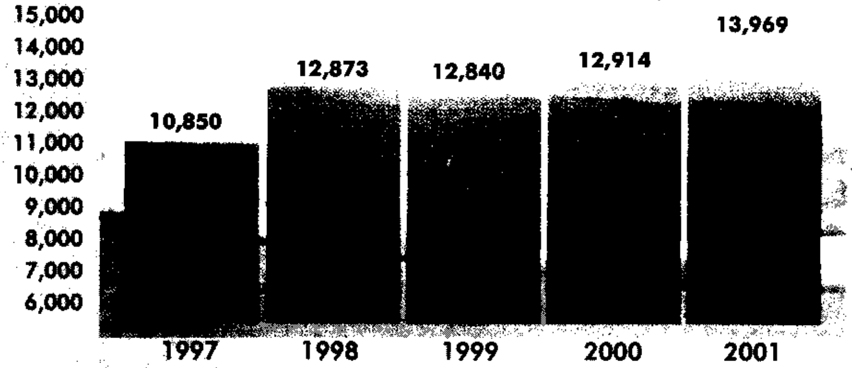
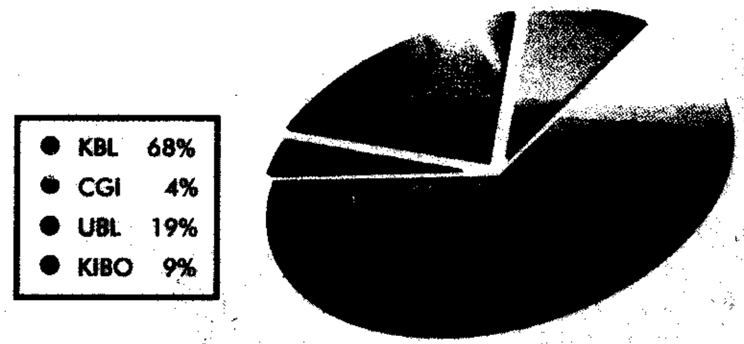
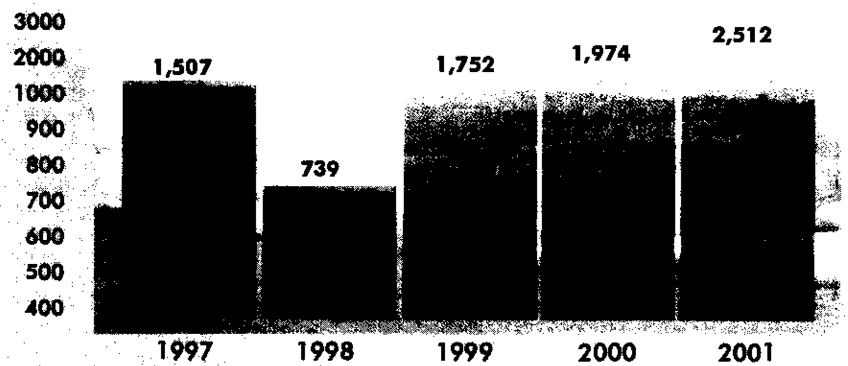
FINANCIAL **HIGHLIGHTS**

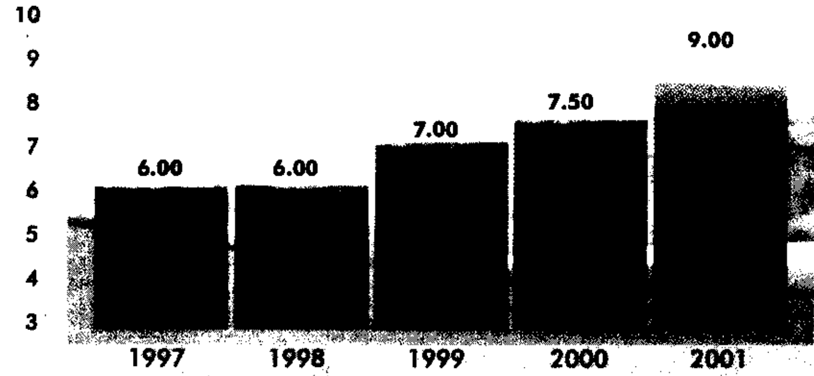


Net Sales Value (KShs M)

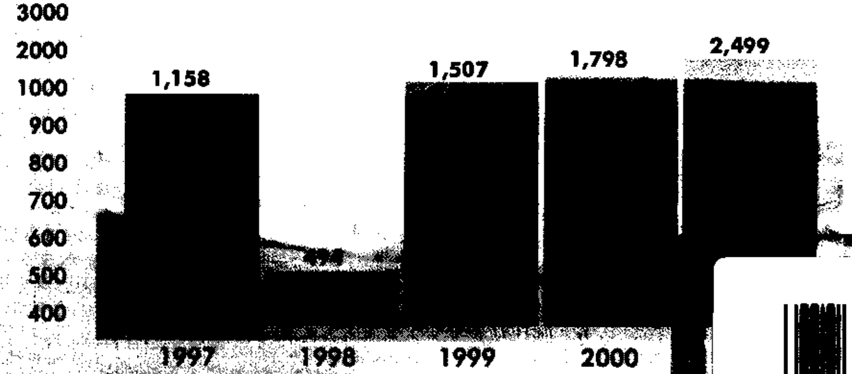




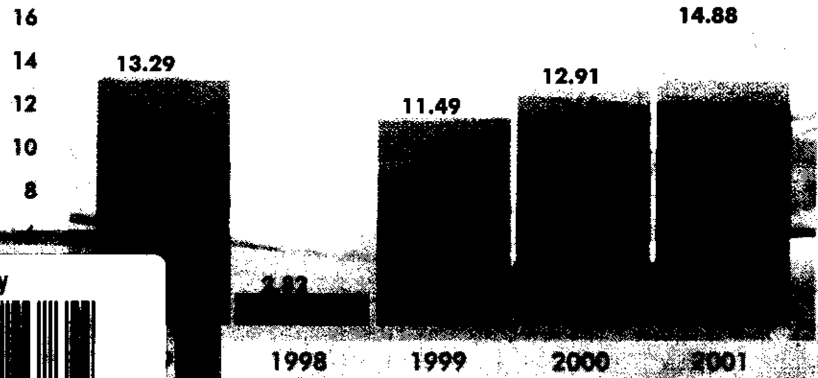
Operating Profit (KShs M)



Dividend Per Share (KShs)



Profit Before Tax (KShs M)



Share (KShs)

1. East African Breweries Ltd -- Periodicals
2. Brewing Industry -- Kenya -- Periodicals

FINANCIAL CALENDAR
for the year ended 30 June 2001

Results
Half Year Results announced on 9th March 2001
Full Year Results announced on 31st August 2001

Annual Report
Issued on 24 October 2001
79th Annual General Meeting: 30th November 2001

Dividends

Interim

Announced on 9th March 2001
Paid on 28th April 2001

Final

To be declared on 30th November 2001
Payable on or about 20th December 2001

Register
Closing date: 16 November 2001

CORPORATE INFORMATION

DIRECTORS, OFFICERS AND ADMINISTRATION

DIRECTORS

Group Chairman
JG Kiereini EGH,EBS,SS

Group Managing Director
PG Healy

Group Finance & Strategy Director
GK Mahinda

Non Executive Directors

IK Cheluget	
DHC Hampshire	
WS Kalema	(Appointed 1 September 2000)
MJ Karanja	(Retired 30 September 2000)
R Kemoli	
W Mugane (Ms)	(Appointed 31 August 2001)
JK Mwangi	
E Mwaniki	(Appointed 1 October 2000)
JV Mwapachu	(Appointed 1 September 2000)
Permanent Secretary – Treasury (Ke)	(Vacated office 31 May 2000)

GROUP COMPANY SECRETARY
JB Rukanyangira

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS
Corporate Centre, Ruaraka
Off Thika Road
P O Box 30161
Nairobi
Telephone: 864000
Fax: 802054 / 861090
E mail: kbl@kenyabreweries.com

REGISTRAR
Barclays Advisory & Registrar
Services Limited
1st Floor, Bank House
Moi Avenue
P O Box 30120
Nairobi

AUDITORS
KPMG Peat Marwick
Lonrho House, 16th floor
Standard Street
PO Box 40612
Nairobi

BANKERS
Standard Chartered Bank
Kenya Limited
Kenyatta Avenue Branch
P.O. Box 30003, Nairobi

Commercial Bank of Africa Limited
CBA Building
Wabera/Standard Street
PO Box 30437, Nairobi

Citibank NA
Citibank House, Upper Hill Road
PO Box 30711, Nairobi

ADVOCATES
Kaplan & Stratton
Queensway House, Kaunda Street
PO Box 40111, Nairobi

FRONT ROW (Left to right)

J B Rukanyangira
Company Secretary

E Mwaniki

J G Kiereini

I K Cheluget

REAR ROW (Left to right)

W Mugane (Ms)

P G Healy

G K Mahinda

D H C Hampshire

J K Mwangi

J V Mwapachu

W S Kalema

R Kemoli

NOTICE IS HEREBY GIVEN that the SEVENTY NINTH ANNUAL GENERAL MEETING of East African Breweries Limited will be held at the Tusker Sports Ground, Ruaraka, Nairobi on Friday **30 November, 2001 at 10.00 a.m.** for the following purposes:

1. **FINANCIAL STATEMENTS**

a) to receive and adopt the audited financial statements for the year ended 30 June, 2001 together with the report of the Directors and the Auditors' report thereon **(Resolution 1)**;

b) to confirm the interim dividend of KShs 2.25 and declare a final dividend of KShs 6.75 per ordinary share payable on or about 20 December, 2001 to members on the Register at the close of business on 16 November, 2001 **(Resolution 2)**.

2. **DIRECTORS**

a) **Elections**

i) to re-elect Ms Wanjiku Mugane who retires under Article 97 and, being eligible, offers herself for re-election as a director of the company **(Resolution 3)**;

ii) to re-elect Mr David H C Hampshire who retires under Article 94 and, being eligible, offers himself for re-election as a director of the company **(Resolution 4)**;

iii) to re-elect Mr Richard Kemoli who retires under Article 94 and, being eligible, offers himself for re-election as a director of the company **(Resolution 5)**;

iv) to re-elect Mr Isiah K Cheluget a director of the company, special notice having been given, pursuant to section 186 (5) of the Companies Act, of the intention to propose the following resolution as an ordinary resolution **(Resolution 6)**:

RESOLUTION

"That Mr Isiah K Cheluget, who attained the age of 70 years on 24 February 2001, be and is hereby re-elected a directar of the comapany."

b) **Remuneration**

To note that the Directors are not seeking any increase in their remuneration which, accordingly, remains as stated in the financial statements.

TANGAZO LINATOLEWA HAPA KWAMBA MKUTANO MKUU WA MWAKA HUU UKIWA NI WA SABINI NA TISA wa Kampuni ya East African Breweries Limited utafanyika katika uwanja wa michezo wa Tusker, Ruaraka, *Nairobi siku ya* ***Ijumaa, tarehe 30 Novemba, 2001 saa nne asubuhi*** *kwa minajili ifuatayo:*

1. ***TAARIFA YA KIFEDHA***

a) Kupokea na kuidhinisha taarifa za kifedha ambazo zimechunguzwa kwa mwaka uliomalizika 30 Juni, 2001 pomoja na ripoti ya Wakurugenzi na ya Wakaguzi wa Hesabu wa kampuni, zilizoambatanishwa ***(Azimio la kwanza);***

b) Kuthibitisha malipo ya mgawa wa muda wa shilingi 2.25 za Kenya na kutangaza mgawo wa mwisha wa shilingi 6.75 za Kenyo kwa kila hisa ya kawaida, utakaolipwa mnamo au kabla ya tarehe 20 Desemba, 2001 kwa wenyehisa ambao majina yao yatakuwa kwenye Daftari kufikia wakati wa kumalizika kwa shughuli, tarehe 16 Novemba, 2001 ***(Azimio la pili).***

2. ***WAKURUGENZI***

a) ***Uchaguzi***

i) kumchagua Bi Wanjiku Mugane ambaye anastaafu kulingana na kifungu cha 97 cha kanuni za kampuni na, kwa vile inakubaliwa kumchagua tena, anajitolea achaguliwe kama mkurugenzi wa kampuni ***(Azimio la tatu);***

ii) kumchagua Bw David HC Hampshire ambaye anastaafu kulingana na kifungu cha 94 cha kanuni za kampuni na, kwa vile inakubaliwa kumchagua tena, anajitolea achaguliwe kama mkurugenzi wa kampuni ***(Azimio la nne);***

iii) kumchagua Bw Richard Kemoli ambaye anastaafu kulingana na kifungu cha 94 cha kanuni za kampuni na, kwa vile inakubaliwa kumchagua tena, anajitolea achaguliwe kama mkurugenzi wa kampuni ***(Azimio la tano);*** *na*

iv) kumchagua tena Bw Isiah K. Cheluget kama mkurugenzi wa kampuni, notisi maalum ikiwa imetolewa, kulingana na kifungu cha 186(5) cha sheria zinazosimamia makampuni, kwa kusudi la kupendekeza azimio lifuatalo kama azimio la kawaida ***(Azimio la sita):***

AZIMIO

"Kwamba Bw Isiah K Cheluget ambaye alitimizo umri wa miaka 70 tarehe 24 Februari 2001, achaguliwe na amechaguliwa tena kama mkurugenzi wa kampuni."

b) ***Malipo***

Wakurugenzi hawatafuti nyongeza yoyote kwa malipo yao ambayo yatabakia ilivyoelezwa katika taarifa ya kifedha.

