field achieved in the last two years with the help of our associates, National Breweries Limited, Zimbabwe, who have for two years in succession succeeded in

Taarifa ya Mwenyekiti *(inaendelea)*

K£5,534,041 baada ya kutenga fungu la kodi inaonyesha upungufu wa K£5,567,223. Hata hivyo yafaa ifahamike ya kwamba kwenye tarakimu hizo za nyuma kulikuwa na kupunguziwa kwa kodi ya K£2,370,498 kwa ajili ya kukamilisha upanuzi wa kiwanda cha Kisumu.

Ingawa hivyo, nyongeza zilizotokana na Makisio ya Fedha ya Serikali mwezi Juni 1988 ziliweza kupunguza gharama zetu. Na kwa wakati huo huo pia tulikubaliwa kuongeza bei ya rubuni ya chupa inayokaribia kile kiwango kinachotugharimu kununua chupa ambao bei yake imeendelea kupanda mara kwa mara katika miaka ya hivi karibuni.

Jambo jingine lilitokana na Makisio ya Fedha na ambalo litatufaidi ni kule kuongezwa kwa marupurupu ya uzalishaji mali yanayohusu upanuzi wa viwanda vyetu.

Baada ya bei ya bia kuongezwa katika makisio ya fedha hatutarajii ongezeko kubwa la uuzaji kwa mwaka tuliouanza hivi punde. Ingawa hivyo, tumekisia kuinua faida zetu ili zifikie kiwango sawa na mwaka wa 1986/87. Matumaini haya yanatokana na faida iliyoonekana katika miezi ya Julai na Agosti, 1988.

Kutokana na hali hii, halmashauri yenu imeazimia kupendekeza malipo ya mgao wa mwisho kwa kiwango sawa na kile cha mwaka uliopita, yaani Kshs. 1/50 kwa kila hisa katika rasilmali iliyolipwa.

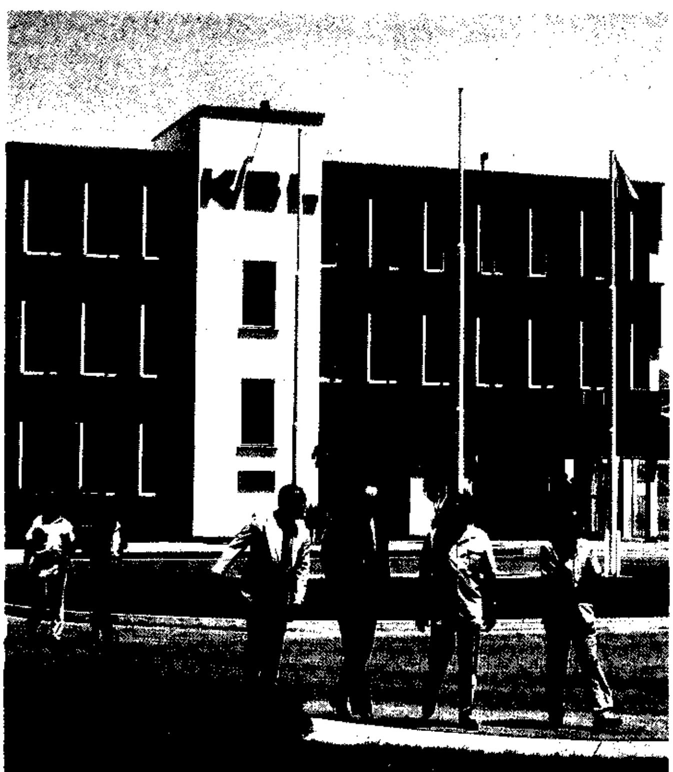
Idara ya Ufundi

Idara ya ufundi ya kampuni yetu ilikuwa na mwaka wenye harakati nyingi kuhusu mipango ya kiwanda cha kutia bia katika chupa huko Nyeri na pia kupanua Mombasa Brewery na bila kusahau kutaja ya kwamba idara hiyo iliendelea kuwatuma mafundi ili kushughulikia Uganda Breweries Limited.

Shayiri ya Kimea

Baada ya kunufaika na hali nzuri ya anga kwa miaka mingi kwenye ukuzaji wa shayiri, katika mazao ya mwaka wa 1987, eneo tunazokuzia shayiri hivi punde zilikumbwa na vipindi virefu vya mvua haba mwishoni mwa mwaka huo na kwa jinsi hii mazao mengi yaliharibika kwa kukosa unyevu na sababu hii pia ni mojawapo ya upungufu wa faida za kampuni yenu. Ninaweza kuripoti ya kwamba ile mvua nyingi na mafuriko ya 1988 haikudhuru sana mmea wa 1988 ambao kwa hivi sasa tunayo matumaini mema. Majarihio yetu katika ukuzaji shayiri kwa kunyunyizia maji huko Taveta yangali yanaendelea.

Kisumu Brewery Administration block.
Jumba la Afisi za Kisumu Brewery.



Chairman's Statement *(continued)*

growing a commercially viable hop crop of reasonable size and of satisfactory quality for brewing. We have therefore entered into an agreement with them to assist us in attempting to duplicate this success in the context of the Kenyan climatic, soil and daylight hours conditions.

Our first plantings using the technology from Zimbabwe have already been made and we are awaiting the results with the keenest of interest. Should this crop be successful, we shall have high hopes of saving Kenya the foreign exchange needed to purchase this essential ingredient in beer brewing.

Beer Exports

Knowing that exports must play a vital role in Kenya's economic future, we have spared no efforts to increase our activities in this field. Despite the restriction on the export of our beer products to Uganda, we are beginning to make progress in other parts of the PTA area, notably in Tanzania and Zambia. We also continue to export beer to the USA and Britain and have sent trial consignments to Switzerland and Japan.

Central Glass Industries Limited

For the first full year of this company's operations ending 30th June, 1988 we had budgeted a substantial loss arising particularly from loan interest to purchase the plant and machinery in West Germany which has to be serviced in Deutsche Marks, the value of which has escalated very heavily vis a vis the Kenya Shilling. However, so well has this company performed that a modest profit has been made. Additionally, the quality of the bottles produced has been exceptionally high and, in consequence, the breakage rate in Kenya Breweries Limited operations has been progressively reduced, as the quantity of the Central Glass Industries Limited bottles used in Kenyan beer trade increased. The high quality of the soft drink bottles produced by Central Glass Industries Limited has also been appreciated by customers both locally and in the region generally where we have succeeded in obtaining orders from as far afield as Malawi, Mauritius and Djibouti.

We are grateful to Oberland Glas AG for the technical assistance and training facilities which have contributed to efficiency in production. By the same token, I would also like to pay glowing tribute to our staff who have mastered the new and complex technology in a very short time.

Uganda Breweries Limited

As a result of a new bottling line at Port Bell coming into full operation, production improved considerably despite an initial period bedevilled with power cuts and water shortages. The situation is however improving.

With increased production, profitability has considerably improved and for the financial year ending 30th June, 1988 a net profit of UShs. 54,187,713 was achieved. This should increase further in the financial year commenced 1st July, 1988.