3. **AUDITORS**
To appoint KPMG Peat Marwick the company's Auditors for the period ending with the next annual general meeting of the company and to outhorise the directors to determine their remuneration **(Resolution 7).**

4. **To transact any other business that may legally be transacted at the meeting.**

By Order of the Board,

J.B. Rukanyangira
Secretary

24 October 2001

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member.

*A tear-out form of Proxy is given on page 36 for use by members who do not propose to be present at the meeting.

3. ***WAKAGUZI WA HESABU***
Kuwateua KPMG Peat Marwick kama Wakaguzi wa Hesabu wa kampuni kwa muda utakaomalizika na mkutano mkuu wa kampuni wa mwaka ujao na kuwapa wakurugenzi idhini ya kuamua malipo yao ***(Azimio la saba).***

4. ***Kushughulikia mambo mengine ambayo yanaweza kujadiliwa kihalali katika mkutano huo.***

Kwa Amri ya Halmashauri.

J.B. Rukanyangira
Katibu

24 Oktoba 2001

Mwanahisa aliye na haki ya kuhudhuria na kupiga kura mkutanoni ana haki ya kumteua mwakilishi mmoja au zaidi kuhudhuria na kupiga kura kwa niaba yake. Si lazima mwakilishi awe mwanahisa wa Kampuni.

Fomu ya uwakilishi inayoweza kutolewa inapatikana katika ukurasa wa 36 kwa matumizi ya wanahisa wasiotarajia kuhudhuria mkutano.

CHAIRMAN'S REPORT

J G KIEREINI
GROUP CHAIRMAN

This financial year has seen EABL become one of the most efficient companies in the East African region. Last November, we embarked on new initiatives including the listing of EABL on the Uganda Securities Exchange, introduction of a shared services centre, buyout of the minority shareholders in Uganda Breweries, expansion of our brands portfolio to include spirits and the introduction of executive share option and share save schemes for employees.

I am very pleased to say that we have made very good progress with the initiatives. I am particularly happy to report that, as a result of the cross listing, EABL shares are now freely traded in Uganda and the listing has brought greater liquidity and a larger investment market for our shareholders.

I would like to take this opportunity to thank all our shareholders for supporting management in implementing the new initiatives. The Scrip Dividend was very successful with the highest take ever. The UBL share swap was a great success and EABL now has full control of the company which is left with only a very insignificant minority. Negotiations to acquire International Distillers Uganda Limited and United Distillers & Vintners (UDV) in Kenya and extend the depth of our portfolio are continuing.

Over the last 12 months, our region has been beset by economic problems and has seen rises in operating costs and a general downtum in consumer spending. EABL has faced up to these economic challenges by looking positively to

EABL imekuwa mojawapo ya makampuni yenye ufanisi zaidi katika eneo la Afrika Mashariki katika mwaka huu wa kifedha. Mwezi wa Novemba uliopita, tuliandaa mipango mipya ikiwemo kuanzisha ununuzi na uuzaji wa hisa za EABL katika Uganda Securities Exchange, kuanzishwa kwa kituo cha kuchangia huduma, kuzinunua hiso ambozo zilikuwa hazijamilikiwa na EABL katika Uganda Breweries, kuzidisha chapa zetu za vinywaji, kuingilia soko la vinywaji vikali na kuanzishwa kwa mipango ya kuwarahisishia maafisa wakuu na wafanyikazi wengine wa kampuni kujipatia hisa katika kampuni.

Ni furaha yangu kuwajulisha kwamba tumeendelea vilivyo katika mipango hii. Nina furaha hasa kuripoti kwamba hisa za EABL kwa sasa zinauzwa na kununuliwa kwa urahisi nchini Uganda na kwo hivyo mali iwezaya kubadilishwa kwa pesa taslimu na soko la kitega uchumi kwa wanahisa wetu imeongezeka.

Ningependa kuchukua fursa hii kuwashukuru wanahisa wetu wote kwa kuunga mkono uongozi katika utekelezaji wa mipango hiyo. Hati ya muda ilifanikiwa sana ukilinganisha na miaka ya huko nyuma. Ubadilishanaji wa hisa za UBL ulifaulu sana na EABL kwa sasa imeshika usukani wa kampuni hiyo ambayo sasa imebakia tu na idadi ndogo sana ya hisa zisizomilikiwa na EABL. Majadiliano ya kujipatia International Distillers Uganda Limited na United Distillers & Vintners (UDV) nchini Kenya na kupanua chapa zetu za vinywaji bado yanaendelea.

Kwa muda wa miezi 12 iliyopita, eneo letu limekumbwa na matatizo ya kiuchumi na kupanda kwa gharama za utendaji kazi na upungufu wa kiwango cha utumiaji wa pesa. Hata hivyo, EABL imekabiliana vilivyo na kichocheo hiki cha kiuchumi kwa kuwa na mwelekeo wa kujenga kwa siku zijazo, huku ikijumuisha teknolojia mpya, kuungana na wengine na kuleta ushirikiano ambao umetuelekeza katika dunia ya biashara ya ulimwengu mzima.

Nina furaha kuripoti kuwa kampuni iliweza kupata faida ya shilingi bilioni 2.5 za Kenya kabla ya kutozwa ushuru. Jumla ya shilingi biliani 13.7 za Kenya zililipwa kwa serikali katika nchi tunazofanyia kazi zetu kupitia kwa ushuru wa moja kwa moja na ule usio dhahiri. Hii ni mara tano zaidi ya faida tuliyoipata kabla ya kutozwa ushuru.

the future, embracing new technologies, introducing new brands and creating partnerships that have brought us into the world of global business.

I am happy to report that the Group was able to achieve an operating profit of Ksh 2.5 billion before taxation. Ksh 13.7 billion was paid to the national exchequers of the countries we operate in through direct and indirect taxes. This is more than five times our pre tax profit.

The Board is delighted to recommend a final dividend of Ksh 6.75 per ordinary share, which, when added to the interim dividend of Ksh 2.25 per share paid in April, brings the total dividend for the year to Ksh 9.00 per share. This is a 20% increase over last year and represents 62% of the profits attributable to shareholders compared to 59% last year.

We have not only enhanced shareholder value but we have also increased our support for the local economic markets in which we operate and more than 70% of the Group's supplies are obtained from locally based suppliers. We are continuing the campaign for a regional reduction in excise duties, as we believe that a reduction will not only benefit our companies and brands but will also benefit consumers.

EABL - A GLOBAL BUSINESS

We recognize that in this modern world, business has no borders. The global business community thrives on successful partnerships between national and international companies that bring together the best from many nations.

With this in mind we have forged a partnership with Guinness, a subsidiary of Diageo which is a leading global producer of branded alcoholic beverages. This relationship allows us to make use of the best of international resources and skills and brings EABL onto the world stage.

EABL - A RESPECTED LEADER IN EAST AFRICA

Our financial market performance continues to grow strongly, and we are now the 4th largest company, by capitalisation, on the Nairobi Stock Exchange.

One of our proudest achievements came in December 2000, when, through a survey

Wakurugenzi wana furaha kupendekeza mgawa wa mwisha wa shilingi 6.75 za Kenya kwa kila hisa ya kawaida, ambaa ukiangezwo kwa mgawa wa muda wa shilingi 2.25 za Kenya uliolipwa mwezi Aprili, utajumlisho mgawa wa mwaka huu kuwa shilingi 9.00 za Kenya. Hii ni nyongeza ya zaidi ya asilimia 20 kuliko mwaka uliopita na inawakilisha asilimia 62 ya faida kwa wenye hisa kulinganisha na asilimia 59 za mwaka jana.

Mbali na kuimarisha thamani kwa wanahisa, tumezidisha ushirikiano wetu na masoka ya kiuchumi ambamo tunafanyia biashara yetu, na zaidi ya asilimia 70 ya mahitaji ya makampuni yetu yanapatikana kutoka kwa wafanyibiashara wa enea hili. Bado tunaendelea na kuzishawishi serikali za eneo lote kutupunguzia ushuru, kwani tunaamini kwamba ushuru ukipunguzwa, sio tu makampuni yetu na chapa zetu zitakazofaidi bali pia wateja wetu.

EABL - BIASHARA KIMATAIFA

Tunatambua kwamba katika ulimwengu huu wa kisasa, biashara haina mipaka. Jumuiya ya kibiashara ulimwenguni hustawi kwa ushirikiano wenye mafanikio kati ya makampuni ya kitaifa na ya kimataifa ambaya huleta pamaja yale mazuri kutoka kwa mataifa mengi.

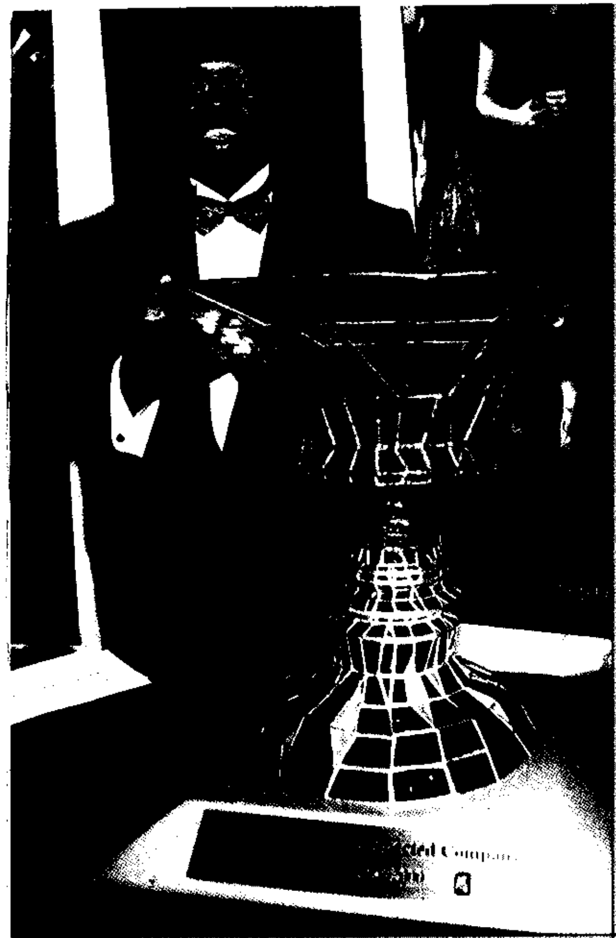
Kwa kuzingatio haya, tumebuni ushirikiano na Guinness, ambayo ni kampuni tanzu ya Diageo inayoongoza ulimwenguni kwa utaaji vinywaji mbalimbali vya pambe. Uhusiana huu unatuwezesha kutumia ujuzi na rasilimali ya kimataifa iliyo bora zaidi na huifikisha EABL kwenye jukwaa la ulimwengu.

EABL - KAMPUNI INAYOHESHIMIWA KATIKA AFRIKA MASHARIKI

Tunaendelea kufanya vyema katika soka la kifedha na sasa tumeshikilia nafasi ya nne kama kampuni kubwa zaidi kifedha katika Soko la Hisa la Nairobi.

Majawapa ya mafanikio yetu tunayajivunia yalijiri mwezi wa Desemba

TAARIFA YA MWENYEKITI



In addition, the company has developed an environmentally friendly Heat Save program which enables the company to make substantial savings on fuel costs.

The agriculture department of the company has now relocated to a new office in Molo to be closer to the company's barley farmers.

Kenya Maltings remains vitally important to the barley industry in Kenya as a whole, contributing more than Ksh 1.2 billion each year to farmers, transporters and other contractors.

The company continues to lobby the Government of Kenya to provide tax incentives to barley farmers. This will boost barley farming in Kenya and increase malt production.

RECOGNITION AS MOST RESPECTED COMPANY IN E. AFRICA (2000)

Kampuni imeweka Kikagua Chupa cha Elekroniki katika kiwanda chake ili kutoa huduma zinazofaa na bora zaidi.

Kibo Gold, chapa inayoiwakilisha kampuni, ilishinda nishani ya dhahabu katika mashindano ya International Monde Selection, mojawapo ya mashindano yanayoheshimiwa zaidi ulimwenguni katika biashara ya bia.

Central Glass Industries

Central Glass Industries ilikabiliwa na mwaka mgumu kutokana na hali mbaya ya kiuchumi nchini Kenya.

Kampuni imefanyiwa marekebisho ili kuboresha kazi yake na kupunguza gharama.

Central Glass Industries inasifika kwa bidhaa zake bora na zaidi ya asilimia 50 ya bidhaa hizo huuzwa kwa nchi za nje. Chupa zake zinazotengenezwa kwa mtindo mpya na zilizo na uzani mdogo kabisa na mitungi yake ya glasi ya kuwekea maharagwe, vyote hivi vimewavutia wengi kutoka kwa masoko ya kigeni na wauzaji wa mazao mabichi humu nchini.

Matumizi ya glasi yameongezeka ulimwenguni na mahitaji ya bidhaa za glasi ya hali ya juu katika soko la Afrika Mashariki bila shaka yataongezeka. Central Glass Industries sasa iko tayari kuyatosheleza matakwa yote ya bidhaa zake za hali ya juu yanayotarajiwa hapo mbeleni.

Kenya Maltings

Kenya Maltings ilishirikishwa kama kampuni tanzu ya EABL mwezi wa Septemba 2000 na sasa inafanya kazi kwa ukamilifu, huku ikigawa kimea cha pombe kwa Kenya Breweries na Uganda Breweries.

Mwaka uliopita ulikuwa mzuri kwa ukuzaji wa shayiri na kampuni ilivuna tani 50,000 za shayiri, hili likiwa ongezeko la asilimia 16 tukilinganisha na mwaka uliopita.

Kampuni imevumbua zao jipya la shayiri ambalo halitaweza kupata madhara kutokana na virusi vya aina ya "yellow dwarf" (mbilikimo manjano), mojawapo ya virusi hatari kwa wakulima wa shayiri. Zao hili jipya linatarajiwa kuyazidisha mavuno kwa asilimia 20.

OUR WORKFORCE

Our staff is our most valuable resource.

We pride ourselves on our initiatives in Best Practice and World Class Manufacturing. The Group runs many courses and workshops on health and safety, project management, leadership, problem solving and, of course, new marketing initiatives, for its employees.

EABL, with the assistance of Guinness, has made great advances in staff development and is leading the way in providing new initiatives in training. We want to ensure that our people are equipped with the most up to date skills so that they can face the ever increasing challenges in the workplace.

By empowering all members of staff, we are achieving improved communication, improved efficiency, a reduction in cost and a greater respect for all employees' ideas and contributions.

To improve staff training and development even further, we have established a staff secondment program with Guinness and Diageo as a result of which 13 of our employees are now working overseas in associated companies.

SUPPORTING THE COMMUNITY

The Group is proud of its involvement in the different communities in which we operate. We believe that we need to take an active role in building a better society.

We are delighted to be associated with the Guinness funded scholarship programme at Strathmore College in Nairobi, Kenya. The scholarship programme, launched this year, will see ten Business scholarships worth more than Ksh 8 million shillings given to financially disadvantaged but academically gifted students. The scholarship students will be offered work experience programs at Kenya Breweries.

Kenya Breweries continues to focus on education and once again this year donated computers to a number of Secondary Schools throughout Kenya and provided computer training for teachers from those schools.

Mbali na hayo, kampuni imevumbua mradi wa kuhifadhi joto kimazingira na hii itaiwezesha kupunguza kwa kiasi kikubwa gharama ya utumiaji wa mafuta.

Idara ya kilimo ya kampuni imehamia afisi mpya huko Molo na hivyo basi kampuni imesonga karibu zaidi na wakulima wake wa shayiri.

Kenya Maltings inaendelea kuwa muhimu kwa ukuzaji wa shayiri nchini Kenya kwa jumla, kwani inachangia zaidi ya shilingi bilioni 1.2 kila mwaka kwa wakulima, wasafirishaji na makontrakta wengine.

Kampuni inaendelea kuishawishi Serikali ya Kenya kupeana motisha ya utoaji ushuru kwa wakulima wa shayiri. Hii itazidisha maradufu ukuzaji wa shayiri nchini Kenya na kuongeza kiwango cha utengenezaji wa kimea cha pombe.

WAFANYIKAZI WETU

Tunawathamini sana wafanyikazi wetu.

Tunajivunia kwa namna ambayo tumeshikilia 'Best Practice' (njia bora zaidi ya utendaji kazi) na 'World Class Manufacturing' (utengenezaji kwa mtindo wa kimataifa). Kampuni huwa na mafunzo na warsha mbalimbali juu ya afya na usalama, usimamizi wa miradi, uongozi, jinsi ya kutatua mizozo na vile vile njia mpya za kutafuta masoko. Kutokana na usaidizi wa Guinness, tumepiga hatua kubwa ili kuwaboresha wafanyikazi wetu na tunaongoza katika utoaji mpya wa mafunzo, nia ikiwa kuhakikisha kwamba wafanyikazi wetu wanapata ujuzi wa kisasa ndipo waweze kukabiliana vilivyo na matakwa ya kazi zao yanayoongezeka kila mara.

Kwa kuwapa wafanyikazi wetu uwezo wa kujisimamia kiufundi na kuwapatia vifaa vyote vinavyotakikana, tunatimiza lengo la kuwa na mawasiliano bora, uwajibikaji kazini, kupunguka kwa gharama na kuyaheshimu mawazo ya wafanyikazi wote na michango yao mingineyo kwa ufanisi wa kampuni.

Ili kuimarisha na kuendeleza zaidi mafunzo na ustadi wa wafanyikazi wetu, tumeanzisha mpango wa kubadilishana wafanyikazi kati ya EABL,

CHAIRMAN'S REPORT

Uganda Breweries has become a real national entity in Ugande, through its strong commitment to the local community and environment. The company is actively involved in wildlife conservation. It also recently constructed sanitation facilities for the residents and neighbouring businesses of the Port Bell Landing site and sponsored a corporate golf tournament which raised Ug shs 10 million for the Uganda Women's Effort to Save Orphans (UWESO).

Kibo Breweries continues to support education and health initiatives. The company assisted in the development and rehabilitation of various medical facilities, including supplying hospital beds for Nanyumba Health project in Mtwara and constructing a medical laboratory for Mbozi district hospital in Mbeya. Kibo Breweries also paid education fees for six blind students at the Open University of Tanzania.

Aside from education and health, Kibo Breweries has continued its support for the community by providing coffee seedlings to farmers in the Arusha region and also recently donated cement to the Rungwe earthquake appeal.

THE FUTURE OF EABL

At the end of another successful financial year, our thoughts turn to the future for which, working from our past successes, we have a very clear plan.

We see great potential in the East African region and for EABL. The branded beverage market does have strong potential for growth. With a dedicated workforce, dynamic marketing, the most efficient use of the best available technology, and a united commitment to service, quality and integrity, we can only grow stronger.

Guinness no Diageo, ambapo kwa sasa wafanyikazi wetu 13 wanafanya kazi huko ng'ambo katika makampuni tunayohusiana nayo.

KUISAIDIA JAMII

Kampuni ina fahari kwa ushirikiano wake na jamii mbalimbali, ambopo sisi hufanya biashara. Tunahisi kwamba ni jukumu letu kujihusisha katika kuijenga jamii bora zaidi.

Tuna furaha kuhusika na mpango wa msaada wa masomo unaosimamiwa na Guinness huko Strathmore College mjini Nairobi, Kenya. Mpango huu ulioanzishwa mwaka huu, utafadhili nafasi kumi za somo la biashara utakaozidi shilingi milioni 8 za Kenya zitakazapewa wanafunzi werevu ambao hawajiwezi kifedha. Wanafunzi hawa watapewa nafasi ya kupata tajriba kikazi huko Kenya Breweries.

Kenya Breweries inaendelea kufadhili shughuli za kielimu na kwa mara nyingine mwaka huu, ilitoa msaada wa tarakilishi kwa shule mbalimbali kote nchini Kenya na kutoa mafunzo ya tarakilishi kwa walimu kutoka kwa shule hizo.

Ugonda Breweries sasa ni kampuni inayosifika nchini Uganda kutokana na kujitolea kwake kuitumikia jamii na mazingira. Kampuni inajihusisho vilivyo katika kuhifadhi mbuga za wonyama. Hivi majuzi ilisaidia katika ujenzi wa vifaa vya udhibiti afya kwa wakaazi na wafanyibiashara walio jirani na eneo la kutua la Port Bell na ikadhamini mashindano ya kishirika ya golfu ambaya yalichangisha shilingi milioni 10 za Uganda kwa shirika la Wanawake wa Uganda la Kuwaokao Mayatima (UWESO).

Kiba Breweries inaendelea kufadhili shughuli za kielimu na kiafya. Kampuni ilisaidia katika uanzilishi na urekebishaji wa vituo vya afya kukiwemo ugawaji wo vitanda vya hospitali kwa mradi wa afya wa Nanyumba huka Mtwara na ujenzi wa maabara ya tiba katika hospitali ya wilaya ya Mbozi huko Mbeya. Kiba Breweries pia iliwalipia kara wanafunzi sita vipofu katika Chuo Kikuu Huria nchini Tanzanio.

Mbali na elimu na afya, Kibo Breweries imeendelea kuisaidia jamii, kwa kutoa miche ya kahawa kwa wakulima wa eneo la Arusha no vile vile ilitoa mchango wa simiti ikiitikia ambi

Through our global partnerships we are committed to bringing the warld's best resources and skills to East Africa and to taking the best of East Africa to the warld.

The above commitment can only mean greater shareholder value.

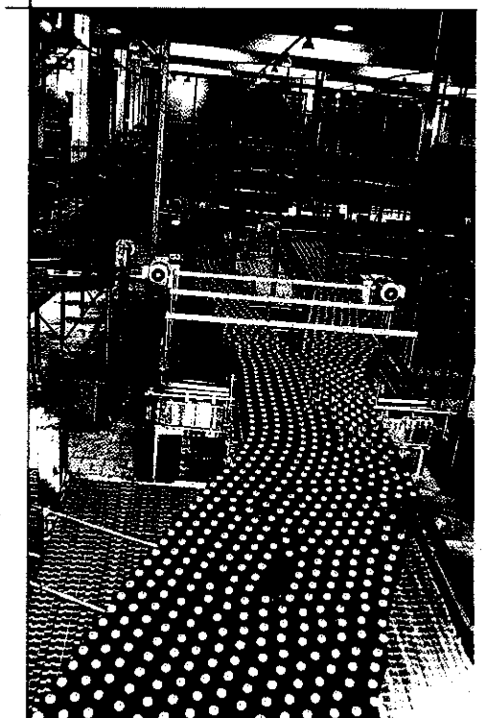
APPRECIATION

I wauld again like to toke this opportunity to ance again express my gratitude to everybody wha has contributed to making this a successful and rewarding year for EABL.

I would like to give special thanks to my fellow directors, management and staff, the shareholders, distributars and aur loyal consumers for their support and dedication which enabled us to achieve great results in o difficult ecanamic environment.

As we consolidate our achievements I look forward ta working together towards an even mare successful future.

J G Kiereini
Chairman



MODERN PACKAGING LINE

lililotolewa kwa niaba ya waliokabiliwa na tetemeko la ardhi huko Rungwe.

KUENDELEA MBELE KWA EABL

Tunapofikia mwisha wo mwaka mwingine wa kifedha wenye mafanikia, fikra zetu zinageukia siku zijazo ambazo tumeziwekea mipanga mahususi tukiyatazoma mafanikia yetu yaliyopita.

Tunatarajia mafanikia makubwa katika eneo la Afrika Mashariki na EABL. Soko la vinywaji vilivyowekwa alama lina uwezo mkubwa wa kukua. Tukiwa na wafanyikazi wanaojitolea, utafutaji madhubuti wa masoka, matumizi yanayofoa ya teknolajia nzuri zaidi iliyopo, kujitolea kwa ushirikiano ili kutoa huduma, ubora na uaminifu, tunaweza tu kuimarika zaidi.

Kupitia kwa ushirikiano na wenzetu ulimwenguni, tumejitolea kuleta rasilimali na ujuzi ulio bora zaidi katika ulimwengu hadi Afrika Mashariki na kuuletea ulimwengu kilicho bora katika Afrika Mashariki.
Kujitaleo huku kunamaanisha kwamba thamani kwo mwanahisa itaendelea kukua.

SHUKRANI

Ningependa tena kuchukua fursa hii kuwashukuru kwa mara nyingine wote ambao wamechangia kuufanya mwaka huu kuwa wa mafanikio kwa EABL.

Ningependa kutoa shukrani maalumu kwa wakurugenzi wenzangu, maafisa wakuu na wafanyikazi wengine wote, wanahisa, wagawaji wa bidhaa zetu na wateja wetu wote kwa kujitalea kwao na kuendelea kutuunga mkono, ambapo kwa haya tumefanikiwa kupata matokeo mazuri zaidi hata katika mazingira haya ya shida za kiuchumi.