Taarifa ya Mwenyekiti *(inaendelea)*

Zao la Hops

Ingawa hatujafaulu kwenye utafiti na majaribio ya ukuzaji wa 'hops' lakini tunafurahia na kutiwa moyo na yale matokeo mema ya miaka miwili mfululizo ya marafiki zetu, National Breweries Limited, Zimbabwe ambao wamekwisha fanikiwa kuwa na ukuzaji wa kibiashara wa kiwango cha juu hasa kwa kutumiwa katika shughuli za upikaji bia. Tumeandikiana mkataba nao ili watusaidie kwenye utafiti wetu wa kupata mazao mengi kama wao tukitia maanani mambo kama vile hali ya anga ya Kenya, mchanga na masaa ya nuru yanayohitaji kurefushwa kwenye sehemu za utafiti. Tukitumia ufundi tuliopata kutoka Zimbabwe, tayari tumeshapanda mbegu na hivi sasa tunangojea kwa hamu matokeo. Ikiwa zao hili litafaulu basi tutakuwa na matumaini mema ya kuweza hivi karibuni kupunguzia Kenya ule mzigo wa kutumia fedha za kigeni ili kununua ng'ambo bidhaa tunayotumia kutia bia ladha na ukali.

Uuzaji wa Bia Nchi za Nje

Tukijua ya kwamba uuzaji wa bidhaa zetu katika nchi za nje utasaidia hali ya uchumi wa Kenya hapo baadaye, tulifanya juhudi katika shughuli hizo. Ingawa hatukubaliwi kuuza bia zetu huko Uganda, tumeanza kupenya na kufanya maendeleo katika nchi zilizoko kwenye mkataba wa bei nafuu (PTA) na hasa Tanzania na Zambia. Bado tunaendelea kuuza bia zetu huko Marekani na Uingereza na tayari tumepeleka vifurushi vya majaribio ili kuuzwa nchini Uswisi na Japani.

Central Glass Industries Limited

Kwa mwaka wa kwanza wa shughuli za kampuni hii ulioisha 30 Juni, 1988 tulibashiri hasara kubwa hasa kutokana na ulipaji wa faida ya mikopo ya mitambo tuliyonunua Ujerumani Magharibi ambayo sharti ilipwe kwa kutumia pesa za nchi hiyo na ambayo thamani yake imepanda sana ikilinganishwa na Shilingi ya Kenya. Ingawa hivyo, kampuni hii imejitahidi na kupata faida ya kiasi. Isitoshe, ubora wa chupa zinazotengezwa na kampuni hii ni wa hali ya juu na kule kuvunjika kwa chupa zitumiwazo na Kenya Breweries Limited umeendelea kupungua tangu waanze kutumia chupa kutoka Central Glass Industries Limited. Chupa za soda na vinywaji vingine zinazotengenezwa na Central Glass Industries Limited zimewaridhisha wanunuzi wote, wa hapa nchini na wa nchi za nje vile vile. Hali hii imeongeza maombi ya chupa ya wateja wa mbali kama vile nchi za Malawi, Mauritius na Djibouti.

Tunaishukuru kampuni ya Oberland Glas AG kwa msaada wao wa ufundi na pia mafunzo kwa wafanyikazi wetu ambayo yalisababisha utoaji wa bidhaa za hali ya juu. Pia ningechukua fursa hii kuwapongeza wafanyikazi wetu kwa bidii na juhudi ya kujifahamisha ufundi na matumizi ya mitambo hiyo mipya katika muda mfupi.

Uganda Breweries Limited

Baada ya ule mtambo mpya wa kutia bia katika chupa kuanza kufanya kazi kiwandani Port Bell, uzalishaji mali uliongezeka kwa kiwango kikubwa hata ingawa hapo mwanzo mtambo huo ulikumbwa

Chairman's Statement *(continued)*

Tanzania Breweries Limited
No progress since last year.

Seychelles Breweries Limited
We have received a dividend of £20,927 from this company.

Co-operation with other companies
Our co-operation with National Breweries Limited of Zimbabwe continues to be extremely fruitful in a number of areas.

As ever our links with Allied-Lyons PLC in UK continue to be beneficial to us.

General
We continue to receive ready and helpful assistance and co-operation from Government at all levels for which we are grateful.

Once more your Directors and myself would wish to thank our staff in our many fields and at every level for their dedication, loyalty and hard work.

B H Hobson
Chairman

Taarifa ya Mwenyekiti *(inaendelea)*

na shida za ukosefu wa nguvu za umeme na maji. Hali ya sasa kuhusu mambo haya mawili inaridhisha siku za hivi karibuni.

Faida ya mwaka wa fedha unaoishia tarehe 30 Juni, 1988 ya UShs. 54,187,713 ilipatikana baada ya uzalishaji kuongezeka. Hii ina maana kwamba faida zitaongezeka katika mwaka wa fedha ulioanza tarehe mosi Julai, 1988.

Tanzania Breweries Limited
Hali haijabadilika tangu ile taarifa yangu ya mwaka jana.

Seychelles Breweries Limited
Tayari tumepokea mgao wa £20,927 kutoka kwa kampuni hii.

Ushirikiano na Kampuni Nyingine
Ushirikiano wetu na kampuni ya Zimbabwe iitwayo National Breweries unaendelea kuonyesha mafanikio katika eneo kadha za shughuli zetu. Kama kawaida uhusiano wetu na Allied-Lyons PLC ya Uingereza unazidi kutunufaisha.

Mambo kwa Jumla
Tunaendelea kupata msaada na usaidizi na pia uelewano mwema na idara mbali mbali za Serikali na tunawatolea wote wanaohusika shukrani zetu.

Kwa mara nyingine wakurugenzi wenu nami tungalitaka kuwatolea shukrani wafanyikazi wa idara, maeneo na viwango mbali mbali kwa bidii na kujitolea kwao kazini.

B H Hobson
Mwenyekiti

Report of the Directors

for the year ended 30 June 1988

To be submitted to the shareholders at the sixty-sixth Annual General Meeting of the Company to be held at Rift Valley Sports Club, Club Road, Nakuru on Thursday 17 November 1988 at 12 noon. The Directors have pleasure in presenting to the shareholders the accounts for the year ended 30 June 1988.

Consolidated profit and Loss Account	**K£**	**K£**
Profit before taxation		11,264,861
Taxation provision		5,730,820
Profit after taxation available for distribution		5,534,041
Dividends		
Interim paid: Shs. 0.50 per share	1,066,426	
Final proposed: Shs. 1.50 per share	3,199,278	4,265,704
		1,268,337
Transfer to general reserve		1,250,000
Profit retained		18,337

Directors

In accordance with Article 93 of the Articles of Association, Mr. N. Ng'ang'a and Mr. J.M. Muchura retire by rotation and, being eligible, offer themselves for re-election.

Auditors

Gill & Johnson will continue in office in accordance with section 159(2) of the Companies Act.

Staff

The directors have much pleasure in once again recording their appreciation for the untiring efforts of all employees throughout the organisation.

By Order of the Board

J.J. Ogwapit
Secretary
16 September 1988

Ripoti ya Wakurugenzi

ya mwaka uliomalizikia tarehe 30 Juni 1988

Itakayotolewa kwa wenyehisa kwenye Mkutano Mkuu wa Kampuni wa Mwaka ambao ni wa sitini na sita utakaofanywa katika Rift Valley Sports Club, Club Road, Nakuru saa sita kamili adhuhuri tarehe 17 Novemba, 1988. Wakurugenzi wana furaha kuwatolea wenyehisa hesabu za mwaka uliomalizikia tarehe 30 Juni 1988.

Faida na hasara za hesabu iliyojumlishwa	**K£**	**K£**
Faida kabla ya kutoa fungu la kodi		11,264,861
Fungu la malipo ya kodi		5,730,820
Faida baada ya kutoa fungu la kodi inayoweza kugawanywa		5,534,041
Migao ya faida		
Malipo ya mgao wa kwanza yaliyolipwa: Senti 0.50 kwa kila hisa moja	1,066,426	
Malipo ya mgao wa mwisho yaliyopendekezwa Shs. 1.50 kwa kila hisa	3,199,278	4,265,704
		1,268,337
Nyongeza katika akiba kuu		1,250,000
Faida iliyotengwa		18,337

Wakurugenzi

Kwa mujibu wa Kanuni 93 ya masharti ya Kampuni, Bw. N. Ng'ang'a na Bw. J.M. Muchura wanaondoka vitini mwao kwa zamu, lakini nao pia kwa kuwa wanastahili kuchaguliwa tena, wamejitolea wachaguliwe.

Wakaguzi wa Hesabu

Kampuni ya Gill & Johnson imekubali kuendelea na kazi za ukaguzi wa vitabu vya hesabu kwa mujibu wa sehemu ya 159(2) ya Sheria za Makampuni.

Wafanyikazi

Wakurugenzi wana furaha kubwa kwa mara nyingine na wanatoa shukrani zao kwa juhudi kubwa iliyofanywa na wafanyikazi wote wa viwango mbali mbali katika Kampuni hii.

Kwa amri ya Halmashauri.

J.J. Ogwapit
Katibu
16 Septemba 1988

Report of the Auditors

to the members of East African Breweries Limited

1 We have examined the accounts on pages 11 to 18 and have obtained all the information and explanations considered necessary for our audit.

2 As indicated in note 9, the value of the company's assets in Tanzania is dependent on the outcome of negotiations for their disposal. We are therefore unable to form an opinion as to the value of these assets.

3 As indicated in note 10, ownership of the assets held in Uganda has been returned to the control of the Company, but their value is currently uncertain. We are therefore unable to form an opinion as to the value of these assets.

4 In our opinion:

a) proper books of account have been kept by the company and the company's balance sheet is in agreement therewith;

b) subject to the matters mentioned in paragraphs 2 and 3 above, the accounts comply with the Companies Act and give a true and fair view of the state of affairs of the company and the group at 30 June 1988 and of the profit and source and application of funds of the group for the year ended on that date.

Gill & Johnson
Certified Public Accountants (Kenya)
Nairobi
19 September 1988

Taarifa ya Wakaguzi

wa Hesabu kwa wanachama wa East African Breweries Limited

1 Tumekagua hesabu hizi zilizoko kwenye ukurasa wa 11 hadi 18 na tulipatiwa habari zote na maelezo muhimu kwa ukaguzi wetu.

2 Kama inavyoonyeshwa katika maelezo ya 9, thamani ya mali za kampuni nchini Tanzania inategemea matokeo ya uelewano jinsi ulipaji utakavyowezekana. Kwa hivyo hatuwezi kufikia maoni yo yote kuhusu thamani ya mali hizi.

3 Kama inavyoonyeshwa katika maelezo ya 10 umilikaji wa mali zilizoko Uganda umerudishiwa kampuni hii, lakini hatuna hakika na thamani zake sasa hivi. Kwa hivyo hatuwezi kufikia maoni yo yote kuhusu thamani ya mali hizi.

4 Kwa maoni yetu:

a) Vitabu vya hesabu vimewekwa kwa njia sahihi na Kampuni hii na kwa hivyo hesabu za kampuni zinakubaliana na vitabu hivyo.

b) Isipokuwa mambo yaliyotajwa kwenye vifungu vya 2 na 3 hapo juu, hesabu hizi zimefuata zile Sheria za Makampuni na zinaeleza ukweli na maoni ya haki na hali ya kampuni hii na ile ya kundi kama ilivyokuwa mnamo tarehe 30 Juni 1988 na kuhusu upatikanaji na matumizi ya fedha za kundi kwa mwaka ulioishia tarehe hiyo.

Gill & Johnson
Certified Public Accountants (Kenya)
Nairobi
19 Septemba 1988

Consolidated Profit and Loss Account

for the year ended 30 June 1988

	Note	1988 K£	1987 K£
Trading profit	2	11,074,871	16,275,101
Income from investments			
Associate		20,927	16,722
Other investments		169,063	474,694
Profit before taxation		11,264,861	16,766,517
Taxation	3	5,730,820	5,665,253
Profit after taxation	4	5,534,041	11,101,264
Retained profit brought forward	12	347,420	311,860
		5,881,461	11,413,124
Dividends (gross)			
Interim paid		1,066,426	1,066,426
Final proposed		3,199,278	3,199,278
Transfer to general reserve	12	1,250,000	6,800,000
Retained profit carried forward	12	365,757	347,420

Consolidated Balance Sheet
30 June 1988

	Note	1988 K£	1987 K£
Fixed assets	6	99,752,879	100,952,773
Investment in associate at cost	8	35,114	35,114
Tanzanian assets	9	1,885,970	1,885,970
Ugandan assets	10	1,341,710	1,341,710
		103,015,673	104,215,567
Current assets			
Stocks	5	36,547,045	32,275,887
Debtors		5,440,369	5,786,905
Bank balances and cash		585,054	599,624
		42,572,468	38,662,416
Current liabilities			
Creditors		27,314,538	25,004,407
Taxation		5,752,502	5,694,628
Loan instalments due within 12 months	13	5,436,822	7,559,491
Short term loans		3,047,963	2,000,000
Bank overdraft (secured)		10,931,405	5,848,720
Proposed dividend		3,199,278	3,199,278
		55,682,508	49,306,524
Net current liabilities		(13,110,040)	(10,644,108)
Long term liabilities	13	(16,870,689)	(21,804,852)
Net assets		73,034,944	71,766,607
Financed by:			
Share capital	11	21,328,520	21,328,520
Reserves	12	51,706,424	50,438,087
Shareholders' funds		73,034,944	71,766,607

The accounts on pages 11 to 18 were approved by the board of directors on 16 September 1988 and were signed on its behalf by:

B H Hobson
Director

R M Maina
Director

Balance Sheet
30 June 1988

	Note	1988 K£	1987 K£
Investment in subsidiaries	7	39,830,080	38,672,233
Investment in associate at cost	8	35,114	35,114
Tanzanian assets	9	1,885,970	1,885,970
Ugandan assets	10	1,341,710	1,341,710
		43,092,874	41,935,027
Current assets			
Debtors		23,471	22,416
Bank balances		135,965	190,048
		159,436	212,464
Current liabilities			
Creditors		1,784,376	1,705,268
Taxation		80,087	273,268
Proposed dividend		3,199,278	3,199,278
		5,063,741	5,177,814
Net current liabilities		(4,904,305)	(4,965,350)
Net assets		38,188,569	36,969,677
Financed by:			
Share capital	11	21,328,520	21,328,520
Reserves	12	16,860,049	15,641,157
Shareholders' funds		38,188,569	36,969,677

The accounts on pages 11 to 18 were approved by the board of directors on 16 September 1988 and were signed on its behalf by:

B H Hobson
Director

R M Maina
Director

Consolidated Statement of Source and Application of Funds

for the year ended 30 June 1988

	1988 K£	1987 K£
Source of funds		
Profit before taxation	11,264,861	16,766,517
Adjustments for items not involving movement of funds:		
Depreciation	7,731,795	5,508,792
Profit on sale of fixed assets	(48,648)	(80,340)
Funds generated from operations	18,948,008	22,194,969
Funds from other sources		
Sale of fixed assets	143,090	89,965
Loans received	4,422,758	24,163,469
	23,513,856	46,448,403
Application of funds		
Purchase of fixed assets (including capital work in progress)	6,626,343	31,064,362
Loans repaid	10,431,627	5,236,601
Dividends paid	4,265,704	4,265,704
Taxation paid	5,672,946	9,414,182
	26,996,620	49,980,849
	(3,482,764)	(3,532,446)
Movement in working capital		
Stocks	4,271,158	9,740,395
Debtors	(346,536)	1,323,182
Creditors	(2,310,131)	(4,067,482)
	1,614,491	6,996,095
Movement in liquid funds		
Government Treasury Bills	—	(6,253,058)
Bank balances and cash	(14,570)	(729,879)
Bank overdraft	(5,082,685)	(3,545,604)
	(3,482,764)	(3,532,446)

Notes to the Accounts

for the year ended 30 June 1988

1 Accounting Policies

a Basis of Accounting
The accounts are prepared on the historical cost basis of accounting modified to include the revaluation of certain assets.

b Consolidation
The group accounts combine the results, assets and liabilities of the company and of its subsidiaries. Amounts due from foreign related companies are included as income only when received in Kenya. The group accounts do not combine the results and reserves of the associate company.

c Stocks
Beer bottles and crates are stated at the lower of cost and deposit price.
Other stocks are stated at the lower of cost and net realisable value. Cost comprises purchase price, or direct production cost, together with customs and excise duties and manufacturing overheads as appropriate.

d Depreciation
No depreciation is provided on land which is freehold, or leasehold for an unexpired term exceeding 99 years, or on capital work in progress. Other assets are depreciated to write off the cost or valuation in equal annual instalments at the following rates:

Short leasehold land	Over the unexpired portion of the lease
Buildings	2 per cent or over the unexpired portion of the lease, if less than 50 years
Plant and equipment	4 per cent to 20 per cent
Vehicles: Commercial	20 per cent
Cars	25 per cent

e Exchange Rates
Assets and liabilities expressed in foreign currency are translated into Kenya shillings at the rate of exchange ruling at the end of the financial year. Transactions during the year are translated at the rate ruling at the date of the transaction. However, the exchange loss resulting from the purchase of plant and equipment by a subsidiary, Central Glass Industries Limited, by foreign exchange borrowing has been capitalised.

The accounts are expressed in Kenya currency, K£1 being equivalent to twenty shillings.

2 Trading profit

	1988 K£	1987 K£
Trading profit is arrived at after charging:		
Loan interest	3,762,770	2,448,765
Depreciation	7,731,795	5,508,792
Auditors' remuneration	54,908	42,983
Directors' emoluments for services as:		
Directors	33,600	28,050
Executives	494,280	359,725
Executives of subsidiary	190,494	179,067
Write down of stocks of beer bottles and crates from cost to deposit price	1,833,215	318,392

3 Taxation

Taxation on the adjusted profit for the year at 45%	5,740,821	5,665,253
Adjustments relating to prior years	(10,001)	—
	5,730,820	5,665,253

Notes to the Accounts *(continued)*

4 Profit after taxation

	1988 K£	1987 K£
The result for the year is dealt with as follows:		
East African Breweries Limited	5,484,596	11,427,064
Subsidiaries	49,445	(325,800)
	5,534,041	11,101,264

5 Stocks

	1988 K£	1987 K£
Finished goods	5,809,647	3,567,890
Raw materials	5,067,775	6,896,962
Consumables	24,680,783	20,374,318
Goods in transit	988,840	1,436,717
	36,547,045	32,275,887

6 Fixed assets

	Freehold properties K£	Leasehold properties K£	Plant and equipment K£	Vehicles K£	Total K£
Cost or Valuation					
At 1 July 1987	23,189,611	18,539,224	83,306,524	9,475,802	134,511,161
Additions	21,545	365,720	5,566,936	561,234	6,515,435
Disposals	(71,525)	—	(184,023)	(174,352)	(429,900)
At 30 June 1988	23,139,631	18,904,944	88,689,437	9,862,684	140,596,696
Comprising:					
At cost	1,009,193	9,450,829	63,372,396	9,862,684	83,695,102
At valuation in 1980	22,130,438	9,454,115	25,317,041	—	56,901,594
	23,139,631	18,904,944	88,689,437	9,862,684	140,596,696
Depreciation					
At 1 July 1987	3,068,220	2,144,247	23,984,679	6,152,005	35,349,151
Charge for the year	445,858	395,877	5,756,982	1,133,078	7,731,795
On disposals	(7,797)	—	(160,000)	(167,661)	(335,458)
At 30 June 1988	3,506,281	2,540,124	29,581,661	7,117,422	42,745,488
Net book value					
At 30 June 1988	19,633,350	16,364,820	59,107,776	2,745,262	97,851,208
Capital work in progress					1,901,671
					99,752,879
At 30 June 1987	20,121,391	16,394,977	59,321,845	3,323,797	99,162,010
Capital work in progress					1,790,763
					100,952,773

Included in additions to plant and equipment is an amount of K£1,109,909 being exchange differences, arising from the change in value of the Kenya shilling, in respect of purchase of assets.

Notes to the Accounts *(continued)*

7 Investment in subsidiaries

	1988 K£	1987 K£
Shares at cost	30,277,250	20,250,000
Current account including dividend since declared	9,552,830	18,422,233
	39,830,080	38,672,233

During the year the company purchased all the issued share capital of Central Glass Industries Limited and Masterplan (K) Limited from a subsidiary at cost.

8 Investment in associate at cost

	1988 K£	1987 K£
Seychelles Breweries Limited	35,114	35,114

9 Tanzanian assets

The amount shown in the balance sheet represents the cost of the shares in Tanzania Breweries Limited and the balance of the current account. No progress has been made during the year on the disposal of the shares held in Tanzania Breweries Limited and settlement of the current account; however the company is continuing to negotiate for an equitable settlement of these matters.

10 Ugandan assets

On 5 July 1984, the Uganda Government returned ownership of Uganda Breweries Limited to the pre-nationalisation shareholders. The amount shown in the balance sheet represents the cost of the investment in Uganda Breweries Limited and the current account. The directors are confident that, in the future, the company's investment in Uganda Breweries Limited will prove beneficial.