Huku tukiyajumlisha mafanikia yetu, ni matarajia yangu kwamba tutaendelea kufanya kazi pamaja ili kufanikiwa zaidi siku za baadaye.

J G Kiereini
Mwenyekiti

TAARIFA YA MWENYEKITI

conducted by PricewaterhouseCoopers and the Nation Media Group, EABL was rated "The Most Respected Company in East Africa". I would like to again thank the East African business community for bestowing this great honour upon us.

TECHNOLOGY – THE WAY FORWARD

All over the world technology is changing the way people live and do business. EABL has taken a dynamic and progressive approach to the use of technology. We believe that harnessing the power of modern technology will keep us operating at global standards of efficiency and quality.

Last year, I indicated that we were introducing a shared services centre. I am pleased to report that the centre is now operational. We are using satellite communication and advanced Information Technology to provide controlled data for accounting, human resource, procurement and production under a single roof, further increasing our overall efficiency and effectiveness.

We plan to launch an EABL website in the near future. The site will introduce our company to the world through the Internet and will greatly enhance our global profile and accessibility. We will also soon establish an EABL Intranet. This facility will allow our staff to continually share and access corporate information, enabling us all to work together even more efficiently and effectively.

2000, ambapo kupitia kwa uchunguzi uliofanywa na PricewaterhouseCoopers na Nation Media Group, EABL iliteuliwa kuwa "Kampuni Inayoheshimiwa Zaidi katika Afrika Mashariki." Ningependa kuishukuru tena jumuiya ya kibiashara ya Afrika Mashariki kwa kututunukia heshima hii.

TEKNOLOJIA — NJIA YA PEKEE YA KUENDELEA MBELE

Ulimwenguni kote, teknolojia imesababisha mabadiliko kwa jinsi watu wanavyoishi na kufanya biashara. EABL imechukua mwelekeo wenye maendeleo katika matumizi ya teknolojia. Tunaamini kwamba kutumia nguvu za teknolojia ya kisasa kutatuwezesha kuendelea kutoa huduma zo kufaa na zenye ubora za kimataifa.

Mwaka uliopita, nilidokeza kwamba tungeanzisha kituo cha kuchangia huduma. Nina furaha kuripoti kwamba kituo hicho kwa sasa kinafanya kazi. Tunatumia mawasiliano ya satellite na usambazaji wa habari wa kiteknolojia ya kiwango cha juu sana kwa utoaji wa habari iliyopangwa kwa minajili ya uwajibikaji, mambo ya wafanyikazi, ununuzi na utengenezaji vyote vikifanyiwa mahali pamoja, huku tukizidisha matokeo yetu kwa njia madhubuti.

Tuna mpango wa kuanzisha mtandao wa 'website' wa EABL hivi karibuni. Mtandao huo utauwezesha ulimwengu kuifahamu kampuni yetu kupitia kwa mtandao wa 'Internet' hivi basi kutupa uwezo mkubwa wa kuweza kufikiwa kwa urahisi. Vile vile tunanuia kuweka mtambo wa

We recently outsourced our 260-vehicle fleet to regional motor dealerships. By outsourcing our fleet management, we will not only significantly cut costs and increase efficiency but the arrangement will also help us reduce our asset base and improve economic value.

THE BOARD

Ms Wanjiku Mugane was appointed a director of the company to replace the Permanent Secretary, Treasury (Kenya). Ms Mugane's appointment further strengthens the Board and now brings the average age of the Board to slightly below 58 years. Thus, the Group continues to be overseen by a very strong and dynamic Board.

CORPORATE GOVERNANCE

This year the board set up a Remuneration committee. The committee, which consists of non-executive directors, will be responsible for the assessment and approval of all incentive pay structures for Executives in the Group. The overall aim is to ensure that employees are fairly rewarded for their contribution to the Group's operating and financial performance, taking into account industry, market and country benchmarks.

The committee will play a vital role in ensuring continued high performance and inspirational results from our executives.

The Remuneration Committee and the Board Audit Committee set up last year, constitute a major step towards better corporate governance.

EABL SUBSIDIARIES – OPERATING [illegible]

Kenya Breweries

Kenya Breweries has successfully broken the cycle of a declining beer market with a significant increase in sales this year.

The year saw a major upgrading of the plant in Tusker Brewery in Nairobi. The brewery now has state of the art computerised and automated machinery in the central processing

'Intranet' wa EABL. Kifaa hiki kitawawezesha wafanyikazi wetu kuendelea kupokezana na kupata habari za shirika letu na kutuwezesha sote kufanya kazi pamoja zaidi.

Hivi majuzi, tulianza kukodisha magari yote yanayohitajika yapatayo kama 206 (badala ya kuyanunua) kutoka kwa wafanyibiashara wanaohusika na magari katika eneo hili. Kwa mpango huu hatutapunguza tu gharama bali pia tutaweza kupunguza pesa zinazoshikiliwa katika rasilimali yetu tusiyoitumia na kuboresha thamini yetu ya kifedha.

HALMASHAURI

Bi Wanjiku Mugane aliteuliwa kama mkurugenzi wa kampuni ili kujaza nafasi iliyoachwa Katibu Mkuu wa Idara ya Hazina ya Kenya alipoondoka kutoka halmashauri ya wakurugenzi wa kampuni.

Uteuzi wa Bi Mugane unazidi kuimarisha halmashauri na umeiteremsha miaka ya kadiri ya halmashauri hadi chini ya miaka 58. Hivi basi Kampuni inoendelea kusimamiwa na halmashauri yenye nguvu thabiti.

UONGOZI BORA

Mwaka huu halmashauri ya wakurugenzi ilianzisha Kamati ya Ujira. Kamati hii, ikiwa ni ya wakurugenzi wasio waajiriwa wa kampuni, itasimamia kukadiriwa na kuidhinishwa kwa malipo ya marupurupu kwa maafisa wa kampuni. Madhumuni makuu ni kuhakikisha kwamba wafanyikazi wanatunukiwa vilivyo kufuatia mchango wao katika utendaji na utekelezaji wa kifedha wa kampuni kwa kuzingatia viwanda, soko na alama teule ya nchi.

Kamati itaendelea kuchukua nafasi muhimu kuhakikisha kwamba maafisa wetu wanazidi kuwa na kiwango cha juu cha utendaji na matokeo yanayovutia.

Kamati hii ya Ujira pamoja na Kamati ya Uchunguzi ya halmashauri ambayo ilianzishwa mwaka jana zinachangia hatua kubwa kuhakikisha kuwa uongozi wa kampuni ni ule unaobainika.

[illegible] SERVICES CENTRE

CHAIRMAN'S REPORT

area. This new equipment and technology will enhance product quality and help to reduce overall operating costs.

The company's brands continue to be enjoyed by the great majority of beer consumers in the country.

Tusker Lager, our flagship brand, has rewarded our loyal consumers with the biggest promotion ever seen in Kenya – Tusker Mavuno Kenya Nzima, which has enhanced the company's public profile.

The company's Tusker and Pilsner brands continue to sponsor major sports in the country.

With increased sales, a higher public profile and strong brand loyalty, Kenya Breweries continues to prove itself to be a true winner.

Uganda Breweries

The past year has been very successful for Uganda Breweries, with sales increasing by 20% over last year.

The company has put in place marketing strategies and well thought out plans to deal with increased market challenges resulting from both a 10% increase in Duty and increased competition.

The past year's promotional initiatives have reaped great rewards and the company is now running a high impact advertising campaign which has been effective in increasing sales and strengthening brand image.

As a result, UBL's brands now command the market.

Kibo Breweries

While a slower economic market in Tanzania saw a decline in beer sales over the past year, Kiba is set for expected growth in the years to

MAKAMPUNI TANZU YA EABL — KUKUA PAMOJA

Kenya Breweries

Kenya Breweries imefaulu kusimamisha kuzorota kwa soko la bia linaladidimia kwa kupata mauzo yaliyoongezeka maradufu mwaka huu.

Pia, mwaka huu, kiwanda cha Tusker Brewery, mjini Nairobi, kimestawishwa vilivyo. Kiwanda hiki sasa kina mashine za kisasa zinazotumia tarakilishi na zinazojiendesha zenyewe, katika sehemu ya kati ya utengenezaji. Vifaa hivi vipya pamoja na teknolojia hii mpya vitazidisha ubora wa bidhaa na kusaidia kupunguza gharama ya utendaji kazi.

Vinywaji vya kamapuni vya aina mbalimbali vinaendelea kufurahiwa na watumiaji wengi wa bia nchini.

Tusker Lager, ambaya ni chapa yetu inayatuwakilisha, imewatuza wateja wetu waaminifu kwa shindano kubwa zaidi kuwahi kuonekana nchini Kenya – Tusker Mavuno Kenya Nzima, ambala lilisaidia sana katika kulikuza jina la kampuni. Tusker na Pilsner ambazo ni chapa za vinywaji vya kampuni zinaendelea kudhamini michezo mbalimbali humu nchini.

Kutokana na mauzo yaliyoongezeka, kujulikana kwa hali ya juu na uaminifu wenye mashiko kwa chapa zetu za bia, Kenya Breweries imethibitisha kwamba ni mshindi halisi.

Uganda Breweries

Mwaka uliopita umekuwa wenye mafanikio makubwa kwa Uganda Breweries, kwani mauzo yaliongezeka kwa asilimia 20 zaidi ya mwaka jana.

Kampuni imeanzisha mikakati ya kutafuta masoko na mipango madhubuti ya kukabiliana na matatizo ya soka ambayo yamezidi kutokana na ongezeka la asilimia 10 ya ushuru na upinzani ambaa pia umeongezeka.

Aina mbalimbali za utangazaji na ununuzi zilizofanywa mwaka jana zilifana sana na kwa sasa kampuni inashughulika na kampeni madhubuti ya matangazo ambayo imefaulu kuzidisha mauzo na kuimarisha chapa zetu.

Kufuatia haya yote, chapa za vinywaji vya UBL sasa zinaongoza katika soko.

came. The Tanzanian economy is expected to improve, resulting in increased spending power for consumers. Strong marketing initiatives will capitalise on the expected resultant growth in beer sales.

The company has invested in an Electronic Bottle Inspector in the plant to further improve both efficiency and quality.

Kiba Gold, the company's flagship brand, won a gold medal in the International Monde Selection, one of the most highly respected global competitions in the beer industry.

Central Glass Industries

Central Glass Industries experienced a challenging year under the recessionary economic conditions in Kenya.

The company has been restructured to improve productivity and reduce costs.

Central Glass Industries has a firm reputation for quality products, with more than 50% of its products being exparted. Its revalutionary lightweight battles and its bean jors are attracting interest fram foreign markets and local fresh produce exporters.

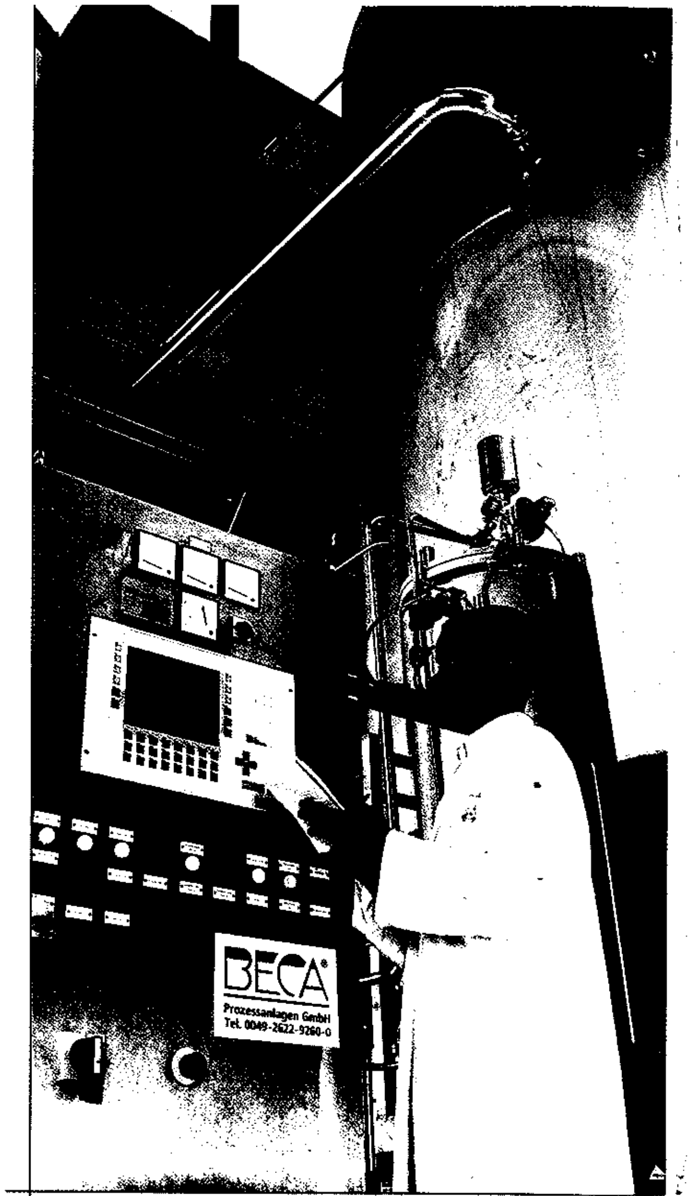
The use of glass has increased globally and the demand far high quality glass products in the East African market will inevitably also increase. Central Glass Industries is now set to meet the expected future demands for its superior products.