11 Share capital

	1988 K£	1987 K£
Authorised		
50,000,000 ordinary shares of Sh. 10 each	25,000,000	25,000,000
Issued and fully paid		
42,657,040 ordinary shares of Sh. 10 each	21,328,520	21,328,520

12 Reserves

	Share Premium K£	Capital Reserve K£	General Reserve K£	Retained Profit K£	Total K£
Group					
At 1 July 1987	52,896	26,039,210	23,998,561	347,420	50,438,087
Profit and loss account	—	—	1,250,000	18,337	1,268,337
At 30 June 1988	52,896	26,039,210	25,248,561	365,757	51,706,424
Company					
At 1 July 1987	52,896	229,665	14,978,320	380,276	15,641,157
Profit and loss account	—	—	1,250,000	(31,108)	1,218,892
At 30 June 1988	52,896	229,665	16,228,320	349,168	16,860,049

Notes to the Accounts *(continued)*

13 Long term liabilities

	1988 K£	1987 K£
Secured bank loans repayable by semi-annual instalments by 30 June 1988	—	2,390,650
Secured bank loans repayable by semi-annual instalments by 31 July 1988	500,000	1,500,000
Secured bank loans repayable by semi-annual instalments by 31 December 1991	2,800,000	3,600,000
Secured bank loans repayable by semi-annual instalments by 31 May 1992	4,000,000	5,000,000
Secured insurance company loans repayable by semi-annual instalments by 31 March 1990	—	385,716
Secured Tembo Co-operative Savings and Credit Society Limited loan repayable by semi-annual instalments by 31 March 1990	214,286	321,429
Overseas bank loans repayable by semi-annual instalments by 10 September 1989	3,255,500	3,956,805
Overseas bank loan repayable by semi-annual instalments by 31 May 1994	11,537,725	12,209,743
	22,307,511	29,364,343
Less instalments due within 12 months shown as current liabilities	5,436,822	7,559,491
	16,870,689	21,804,852

14 Capital commitments

Group		
Expenditure contracted for but not provided in the accounts	7,013,076	2,180,640
Expenditure authorised by the board but not contracted for	17,987,707	765,499

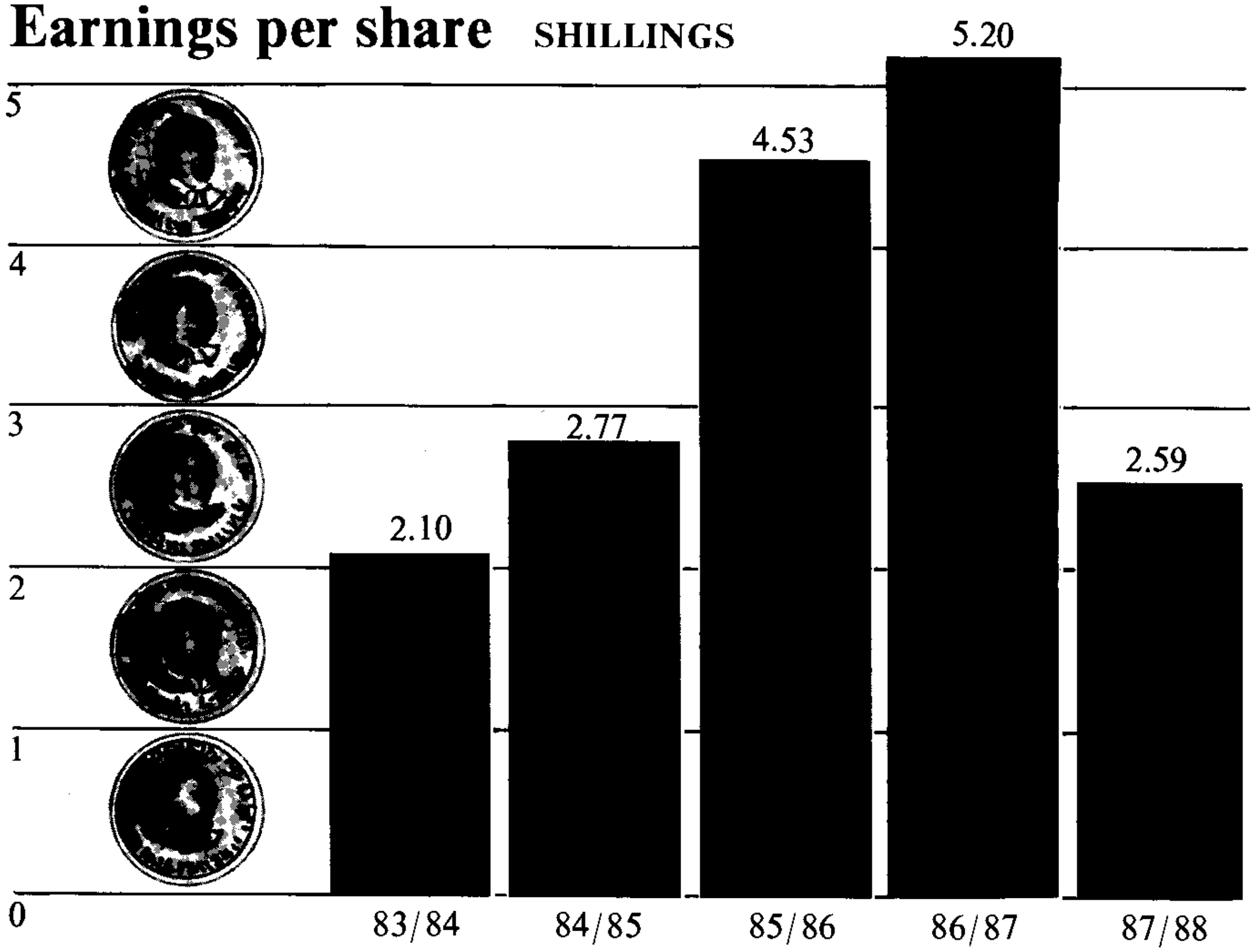
15 Contingent liabilities

Group		
Guaranteed bank advances to barley farmers	1,545,885	645,695
Company		
Guarantees to secure the local and overseas liabilities of:		
Kenya Breweries Limited	3,255,500	3,956,805
Central Glass Industries Limited	13,037,725	12,209,743
	16,293,225	16,166,548

Five-year Review of Profit and Earnings

	1987/88 K£'000	1986/87 K£'000	1985/86 K£'000	1984/85 K£'000	1983/84 K£'000
Trading profit	11,075	16,275	16,039	10,722	8,381
Income from investments	190	491	675	119	22
Profit before taxation	11,265	16,766	16,714	10,841	8,403
Taxation	5,731	5,665	8,662	5,925	4,677
Profit attributable to shareholders	5,534	11,101	8,052	4,916	3,726
Dividends	4,266	4,266	4,088	3,555	3,199
Profit retained	1,268	6,835	3,964	1,361	527
Earnings per ordinary share (Sh)	2.59	5.20	4.53	2.77	2.10
Dividend per ordinary share (Sh)	2.00	2.00	2.00	2.00	1.80
Number of issued shares in millions	42.7	42.7	35.5	35.5	35.5