Kenya Maltings

September 2000 saw Kenya Maltings Ltd incorparated as a separate company in the Group. The company is now operating at full capacity, supplying malt to Kenya Breweries and Uganda Breweries.

The past year has been a good year for barley production. The company harvested 50,000 tonnes af barley, a 16% increase on the previous year.

The campany has developed a new strain of barley that is resistant to yellow dwarf virus, ane of the most damaging viruses for barley farmers. This new strain is expected to improve harvest yields by abaut 20%.



COMPUTERISED CENTRAL PROCESSING AREA

Kiba Breweries

Ingawa, kiuchumi, soko nchini Tanzania limepungua na mauzo ya bia yakadidimia mwaka uliopita, Kibo imejiweka tayari kukua inavyotarajiwa kwa miaka ijayo. Uchumi wa Tanzania unatarajiwa kustawika na hivyo uwezo wa ununuzi kwa wateja kuongezeka. Mipango yake ya kutafuta soka yaliya thabiti yatafanikiwa kutokana na mauzo ya bia yanayotarajiwa kuongezeka.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2001

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 30 June 2001.

ACTIVITIES

East African Breweries Limited remains a holding company with subsidiaries involved in the marketing, brewing/manufacturing and selling of beer and glass containers. A detailed review of the group's performance during the year is set out in pages 14 to 34 of this report.

DIVIDENDS

The directors recommend a final dividend of Ksh 6.75 per ordinary share to be paid on or about 20 December 2001 to those members on the register at the close of business on 16 November 2001. This, together with the interim dividend of KSh 2.25 paid in April 2001, brings the total dividend for the year to Ksh 9.00 per issued ordinary share.

TRANSFERS TO RESERVES

The profit attributable to shareholders amounted to Kshs 1,573,406,000 which, after dividends totalling Kshs 981,275,000, left Kshs 592,131,000 to be transferred to reserves.

DIRECTORS

The names of the persons who served as directors of the company during the year are set out on page 2.

Miss Wanjiku Mugane was appointed a Director on 31 August 2001 to fill the vacancy created by the vacation of office by the Permanent Secretary, Treasury (Kenya).

In accordance with the company's Articles of Association, Miss Mugane holds office only until the next annual general meeting of the company and being eligible, will seek re-election at the forth coming annual general meeting.

Mr David H C Hampshire and Mr Richard Kemoli retire by rotation and being eligible, will offer themselves for re-election.

Mr Isiah K Cheluget attained the age of 70 years on 24 February 2001. According to section 186(2) of the Companies Act, Cap 486, he vacates office at the conclusion of the next annual general meeting of the company. A shareholder has notified the company of his intention to propose that Mr Cheluget be re-elected a Director of the company at the meeting.

AUDITORS

KPMG Peat Marwick have indicated willingness to continue in office as the Company's Auditors in terms of Section 159(2) of the Companies Act.

EMPLOYEES

The directors are pleased, once again, to record their appreciation for the untiring efforts of all employees of the company and its subsidiaries.

By Order of the Board

J B Rukanyangira
Secretary

31 August 2001

RIPOTI YA WAKURUGENZI KWA MWAKA ULIOMALIZIKA 30 JUNI, MWAKA 2001.

Wakurugenzi wana furaha ya kuwasilisha ripati yao pamaja na hesabu za kifedha, ambazo zimechunguzwa, kwa mwaka uliomalizika tarehe 30 Juni 2001.

SHUGHULI ZA KAMPUNI.

East African Breweries Limited bado inaendelea kumiliki makampuni mengine yanayoshughulikia upikaji/utengenezaji, ununuzi na uuzaji wa bia na bidhaa za glasi. Ufafanuzi kamili wa utekelezaji wa kampuni katika mwaka huo unaonyeshwa katika kurasa 14 hadi 34 za ripoti hii.

MGAWO WA FAIDA.

Wakurugenzi wanapendekeza mgawo wa mwisho wa shilingi 6.75 za Kenya kwa kila hisa ya kawaida, zitakazolipwa mnamo au kabla ya tarehe 20 Desemba 2001 kwa wale wanahisa watakaakuwa kwenye daftari itakapofungwa tarehe 16 Novemba 2001. Mgawo huu, pamoja na mgawo wa muda wa shilingi 2.25 za Kenya uliolipwa mwezi wa Aprili 2001, unafanya jumla ya mgawo wa shilingi 9.00 za Kenya kwa hisa, kwa mwaka huu.

UHAMISHAJI KWA AKIBA.

Jumla ya faida kwa wenye hisa ilikuwa shilingi 1,573,406,000 za Kenya na kukitolewa shilingi 981,275,000 za mgawo kwa jumla, kunabakia shilingi 592,131,000 za Kenya za kuwekwa akiba.

WAKURUGENZI.

Majina ya wale waliokuwa wakurugenzi wa kampuni kwa mwaka huu, yako ukurasa wa 2.

Bi Wanjiku Mugane aliteuliwa kuwa Mkurugenzi tarehe 31 Agosti, 2000, ili kujaza nafasi iliyoachwa na Katibu Mkuu wa Idara ya Hazina ya Kenya alipoondoka kwenye Halmashauri ya wakurugenzi ya kampuni.

Kulingana na kanuni za kampuni, Bi Mugane anashikilia mamlaka mpaka mkutano mkuu wa kampuni ujao na, kwa vile inakubaliwa kumchagua tena, atajitolea kuchaguliwa katika mkutano mkuu wa mwaka unaokaribia.

Bw David H C Hampshire na Bw Richard Kemoli wanastaafu kwa zamu na kwa vile anaweza kuchaguliwa tena, watajitolea wachaguliwe.

Bw Isiah K. Cheluget alitimiza umri wa miaka 70 tarehe 24 Februari, 2001. Kulingana na kifungu cha 186(2) cha Sheria za Makampuni, anapaswa kustaafu baada ya kumalizika kwa mkutano mkuu wa kampuni wa mwaka huu. Mwenye hisa mmoja, ameiarifu kampuni kwamba anaruia kupendekeza katika mkutano huo kuwa Bw Cheluget achaguliwe tena kama Mkurugenzi wa kampuni.

WAKAGUZI WA HESABU.

KPMG Peat Marwick wamedokeza kwamba wako tayari kuendelea na wadhifa wa Wakaguzi wa Hesabu wa kampuni kuambatano na kifungu cha 159(2) cha Sheria zinazosimamia makampuni.

WAFANYIKAZI.

Kwa mara nyingine wakurugenzi wanawashukuru kwa furaha tele wafanyikazi wote wa kampuni na makampuni yake tanzu.

Kwa Amri ya Halmashauri.

J B Rukanyangira
Katibu

31 Agosti 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act requires the directors to prepare accounts 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 and the company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and the company. They are also responsible for safeguarding the assets of the group.

The directors accept responsibility for the annual accounts, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with generally accepted accounting practice and in the manner required by the Companies Act. The directors are of the opinion that the accounts give a true and fair view of the state of the financial affairs of the group and the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of accounts, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company and its subsidiaries will not remain a going concern for at least the next twelve months from the date of this statement.

Director: P G Healy

Director: G K Mahinda

Date: 31 August 2001

TAARIFA KUHUSU JUKUMU LA WAKURUGENZI

Sheria zinazoyasimamia makampuni zinawahitaji wakurugenzi kutayarisha hesabu za kila mwaka wa kifedha ambazo ni sahihi na zinazoonyesha kwa ukweli hali ya shughuli za kampuni ilivyo, kwa pekee na ikiwa na makampuni yake tanzu, na matokeo ya shughuli hizo hadi kufikia mwisho wa mwaka huo. Wakurugenzi vilevile wanahitajiwa kuhakikisha kuwa kampuni na makampuni yake tanzu inaweka kumbukumbu za uhasibu zilizo sawa na ambazo zinaonyesha kwa usahihi wa kutosha wakati wote, hali ya kifedha ya kampuni na makampuni yake tanzu ilivyo. Pia wanawajibu wakuifadhi rasilimali ya kampuni.

Wakurugenzi wanakubali jukumu juu ya hesabu za mwaka huu ambazo zimetayarishwa kwa kutumia sera za uhasibu zinazofaa na zinazothibitishwa kwa uamuzi na makadirio ya kutosha na yenye busara, kufuatana na utekelezaji wa kihasibu unaokubaliwa kwa kawaida na inavyohitajika na sheria zinazoyasimamia makampuni.

Wakurugenzi wanaonelea kwamba hesabu hizi za kifedha zinaonyesha kwa ukweli hali ya shughuli za kifedha ya kampuni kwa pekee na ikiwa na makampuni yake tanzu, ilivyo. Pia, wakurugenzi wanakubali kuchukua jukumu la kudumisha kumbukumbu za uhasibu ambazo zinaweza kutegemewa wakati wa matayarisha ya hesabu pamoja na utaratibu unaofaa wa udhibiti wa kifedha wa kindani.

Hakuna chochote kinachojulikana kwa wakurugenzi ambacho kingewaonyesha kwamba kampuni na makampuni yake tanzu haitabakia ikifanya biashara kwa angaa muda wa miezi kumi na miwili ijaya kutoka kwa tarehe ya kuandikwa kwa taarifa hii.

Mkurugenzi: P G Healy

Mkurugenzi: G K Mahinda

Tarehe: 31 Agosti 2001

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

We have audited the financial statements set out on pages 14 to 33 which have been prepared on the basis of the accounting policies set out in Note 1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and to provide a reasonable basis for our opinion. The balance sheet of the company is in agreement with the books of account.

As stated on page 12, the directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the company and the group, and of the group's operating results. Our responsibility is to express an independent opinion on the financial statements based on our audit and to report our opinion to you.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance that the accounts are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of the financial affairs of the company and the group at 30 June 2001 and of the group's operating results and cash flows for the year then ended in accordance with International Accounting Standards and comply with the requirements of the Companies Act.

CERTIFIED PUBLIC ACCOUNTANTS
KPMG Peat Marwick
P.O. Box 40612,
NAIROBI.

Date: 31 August 2001

TAARIFA YA WAKAGUZI WA HESABU KWA WANAHISA WA (KAMPUNI YA) EAST AFRICAN BREWERIES LIMITED.

Tumechunguza taarifa za kifedha zilizoko kwenye kurasa 14 hadi 33 ambazo zimetayarishwa kwa misingi ya sera za uhasibu zinazoelezwa katika Muhtasari nambari1. Tumepata habari zote na maelezo ambayo kwa kadiri ya ujuzi wetu kamili na maarifa yetu, yalihitajika kwa minajili ya uchunguzi wetu na kutupa msingi unaofaa wa kutoa maoni yetu. Mizania ya hesabu za kampuni inakubaliana na vitabu vya hesabu.

Kama ilivyoelezwa katika ukurasa wa 12, ni wajibu wa wakurugenzi kutayarisha hesabu za kifedha zilizo sahihi na zinazoonyesha kwa ukweli hali ya shughuli za kampuni, kwa pekee na ikiwa na makampuni yake tanzu, ilivyo. Ni jukumu letu kuwaelezea maoni yetu juu ya taarifa za kifedha, ambayo hayapendelei upande wowote, tukizingatia ukaguzi wetu na kuripoti maoni yetu kwenu.

Tulitekeleza uchunguzi wetu kuambatana na viwango vya Kimataifa vya Ukaguzi. Viwango hivyo vinahitaji tupange na kutekeleza uchunguzi wetu ili tupate thibitisho tosha kwamba hesabu hazina upotofu wa aina yoyote. Uchunguzi ni pamoja na ukaguzi, kwa msingi wa majaribio, kwa ushahidi unaothibitisha kiasi na matangazo yanayotolewa kwenye taarifa za kifedha. Pia, uchunguzi huwa ni pamoja na tathmini ya maadili ya uhasibu, yaliyotumika na makadirio muhimu yanayofanywa na wakurugenzi, pamoja na tathmini jumla ya uwasilishaji wa taarifa za kifedha. Tuna imani kwamba uchunguzi wetu unatoa msingi unaofaa wa maoni yetu.