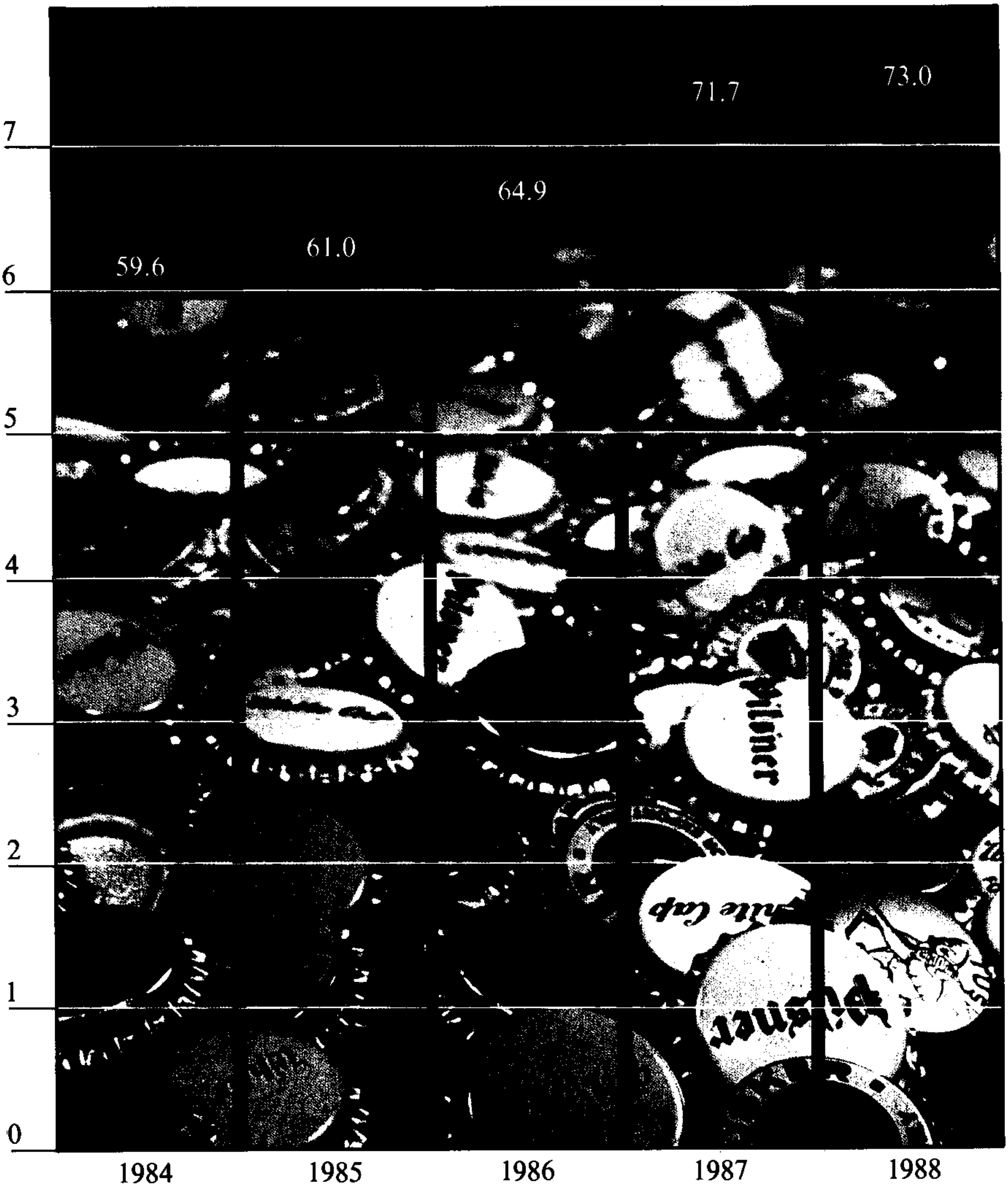
Earnings per share SHILLINGS



Five-year Review of Assets Employed

	1988 K£'000	1987 K£'000	1986 K£'000	1985 K£'000	1984 K£'000
Assets employed					
Fixed assets	99,753	100,953	75,407	74,652	74,687
Investments	35	35	35	35	35
Tanzanian Assets	1,886	1,886	1,886	1,886	1,886
Ugandan assets	1,342	1,342	1,342	1,427	1,284
Long term liabilities	(16,871)	(21,805)	(7,961)	(9,290)	(12,701)
Net current liabilities	(13,110)	(10,644)	(5,778)	(7,694)	(5,535)
Net assets	73,035	71,767	64,931	61,016	59,656
Financed by					
Share capital	21,329	21,329	17,774	17,774	17,774
Reserves	51,706	50,438	47,157	43,242	41,882
Shareholders' funds	73,035	71,767	64,931	61,016	59,656
Net current liabilities					
Stocks	36,547	32,276	22,535	21,178	19,153
Debtors	5,440	5,787	4,464	2,118	1,314
Creditors	(38,504)	(38,259)	(34,857)	(26,181)	(22,108)
Proposed dividend	(3,199)	(3,199)	(3,199)	(2,666)	(2,311)
Net liquid funds	(13,394)	(7,249)	5,279	(2,143)	(1,583)
	(13,110)	(10,644)	(5,778)	(7,694)	(5,535)
Net assets per ordinary share (Sh)	34.24	33.65	36.53	34.33	33.56

Net Assets Employed
K£ MILLIONS



Statement of value added

	1988 K£'000	%
Turnover	279,183	
Deduct: Cost of material, supplies and services bought and depreciation set aside	92,862	
Value Added	186,321	
Add: Investment income	190	
	186,511	
This was shared as follows:-		
To employees as payroll costs, excluding P.A.Y.E.	16,949	9.1
To Government as taxes	160,265	85.9
To banks and other lenders	3,763	2.0
To shareholders	4,266	2.3
Retained in the group	1,268	0.7
	186,511	100.0

Taarifa ya ongezeko la thamani

Uuzaji kwa jumla

Toa: Gharama za vifaa, bidhaa zilizonunuliwa, huduma zilizolipiwa na upungufu wa thamani

Thamani iliyoongezwa

Ongeza: Faida ya gawio.

Fedha hizi zilitumiwa ifuatavyo:

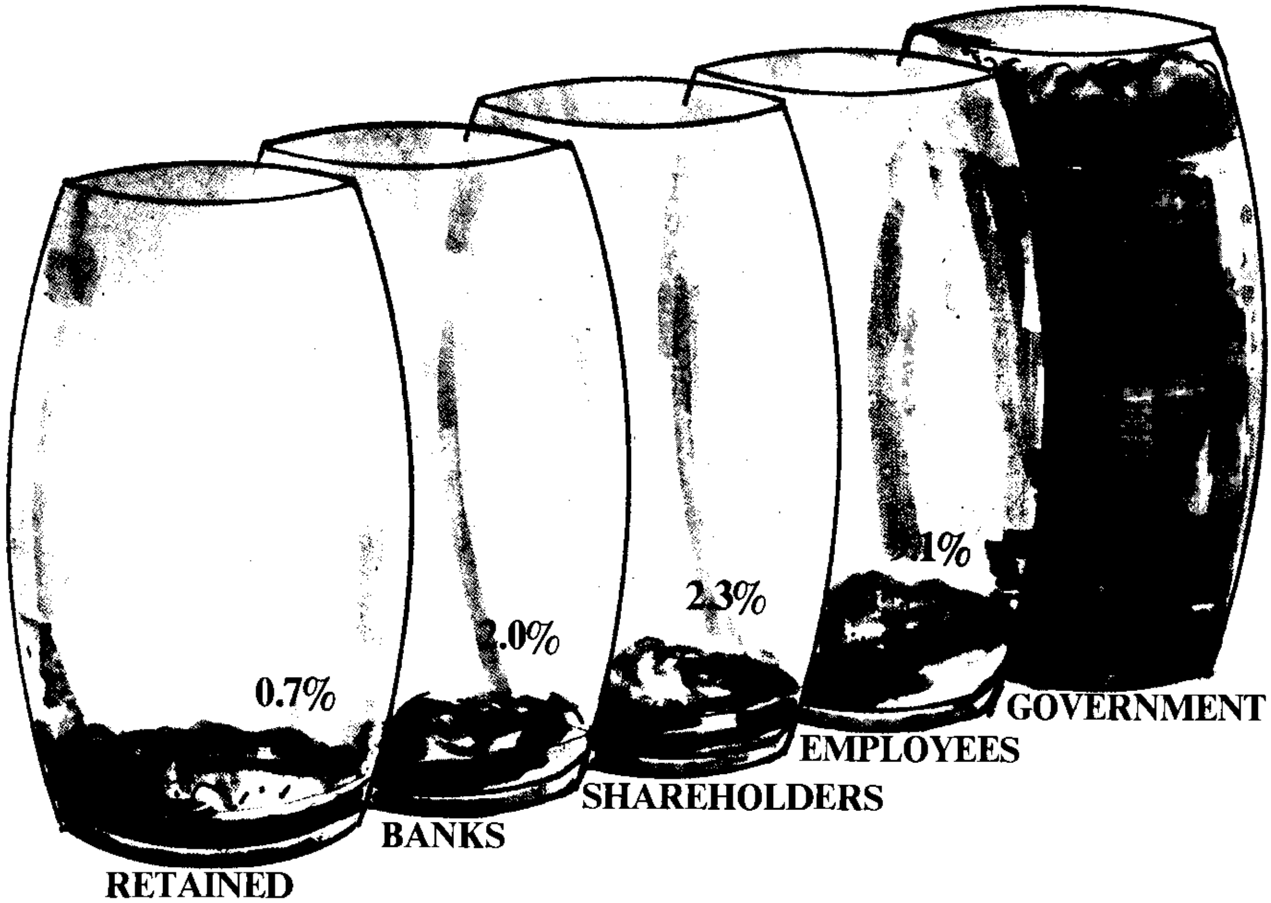
Kwa wafanyikazi kama gharama ya mishahara bila kodi ya binafsi