Kwa maoni yetu, vitabu vya hesabu vimehifadhiwa vizuri na taarifa za kifedha zinaonyesha kwa ukweli, hali halisi ya kifedha ya kampuni yenyewe ikiwa na makampuni yote yanayohusika ilivyokuwa kufikia tarehe 30 Juni 2001, na fedha zilizopokelewa na kutumiwa kwa mwaka uliomalizikia hapo, kuambatana na Viwango vya Uhasibu vya Kimataifa na kukidhi mahitaji ya Sheria zinazosimamia Makampuni.

WAKAGUZI WA HESABU WA UMMA WALIOTHIBITISHWA
KPMG Peat Marwick
S.L.P 40612
NAIROBI.

Tarehe: 31 Agosti 2001

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2001

	Note	2001 KShs 000	2000 KShs 000
Turnover			
Gross		26,813,674	25,448,122
Indirect taxes		(12,844,975)	(12,534,104)
Net turnover		13,968,699	12,914,018
Cost of sales		(4,834,693)	(4,726,928)
Gross profit		9,134,006	8,187,090
Other operating income	3	43,492	121,235
Selling and distribution costs		(1,674,700)	(1,845,316)
Administrative expenses		(4,614,531)	(4,073,152)
Goodwill on acquisition		(132,641)	-
Re organisation costs		(243,700)	(416,205)
Profit from operations		2,511,926	1,973,652
Net finance costs	5	(12,809)	(175,547)
Profit before taxation	6	2,499,117	1,798,105
Income tax expense	7	(846,793)	(623,308)
Profit after taxation		1,652,324	1,174,797
Minority interest		21,082	59,263
Net profit for the year		1,673,406	1,234,060
Basic earnings per share	8	KShs 14.88	KShs 12.91
Diluted earnings per share	8	KShs 14.87	KShs 12.91
Dividend per share		KShs 9.00	KShs 7.50

The notes set out on pages 20 to 33 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2001

	Note	2001 [illegible]	2000 KShs 000
ASSETS			
Non current assets			
Property, plant and equipment	9(a)	[illegible]	8,687,695
Other investments	10	[illegible]	400
Deferred tax	11(a)	[illegible]	28,202
Defined benefit asset	12	[illegible]	107,792
		[illegible]	**8,824,089**
Current assets			
Stocks	13	[illegible]	3,626,624
Debtors	14(a)	[illegible]	1,422,592
Term deposits		[illegible]	-
Cash and bank balances		[illegible]	222,504
		[illegible]	**5,271,720**
TOTAL ASSETS		[illegible]	**14,095,809**
EQUITY AND LIABILITIES			
Share Capital and Reserves (Page 18)		[illegible]	8,738,556
Minority interest		[illegible]	670,259
Non Current liabilities			
Deferred tax	11(b)	[illegible]	878,465
Current liabilities			
Creditors	16	[illegible]	2,535,850
Due to related companies	17(a)	[illegible]	185,644
Short term bank loans	18	[illegible]	372,257
Taxation payable		[illegible]	119,806
Dividends payable		[illegible]	140,113
Bank overdraft		[illegible]	454,859
		[illegible]	3,808,529
TOTAL EQUITY, MINORITY INTEREST AND LIABILITIES		[illegible]	**14,095,809**

The accounts on pages 14 to 33 were approved by the Board of Directors on 31August 2001 and were signed on its behalf by:

Director: J. G. Kiereini   Director: G. K. Mahinda

The notes set out on pages 20 to 33 form an integral part of these financial statements.

COMPANY BALANCE SHEET AS AT 30 JUNE 2001

	Note	2001 KShs 000	2000 KShs 000
ASSETS			
Non current assets			
Property, plant and equipment	9(b)	64,831	49,870
Investment in subsidiaries	19	3,170,659	2,571,501
Due from subsidiary	20	1,000,000	1,000,000
Other investments	10	400	400
		4,235,890	**3,621,771**
Current assets			
Debtors	14(b)	-	8,910
Dividend receivable		1,800,000	1,200,000
Due from subsidiaries	20	846,222	1,272,586
Due from related companies	17(b)	6,016	-
Taxation recoverable		20,725	20,766
Short term deposits		1,136,139	-
Cash and bank balances		22,696	47,183
		3,831,798	2,549,445
TOTAL ASSETS		**8,067,688**	**6,171,216**
EQUITY AND LIABILITIES			
Share Capital and Reserves (Page 19)		7,893,379	6,031,103
Current liabilities			
Creditors		673	-
Dividends payable		173,636	140,113
		174,309	**140,113**
TOTAL EQUITY AND LIABILITIES		**8,067,688**	**6,171,216**

The accounts on pages 14 to 33 were approved by the Board of Directors on 31August 2001 and were signed on its behalf by:

Director: J. G. Kiereini　　　　Director: G. K. Mahinda

The notes set out on pages 20 to 33 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2001

	Note	[illegible]	2000 KShs 000
Cash flows from operating activities	21(a)	[illegible]	2,124,293
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		[illegible]	146,284
Purchase of plant and equipment		[illegible]	(605,411)
Acquisition of additional interest in subsidiary		[illegible]	-
Cash flows from investing activities		[illegible]	(459,127)
FINANCING ACTIVITIES			
Share swap (See Note 15)		[illegible]	-
Scrip issue		[illegible]	278,727
Short term loans received		[illegible]	-
Dividend paid		[illegible]	(672,067)
Short term loans repaid		[illegible]	(856,680)
Cash flows from financing activities		[illegible]	(1,250,020)
Net increase in cash and cash equivalents	21(b)	[illegible]	415,146

The notes set out on pages 20 to 33 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2001

	Share capital KShs 000	Share premium KShs 000	Revaluation reserve KShs 000	Retained earnings KShs 000	Proposed dividends KShs 000	Total Kshs 000
At 1 July 2000	974,022	1,467,808	3,291,342	2,876,938	-	8,610,110
Adjustments in respect of prior year's deferred tax	-	-	(527,970)	12,912	-	(515,058)
Reclassified from other liabilities to comply with policy Note 1(p)	-	-	-	-	535,712	535,712
Change in accounting policy with respect to IAS 19	-	-	-	107,792	-	107,792
As restated	974,022	1,467,808	2,763,372	2,997,642	535,712	8,738,556
Scrip issue	49,894	319,074	-	-	(368,968)	-
Share swap (See Note 15)	66,389	401,652	-	-	-	468,041
Net profit for the year	-	-	-	1,573,406	-	1,573,406
Deferred tax on revaluation surplus	-	-	-	12,412	-	12,412
Reversal on impairment of property, plant and equipment	-	-	(4,840)	-	-	(4,840)
Currency changes	-	-	(99,979)	39,168	-	(60,811)
Dividend:						
- 2000 declared and paid	-	-	-	-	(133,221)	(133,221)
- Transferred to liabilities	-	-	-	-	(33,523)	(33,523)
- 2001 interim paid	-	-	-	(245,319)	-	(245,319)
- 2001 final proposed	-	-	-	(735,956)	735,956	-
At 30 June 2001	**1,090,305**	**2,188,534**	**2,658,553**	**3,641,353**	**735,956**	**10,314,701**

Adjustments in respect of prior year's deferred tax relate to the incorporation of deferred tax on revaluation surpluses arising from industrial buildings, property, plant and equipment.

The notes set out on pages 20 to 33 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2001

	Share capital KShs 000	Share premium KShs 000	Revaluation reserve KShs 000	Retained earnings KShs 000	Proposed dividends KShs 000	Total Kshs 000
At 1 July 2000	974,022	1,467,808	36,276	3,017,285	-	5,495,391
Reclassified from other liabilities to comply with policy Note 1(p)	-	-	-	-	535,712	535,712
As restated	974,022	1,467,808	36,276	3,017,285	535,712	6,031,103
Scrip issue	49,894	319,074	-	-	(368,968)	-
Share swap (See Note 15)	66,389	401,652	-	-	-	468,041
Net profit for the year	-	-	-	1,806,298	-	1,806,298
Dividend:						
- 2000 declared and paid	-	-	-	-	(133,221)	(133,221)
- Transferred to liabilities	-	-	-	-	(33,523)	(33,523)
- 2001 interim paid	-	-	-	(245,319)	-	(245,319)
- 2001 final proposed	-	-	-	(735,956)	735,956	-
At 30 June 2001	**1,090,305**	**2,188,534**	**36,276**	**3,842,308**	**735,956**	**7,893,379**

The notes set out on pages 20 to 33 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2001

1) SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of preparation

The consolidated financial statements are prepared in accordance with International Accounting Standards. The financial statements are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment.

(b) Consolidation Principles

The consolidated financial statements include the company and its subsidiaries made up to the end of the financial year. A listing of the major subsidiaries is set out on page 33.

The financial statements of foreign subsidiaries are consolidated using the net investment method. The exchange rate ruling at the balance sheet date is used and the exchange differences resulting from the translation of net investments in the subsidiaries are recognised directly in equity. All inter-company balances and transactions, including unrealised inter-company profits, are eliminated.

(c) Revenue recognition

Revenue is recognised when goods are supplied to and accepted by the customer. Turnover represents the proceeds from the sale of goods to customers and includes excise duty and output value added tax.

(d) Translation of foreign currencies

All assets and liabilities expressed in foreign currencies are converted into Kenya Shillings at the exchange rate ruling at the balance sheet date. Transactions during the year in foreign currencies are converted at the rates ruling at the date of transaction. The resulting differences are dealt within the profit and loss account.

(e) Segmental reporting

Segment information is presented in respect of the group's geographical segments which is the primary format and is based on the three countries in which the group operates. The group has no distinguishable 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 arms length basis.

(f) Property, plant and equipment

Items of property, plant and equipment are stated at purchase price or valuation less accumulated depreciation and impairment. Depreciation is charged on a straight line basis over the estimated useful lives of the assets. The rates of depreciation used are:-

Freehold land	Nil
Leasehold land	Over the unexpired period of the lease. (if less than 50 years)
Buildings	2% or over the un-expired period of the land lease, if less than 50 years
Plant, machinery and equipment	3 – 20%
Motor vehicles: Commercial	20%
Others	25%

(g) Impairment of property, plant and equipment

The carrying amounts of the group's fixed assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and an impairment loss recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

(h) Operating leases

Payments made under operating lease arrangements are recognised as an expense in the income statement on a straight-line basis over the term of the lease.

(i) Goodwill

Goodwill arising on acquisition of subsidiaries is charged to the income statement over its estimated useful life. Useful life is the best estimate of the period during which future economic benefits are expected to flow to the enterprise and does not exceed twenty years.

(j) Stocks

Raw materials, bottles and crates and other stocks are valued at purchase cost. Work in progress and beer are valued at production cost including direct production cost and an appropriate proportion of production overheads. The cost of inventories is based on the weighted average cost. If the purchase or production cost is higher than net realisable value, stocks are written down to net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and selling expenses.

(k) Trade and other debtors

Trade and other receivables are stated at nominal value, less write-down for any amounts considered to be irrecoverable.

(l) Trade and other payables

Trade and other payables are stated at cost.

(m) Employee benefits

The Group operates two retirement benefit plans for majority of its employees. The assets of the schemes are held in separate funds.

(i) Defined contribution plan

Some of the group's employees are eligible for retirement benefits under a defined contribution scheme. Contributions to the defined contribution scheme are charged to the income statement as incurred.

(ii) Defined benefit plan

Management staff are eligible for retirement benefits under a defined benefit scheme. The group's net obligation is calculated by estimating the amount of future benefits due to employees in return for their service in current and prior periods. The fair value of plan assets is deducted to obtain the net obligation. The calculation is carried out by an independent actuary based on the projected unit credit method.

Where the calculation results in a benefit to the group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any future refunds from the plan; or reduction in future contributions to the plan. Actuarial gains and losses are charged to the profit and loss account over the average remaining working lives of employees participating in the scheme.

(iii) Equity compensation benefits

The stock option programme allows Group employees to acquire shares of the company. When the options are exercised, equity is increased by the value of the units allotted.

(n) Taxation

Tax on the operating results for the year comprises both current and change in deferred tax. Current tax is provided on the results in the year as shown in the accounts adjusted in accordance with tax legislation.

Deferred tax is provided using the balance sheet liability method on all temporary differ ences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is calculated on the basis of the tax rates currently enacted. Deferred tax asset and liability have not been offset as there is no right of set off between the individual subsidiaries.

(o) Cash and Cash equivalents

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

(p) Dividends

Dividends are recognised as a liability in the period in which they are declared. Proposed dividends are disclosed as a separate component of equity in accordance with IAS 10 (Re vised) "events after the balance sheet date".

(q) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2) SEGMENTAL REPORTING

	Kenya		Uganda		Tanzania		Eliminations		Consolidated	
	2001	2000	2001	2000	2001	2000	2001	2000	2001	2000
	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000	Kshs 000
External sales	20,030,522	18,670,921	4,937,136	4,444,396	1,846,016	2,332,805	-	-	26,813,674	25,448,122
Inter-segment sales	270,180	220,316	-	-	-	-	(270,180)	(220,316)	-	-
Total sales	**20,300,702**	18,891,237	**4,937,136**	4,444,396	**1,846,016**	2,332,805	**(270,180)**	(220,316)	**26,813,674**	25,448,122
Segment profit from operations	2,682,393	2,147,448	140,903	(13,433)	(178,729)	(160,363)	-	-	2,644,567	1,973,652
Net finance income/(costs)	84,153	(61,651)	(59,610)	(81,348)	(37,352)	(32,548)	-	-	(12,809)	(175,547)
Income tax expense	(911,347)	(630,912)	(35,446)	7,604	-	-	-	-	(946,793)	(623,308)
Segment results	**1,855,199**	1,454,885	**45,847**	(87,177)	**(216,081)**	(192,911)	-	-	**1,684,965**	1,174,797
Goodwill on acquisition of additional interest in subsidiary									(132,641)	-
Minority interest									21,082	59,263
Net profit for the year									**1,573,406**	1,234,060
OTHER INFORMATION:										
Segment assets	10,352,569	8,984,598	2,780,327	2,724,443	2,001,180	2,386,768			15,134,076	14,095,809
Segment liabilities	3,068,341	2,823,841	1,233,724	1,205,698	416,377	657,455			4,718,442	4,686,994
Capital expenditure	575,372	333,427	16,876	154,308	20,007	117,676			612,255	605,411
Depreciation expense	493,921	467,054	117,389	119,655	146,858	161,888			758,168	748,597
Impaired assets written down	243,732	-	-	92,853	-	-			243,732	92,853

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 geographical location of both customers and assets.

3) OTHER OPERATING INCOME

		2000
		KShs 000
Gain on disposal of property, plant and equipment	[redacted]	27,889
Rental income	[redacted]	16,937
Other	[redacted]	76,409
	[redacted]	121,235

4) PERSONNEL EXPENSES

		2000
		KShs 000
Salaries and wages	[redacted]	1,227,948
Compulsory social security contributions	[redacted]	18,342
Contributions to defined contribution scheme	[redacted]	14,310
Defined benefit scheme costs (net)	[redacted]	8,556
Other	[redacted]	205,654
	[redacted]	1,474,810

The average number of people engaged during the year were 1,535 (2000 - 1,787).

5) NET FINANCE COSTS

		2000
		KShs 000
Interest income	[redacted]	13,960
Interest expense	[redacted]	(189,507)
Foreign exchange loss	[redacted]	-
	[redacted]	(175,547)

6) PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		2000
		KShs 000
Staff costs	[redacted]	1,474,810
Depreciation	[redacted]	748,597
Impaired assets written down	[redacted]	92,853
Directors emoluments - Fees	[redacted]	1,467
- Other	[redacted]	165,586
Auditors remuneration - Current year	[redacted]	9,124
- Prior year overprovision	[redacted]	(101)

7) INCOME TAX EXPENSE

	[redacted]	2000 KShs 000
Current tax expense		689,797
Deferred tax (Note 11)		(66,489)
		623,308

The tax on the group's profit before taxation differs from the theoretical amount that would arise using the basic tax rate as follows:-

	[redacted]	2000 KShs 000
Accounting profit		1,798,105
Tax at the standard rate of 30%		539,431
Tax effect of non deductible expenses and non-taxable income		74,209
Differential in applicable foreign tax rates		9,668
Prior year underprovision		-
		623,308

The current corporate tax rates in the three countries of operations are as follows:-

Kenya	30%
Tanzania	30%
Uganda	30%

A tax holiday was granted to the Tanzania subsidiary, Kibo Breweries Limited, in January 1999 and expires on 10 September 2002.

Uganda Breweries Limited holds a certificate of incentives which entitles it to a reduction in the tax rate of income tax to 19.8% for five years until 31 December 2001.

8) EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on:

	[redacted]	2000
Basic earnings per share		
Net profit for the year – KShs'000		1,234,060
Weighted average number of ordinary shares in issue during the year		95,574,902
Basic earnings per share		Kshs12.91
Diluted earnings per share		
Weighted average number of ordinary shares in issue during the year		95,574,902
Options granted during the year		-
		95,574,902
Diluted earnings per share		KShs 12.91

9) PROPERTY, PLANT AND EQUIPMENT

(a) Group

	Freehold properties Kshs 000	Long leasehold properties Kshs 000	Short leasehold properties Kshs 000	Plant and equipment Kshs 000	Motor Vehicles Kshs 000	Capital work in progress Kshs 000	Total Kshs 000
Cost/Valuation							
As at 1 July 2000	1,713,506	1,872,757	37,705	7,369,396	479,629	97,332	11,570,325
Foreign exchange changes	-	(53,956)	-	(274,727)	56,921	(73)	(271,835)
Additions	-	18	-	37,392	2,284	572,561	612,255
Disposals	-	-	-	(986)	(70,818)	-	(71,804)
Reclassifications	447	(13,586)	-	563,019	-	(549,880)	-
Revaluation adjustment on impaired assets	-	-	-	(7,682)	-	-	(7,682)
Impaired assets written down	-	-	-	(277,089)	-	(3,951)	(281,040)
As at 30 June 2001	1,713,953	1,805,233	37,705	7,409,323	468,016	115,989	11,550,219
Comprising:							
Cost	557,459	590,057	18,500	5,353,158	429,379	115,989	7,064,542
Valuation	1,156,494	1,215,176	19,205	2,056,165	38,637	-	4,485,677
	1,713,953	1,805,233	37,705	7,409,323	468,016	115,989	11,550,219
Depreciation							
As at 1 July 2000	166,558	143,344	21,860	2,226,140	324,728	-	2,882,630
Foreign exchange changes	-	(2,617)	-	(51,188)	23,571	-	(30,234)
Charge for the year	42,269	42,057	2,618	588,340	82,884	-	758,168
On disposals	-	-	-	(112)	(48,621)	-	(48,733)
Impaired assets written down	-	-	-	(29,025)	(8,283)	-	(37,308)
As at 30 June 2001	208,827	182,784	24,478	2,734,155	374,279	-	3,524,523
Net book value							
At 30 June 2001	**1,505,126**	**1,622,449**	**13,227**	**4,675,168**	**93,737**	**115,989**	[illegible]
At 30 June 2000	**1,546,948**	**1,729,413**	**15,845**	**5,143,256**	**154,901**	**97,332**	[illegible]

9) PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment in two of the subsidiaries were valued by independent professional valuers on the basis of open market value for existing use as at 30 June 1996 and 30 June 1988. The resulting surplus was credited to a revaluation reserve.

As a result of the on going re-organisation of the operations of the group, the directors have re-assessed the future economic benefits of some assets and adjusted their values as necessary.

As at 30 June 2001, there were no assets pledged by the Group to secure liabilities.

If the property, plant and equipment were stated on a historical cost basis, the amounts would be as follows:-

	Freehold properties Kshs 000	Long leasehold properties Kshs 000	Short leasehold properties Kshs 000	Plant and equipment Kshs 000	Motor Vehicles Kshs 000	Capital work in progress Kshs 000	Total Kshs 000
Cost	557,459	590,057	18,500	5,353,158	429,379	115,989	7,064,542
Less: Accumulated depreciation	67,920	59,745	12,010	1,975,398	343,380	-	2,458,453
Net book value							
At 30 June 2001	**489,539**	**530,312**	**6,490**	**3,377,760**	**85,999**	**115,989**	**4,606,089**
At 30 June 2000	**502,869**	**607,249**	**7,774**	**3,708,215**	**142,423**	**97,332**	**5,065,862**

b) Company

	Freehold properties Kshs 000	Long leasehold properties Kshs 000	Short leasehold properties Kshs 000	Capital work in progress Kshs 000	Total Kshs 000
Cost/Valuation					
At 1 July 2000	5,500	46,500	2,800	-	54,800
Additions	-	-	-	15,842	15,842
As at 30 June 2001	5,500	46,500	2,800	15,842	70,642
Comprising:					
Cost	-	-	-	15,842	15,842
Valuation	5,500	46,500	2,800	-	54,800
As at 30 June 2001	5,500	46,500	2,800	15,842	70,642
Depreciation					
As at 1 July 2000	-	4,141	789	-	4,930
Charge for the year	-	738	143	-	881
As at 30 June 2001	-	4,879	932	-	5,811
Net book value:					
At 30 June 2001	**5,500**	**41,621**	**1,868**	**15,842**	**64,831**
At 30 June 2000	**5,500**	**42,359**	**2,011**	**-**	**49,870**

Property, plant and equipment were professionally valued by Lloyd Masika on the basis of open market value for existing use as at 30 June 1996. The resulting surplus was credited to a revaluation reserve.

10) OTHER INVESTMENTS

Group and Company		2000 KShs 000
Unquoted:	[redacted]	
4,000 Ordinary shares (representing 20%) in Sen-Tech Limited at cost		400

11) DEFERRED TAX

Group

(a) Deferred tax asset

Movements during the year are as follows:

	At 1 July 2000 KShs 000	Recognised in Income Kshs 000	
Property, plant and equipment	92,953	(631)	[redacted]
Unrealised exchange gain	537	(334)	
Tax losses carried forward	(121,692)	(3,512)	
Other provisions	-	(5,496)	
Total	**(28,202)**	**(9,973)**	

A deferred tax asset of KShs.346,670,373 (2000 – KShs.200,899,304) associated with investment in a subsidiary, Kibo Breweries Limited has not been recognised as the directors do not expect the temporary differences to reverse before the expiry of the tax holiday on 10 September 2002.

(b) Deferred tax liability

Movements during the year are as follows:

	At 1 July 2000 KShs 000	Currency changes KShs 000	Recognised in income KShs 000	Recognised in equity KShs 000	At 30 June 2001 KShs 000
Property, plant & equipment	926,918	(11,756)	30,567	(12,412)	933,317
Tax losses carried forward	(42,179)	879	23,542	-	(17,758)
Other provision	(6,274)	131	33,681	-	27,538
Total	**878,465**	**(10,746)**	**87,790**	**(12,412)**	**943,097**

12) RETIREMENT BENEFIT OBLIGATIONS

(a) Defined contribution plan

The plan for some employees is a defined contribution type. After serving a qualifying period, all these employees are entitled to participote in the defined contribution plan for retirement, disability or death benefits. During the yeor the group expensed KShs. 14,110,000 (2000 – KShs. 14,310,000).

12) RETIREMENT BENEFIT OBLIGATIONS - Continued

(b) Defined benefit plan

At the year end the defined benefit asset is specified as follows:-

	2001 KShs 000	2000 KShs 000
Present value of funded obligations	268,702	221,782
Fair value of scheme assets	(354,622)	(329,574)
Net averfunding in the scheme	(85,920)	(107,792)
Unrecognised actuarial loss	(28,131)	-
Net asset in the balance sheet	**(114,051)**	**(107,792)**

Movements in the net asset recognised in the balance sheet are as follows:-

	2001 KShs 000	2000 KShs 000
Net asset at 1 July 2000 and 1999 respectively	(107,792)	-
Transitional asset recognised in retained earnings	-	(107,792)
As restated	(107,792)	(107,792)
Net expense recognised in the income statement	3,121	-
Employer contributions	(9,380)	-
Net asset in the balance sheet at 30 June	**(114,051)**	**(107,792)**

The expense recognised in the income statement is as follows:-

	2001 KShs 000	2000 KShs 000
Current service costs	13,685	-
Interest on obligation	22,617	-
Expected return on plan assets	(33,181)	-
Total expense included in administration expenses	3,121	-
Discount rate (p.a.)	10%	10%
Expected return on scheme assets (p.a.)	10%	10%
Future salary increases (p.a.)	9%	9%
Future pension increoses (p.a.)	0%	0%

(c) Equity compensation benefits

The directors are empowered to gront share options to certain qualifying employees of the group. 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 price ruling on the Nairobi Stock Exchange an the doy preceding the day on which the options are granted.

During the year options for 111,951 units were granted but none had been exercised.

13) STOCKS

	2001 KShs 000	2000 KShs 000
Raw materials	1,759,210	1,344,989
Consumables	1,865,170	1,615,841
Goods in transit	111,126	136,885
Finished goods	675,044	528,909
	[illegible]	3,626,624

14) DEBTORS

(a) Group

	2001 KShs 000	2000 KShs 000
Trade debtors	751,501	862,505
Barley advances	[illegible]	69,730
VAT and Excise duty recoverable	[illegible]	192,472
Other debtors	[illegible]	297,885
	[illegible]	1,422,592

(b) Company

	2001	2000
Other debtors	-	8,910

Management has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers.