Ushuru wa Serikali

Malipo kwa benki na kampuni nyingine zilizotukopesha pesa

Migao kwa wenyehisa

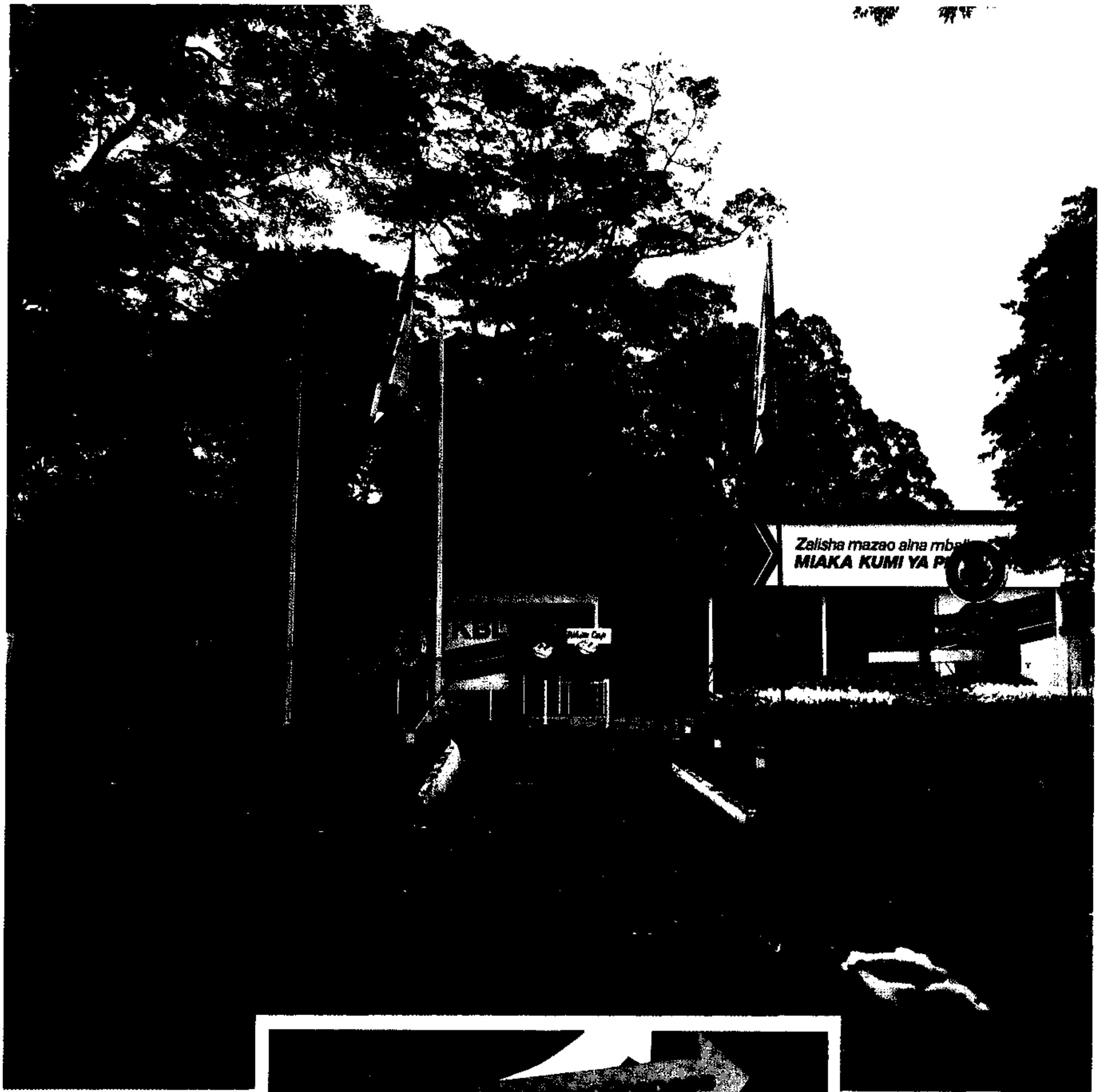
Fedha zilizotengwa kama akiba ya kikundi cha kampuni

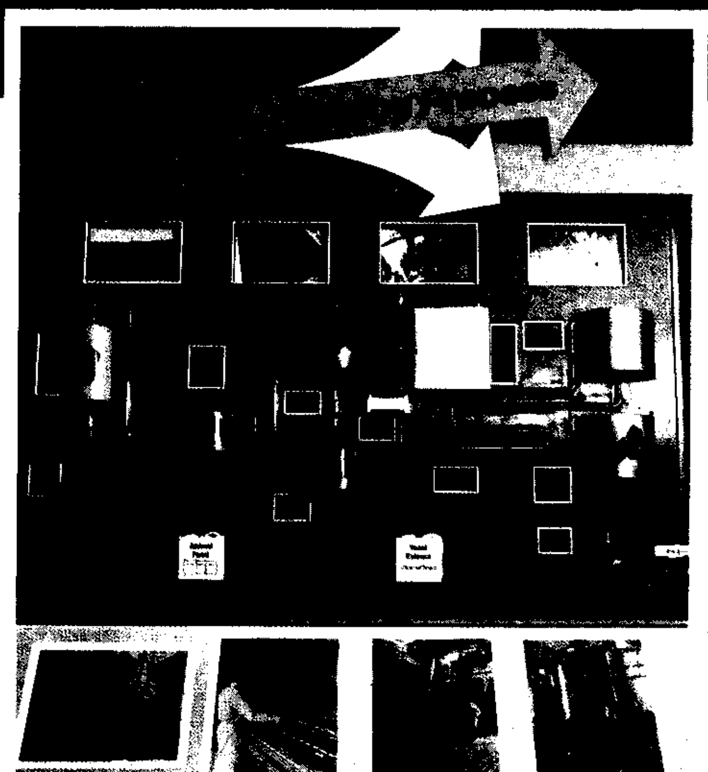



You can beat someone at draughts, darts or cards, but...
JOKER
...you can't beat a good beer!
KBL

1988 Kenya Breweries Limited stand, Nairobi International Show.

Kibanda cha Kenya Breweries Limited kwenye Maonyesho ya Kimataifa ya Nairobi 1988.



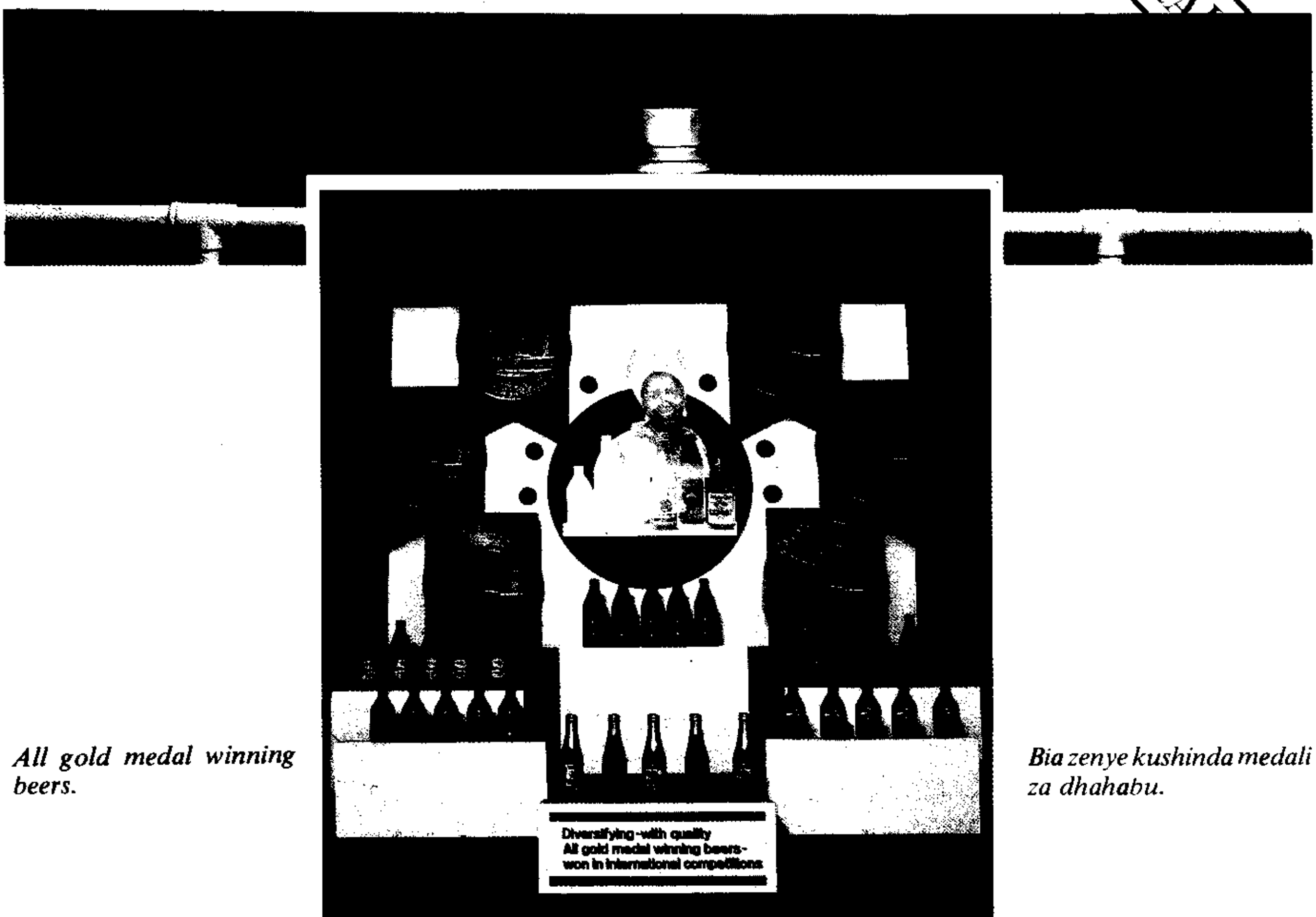


The brewing process.

Mtambo unaotengeneza bia

Kenya Breweries new Keg Lager a refreshing brew straight from the keg.

Bia mpya ya Kenya Breweries iitwayo Keg Lager.



All gold medal winning beers.

Bia zenye kushinda medali za dhahabu.

H.E. the Vice-President, Dr. J.N. Karanja presenting Long Service Awards.

Makamu wa Rais Mhe. Dkt. J.N. Karanja akipeana tuzo kwa utumishi mrefu.

In 1988 Kenya Breweries Limited, the main subsidiary, earned over K£ 2.1 million in foreign exchange through exports.

Katika mwaka wa 1988 kampuni ya kikundi, Kenya Breweries Limited ilijipatia pauni milioni 2.1 fedha za kigeni kwa kuuza bia nchi za nje.

Proxy

I/We ....

of (address) ....

being a member/s of East African Breweries Limited, hereby appoint ....

....of (address)..

or failing him ....

of (address) ....or failing him the duly appointed chairman of the meeting to be my/our proxy, to vote on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, 17th November, 1988 at 12.00 noon or at any adjournment thereof.

As witness my/our hand/hands this ....day of.......................................1988

Signature...

Notes: 1. This proxy is to delivered to the company's registered office not later than 12 noon on Wednesday 16 November, 1988 failing which it will be invalid.

2. In case of a corporation the proxy must be under its common seal.

Mwakilishi

Mimi/Sisi ....

wa (anwani) ....

kama mwanachama/wanachama wa East African Breweries Limited, hapa namchagua/tunachagua

....wa (anwani)

....

ama akikosa yeye ....

wa (anwani) ....ama akikosa yeye, basi namchagua/tunamchagua yule aliyechaguliwa kuwa mwenyekiti wa mkutano kuwa mwakilishi wangu/wetu, katika kunipigia/kutupigia kura katika Mkutano Mkuu wa Mwaka wa Kampuni, utakaofanywa siku ya Alhamisi, tarehe 17 Novemba 1988 saa sita za mchana ama siku yo yote ile iwapo mkutano utaahirishwa.

Kama ushahidi ninatia/tunatia sahihi hii/hizi tarehe ....Mwezi..............................1988

Sahihi ....

Ukumbusho: 1. Uwakilishi huu upelekwe kwa afisi ya Kampuni, kabla ya saa sita za mchana siku ya Jumatano, tarehe 16 Novemba 1988 ikikosa hivyo hautafaa kitu.

2. Kwa upande wa makampuni, uwakilishi ni lazima uwe umebadikwa ule muhuri wao wa kawaida.

FOLD 2
KISHA KUNJA HAPA

STAMP

Company Registrar
East African Breweries Limited
P O Box 30161
NAIROBI
Kenya

FOLD 1
KUNJA HAPA KWANZA

FOLD 3
HALAFU KUNJA HAPA

INSERT FLAP INSIDE
SASA INGIZA KARATASI HII NDANI YA MKUNJO ILI IONEKANE KAMA BAHASHA