15) SHARE CAPITAL

Group and Company

	2001 KShs 000	2000 KShs 000
Authorised		
150,000,000 Ordinary shares of KShs.10 each	[illegible]	1,500,000
Issued and fully paid		
At 1 July 2000 and 1999 respectively		
97,402,198 (1999 - 93,602,252)		
Ordinary shares of KShs.10 each	974,022	936,022
Scrip issue		
4,989,432 (2000 – 3,799,946)		
Ordinary shares of Kshs. 10 each	49,894	38,000
Share swap		
6,638,876 Ordinary shares of Kshs. 10 each	[illegible]	-
At 30 June		
109,030,506 (2000 - 97,402,198)		
Ordinary shares of Kshs.10 each	[illegible]	974,022

25) FINANCIAL INSTRUMENTS

Liquidity risk

The table below analyses the liquidity period of the group's financial assets and liabilities;

	Due on Demand KShs 000	Due between 3 and 12 months KShs 000	Due between 1 and 5 years KShs 000	Due after 5 years KShs 000	Total KShs 000
Other investments	-	-	-	400	400
Debtors	-	1,343,586	-	-	1,343,586
Short term deposits	1,296,811	-	-	-	1,296,811
Bank and cash balances	404,807	-	-	-	404,807
Creditors	-	(2,557,949)	-	-	(2,557,949)
Taxation payable	-	(50,274)	-	-	(50,274)
Dividends payable	(173,636)	-	-	-	(173,636)
Due to related companies	-	(283,412)	-	-	(283,412)
Short term bank loans	-	(599,561)	-	-	(599,561)
Bank overdraft	(110,513)	-	-	-	(110,513)

Interest rate risk

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

	Effective interest rate	On demand KShs 000	Total KShs 000
Assets			
Short term deposits	[illegible]5% - 13%	1,296,811	1,296,811
Cash and bank balances	-	404,807	404,807
Short term bank loans	8% - 13%	599,561	599,561
Bank overdraft	16%	110,513	110,513

Included in cash and bank balances is KShs 84,680,000 held by the Kenyan subsidiaries earning interest at a rate of 8.5%. Discussions are in progress with the banks in the other countries of operation to have interest earning current accounts.

The interest rates quoted above are the range which prevailed in the current financial year. One of the subsidiaries Kibo Breweries Limited has an unsecured bank overdraft with Standard Chartered Bank which is utilised to finance working capital.

26) CONTINGENT LIABILITIES

		2000 KShs 000
Guarantees in respect of bank advances to barley farmers	[redacted]	39,506
Pending legal cases		-
Other		-
		39,506

27) ULTIMATE HOLDING COMPANY

The ultimate holding company is Diageo plc, which is incorporated in the United Kingdom.

28) INCORPORATION

The company is incorporated in Kenya under the Companies Act.

29) CURRENCY

The accounts are presented in Kenya Shillings (KShs).

30) LIST OF SIGNIFICANT SUBSIDIARIES

Company	Country of Incorporation	Effective Interest
Kenya Breweries Limited	Kenya	[illegible]
Central Glass Industries Limited	Kenya	[illegible]
Uganda Breweries Limited	Uganda	[illegible]
Kibo Breweries Limited	Tanzania	[illegible]

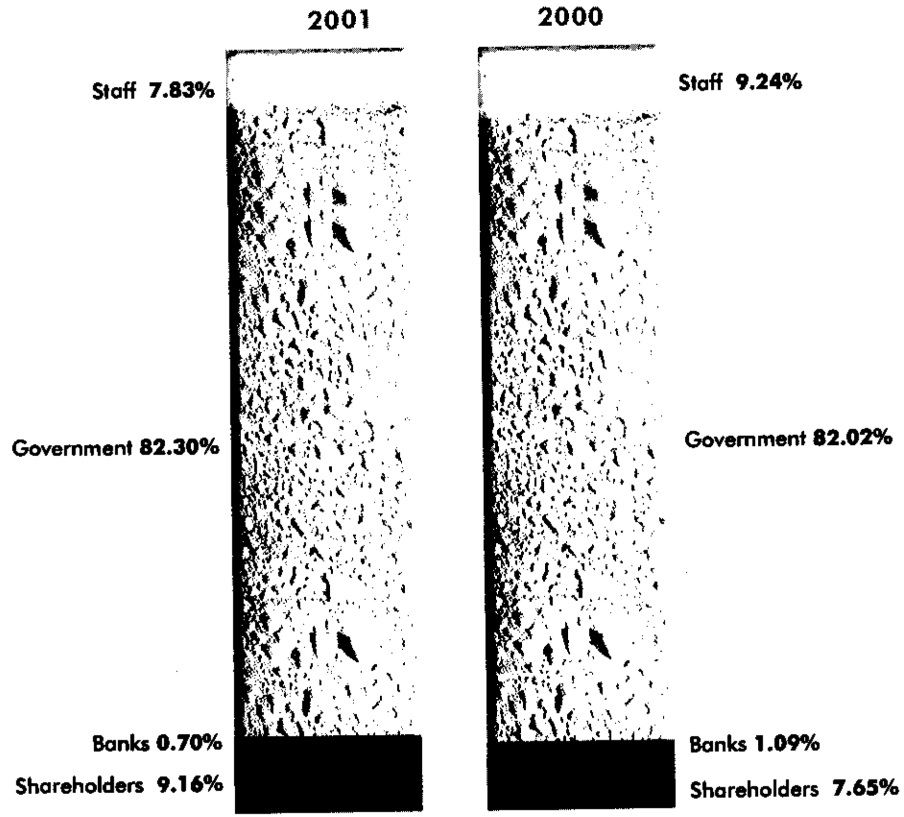
STATEMENT OF **VALUE ADDED**
FOR THE YEAR ENDED 30 JUNE 2001

	2001 Kshs 000	2000 Kshs 000
Turnover	[illegible]	**25,448,122**
Less:		
Cost of materials, supplies & services bought & depreciation set aside	[illegible]	(9,412,324)
VALUE ADDED	[illegible]	16,035,798
Add:		
Profit on sale of fixed assets	[illegible]	27,889
Minority share of profit in subsidiaries	[illegible]	59,263
	[illegible]	**16,122,950**

THIS WAS SHARED AS FOLLOWS:

	2001 Kshs 000	%	2000 Kshs 000	%
Staff	[illegible]	[illegible]	1,489,442	**9.24%**
Government as taxes	[illegible]	[illegible]	13,223,901	**82.02%**
Banks and other lenders	[illegible]	[illegible]	175,547	**1.09%**
Shareholders	[illegible]	[illegible]	1,234,060	**7.65%**
	[illegible]	[illegible]	16,122,950	**100.00%**

The above statement shows how the group's wealth was distributed to the various stakeholders



18) SHORT TERM BANK LOANS

This represents unsecured bank loans extended to the subsidiaries in Uganda and Tanzania as follows:-

	[illegible]	Effective Interest rate	[illegible]	2000 KShs 000
Uganda Breweries Limited	[illegible]	11.B%	[illegible]	196,454
Kibo Breweries Limited	[illegible]	8.0%	[illegible]	175,803
			[illegible]	**372,257**

19) INVESTMENT IN SUBSIDIARIES

Company:

	[illegible]	2000 KShs 000
At cost:		
Kenya Breweries Limited	[illegible]	405,000
Salopia Limited	[illegible]	200
Allsopps (E.A.) Sales Limited	[illegible]	2
East African Breweries (Mauritius) Limited	[illegible]	389
Central Glass Industries Limited	[illegible]	790,288
Uganda Breweries Limited	[illegible]	72,349
Kibo Breweries Limited	[illegible]	1,303,273
	[illegible]	**2,571,501**

20) DUE FROM SUBSIDIARIES

Company:

	[illegible]	2000 KShs 000
Long term receivable		
Kiba Breweries Limited	[illegible]	1,000,000

This represents a long term receivable from the subsidiary which is interest free and with na fixed repayment terms. The holding company has no intention of recalling the amount within the next twelve months.

Current assets

	[illegible]	2000 KShs 000
Kenya Breweries Limited	[illegible]	1,241,355
Central Glass Industries Limited	[illegible]	8,B25
Uganda Breweries Limited	[illegible]	14,75B
Kiba Breweries Limited	[illegible]	7,648
	[illegible]	**1,272,586**

21) NOTES TO THE CASH FLOW STATEMENT

	2001 KShs 000	2000 KShs 000
a) Reconciliation of net profit before tax to cash flows from operating activities		
Net profit before tax	2,499,117	1,798,105
Adjustments for:		
Depreciation	758,168	748,597
Goodwill on acquisition of additional interest in subsidiary	132,641	-
Foreign currency changes	91,159	24,538
Profit on disposal of property, plant & equipment	(12,607)	(27,889)
Property, plant and equipment written down	243,732	92,853
Net increase in defined benefit asset	(6,259)	-
Interest income (net)	(8,190)	175,547
Operating profit before working capital changes	3,697,761	2,811,751
(Increase)/decrease in stocks	(283,926)	94,991
Decrease/(increase) in debtors	79,006	(78,678)
Increase in creditors	22,099	211,629
Movement in amounts due to related companies	97,768	(27,049)
Cash generated from operations	3,612,708	3,012,644
Interest received (net)	8,190	(175,547)
Income taxes paid	(938,508)	(712,804)
Cash flows from operating activities	2,682,390	2,124,293

b) Movement in cash and cash equivalents

	2001 KShs 000	2000 KShs 000	Change in the year KShs 000
Cash and bank balances	404,807	222,504	182,303
Short term deposits	1,296,811	-	1,296,811
Bank overdraft	(110,513)	(454,859)	344,346
	1,591,105	(232,355)	1,823,460

22) OPERATING LEASES

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. Lease payments cover principal rentals, maintenance fees, fleet management costs and insurance costs.

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

	2001 KShs 000	2000 KShs 000
Not later than one year	85,899	-
Later than one year and not later than five years	235,850	-

23) CAPITAL COMMITMENTS

	2001 KShs 000	2000 KShs 000
Contracted but not provided for	25,736	4,911
Authorised but not contracted	113,876	433,802

24) RELATED PARTY TRANSACTIONS

Directors and executive officers

As at 30 June 2001 there were no loans to directors or to executive officers.

	2001 KShs 000	2000 KShs 000
Total directors' remuneration included in personnel expenses are as follows:		
Directors' fees	3,555	1,467
Other allowances	161,317	165,586

PROXY **FORM**

Proxy

I/We ____________________

____

Share A/C No ____________________

____

of (address) ____________________

____

being a member(s) of East African Breweries Limited, hereby appoint ____________________

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 79th Annual General Meeting of the company to be held on 30 November 2001 at 10.00 a.m. or at any adjournment thereof.

As witness to my/our hands this __________ day of November 2001

Signature(s) ____________________

Notes: 1. This Proxy is to be delivered to the Company Secretary not later than 10.00 a.m. on Wednesday 28 November 2001 failing which it will be invalid.

2. Incase of a corporation, the proxy must be under its common seal.

Famu ya uwakilishi

Mimi/Sisi ____________________

____

Namba ya akaunti ya hisa ____________________

____

anwani ____________________

____

kama mwanahisa/wanahisa wa East African Breweries namteua/tunamteua ____________________

wa (anwani) ____________________

____

na akikosa yeye, namteua/tunamteua mwenyekiti wa mkutana kama mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/yetu kwenye mkutana mkuu wa 79 wa mwaka wa kampuni itakaofanyika tarehe 30 Navemba 2001 saa nne za asubuhi ama siku yoyote ile endapa mkutana huo utaahirishwa.

Sahihi ____________________

Sahihi hii/hizi imewekwa/zimewekwa tarehe ________ *Navemba 2001*

Maeleza muhimu: 1. *Iwapa hutaweza kuhudhuria mkutano huu wewe mwenyewe binafsi, ni lazima famu hii ya uwakilishi ijazwe kikamilifu na kufikishwa kwa katibu wa Kampuni kabla ya saa nne za asubuhi ya Jumatana, tarehe 28 Navemba 2001 na isipomfika wakati hua, uteuzi wako/wenu wa uwakilishi hautafaa.*

2. *Iwapa mteuaji ni shirika, famu hii ya uwakilishi ni lazima ipigwe muhuri wa kampuni hiyo.*

ADMISSION **CARD**

PLEASE ADMIT

To the Annual General Meeting of East African Breweries Limited which will be held at the Tusker Sports Ground, Ruaraka, Nairobi on Friday 30 November 2001 at 10.00 a.m

This admission card must be produced by the shareholder or his proxy in order to obtain entrance to the Annual General Meeting.

J B Rukanyangira
Company Secretary

EAST AFRICAN BREWERIES LIMITED

Name of Shareholder

Address of Shareholder

Number of Shares Held

FOLD 1

KWANZA KUNJA HAPA

FOLD 2

PILI KUNJA HAPA

COMPANY SECRETARY
EAST AFRICAN BREWERIES LIMITED
P.O. BOX 30161
NAIROBI, KENYA.

FOLD 3

HALAFU KUNJA HAPA