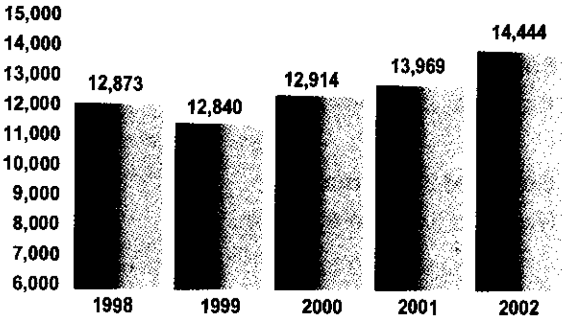
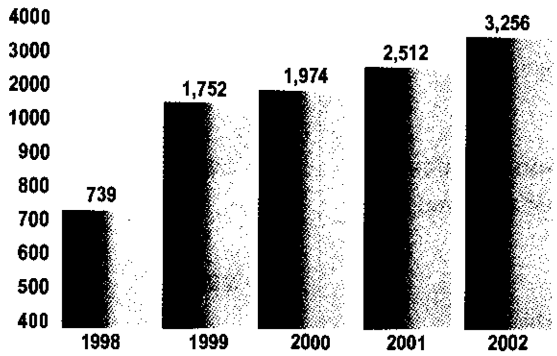
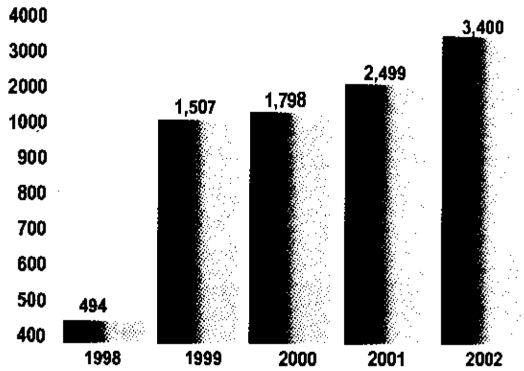
Financial Highlights



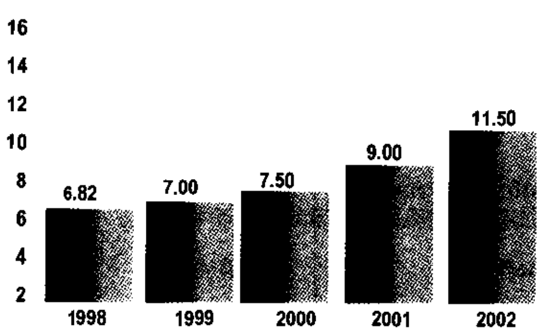
NET SALES VALUE (KShs M)



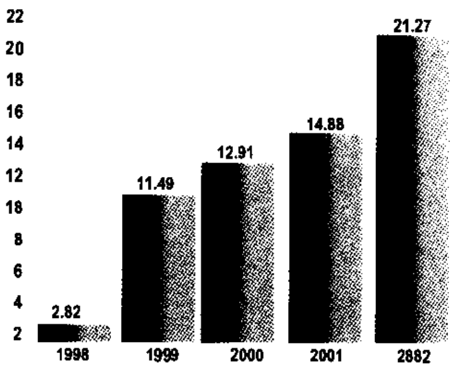
OPERATING PROFIT (KShs M)



PROFIT BEFORE TAX (KShs M)



DIVIDEND PER SHARE (KShs)



EARNINGS PER SHARE (KShs)

2007/0854.

FINANCIAL CALENDAR
For the year ended 30 June 2002

Results
Half Year Results announced
on 11 March 2002
Full Year Results announced
on 31 August 2002

Annual Report
Issued on 23 October 2002
80th Annual General Meeting:
29 November 2002

Dividends

Interim
Announced on 11 March 2002
Paid on 30 April 2002

Final
To be declared on 29 November 2002
Payable on or about 19 December 2002

Register
Closing date: 15 November 2002

CORPORATE INFORMATION

DIRECTORS, OFFICERS & ADMINISTRATION

DIRECTORS

Group Chairman
J G Kiereini EGH, EBS, SS

Group Managing Director
P G Healy

Group Finance & Strategy Director
G K Mahinda

Non Executive Directors
D H C Hampshire
R Kemoli
J K Mwangi
I K Cheluget
J V Mwapachu (Resigned 01 July 2002)
W S Kalema
E Mwaniki
W Mugane (Ms)

Group Company Secretary
J B 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 Kenya
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
P.O. Box 30437, Nairobi

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

ADVOCATES

Kaplan & Stratton
Queensway House, Kaunda Street
P.O. Box 40111, Nairobi.

Board of Directors

Standing from left:

G K Mahinda *(Group Finance & Strategy Director): appointed in 1999 after serving as Executive Director (Finance), Standard Chartered Bank of Kenya Ltd. with responsibilities for Kenya Uganda and Tanzania; also a Director of Kenya Breweries Ltd. Central Glass Industries, Uganda Breweries Ltd. and Kenya Maltings Ltd.*

J K Mwangi*: joined the Board in 1988, currently Chief Executive Officer, Equity Building Society.*

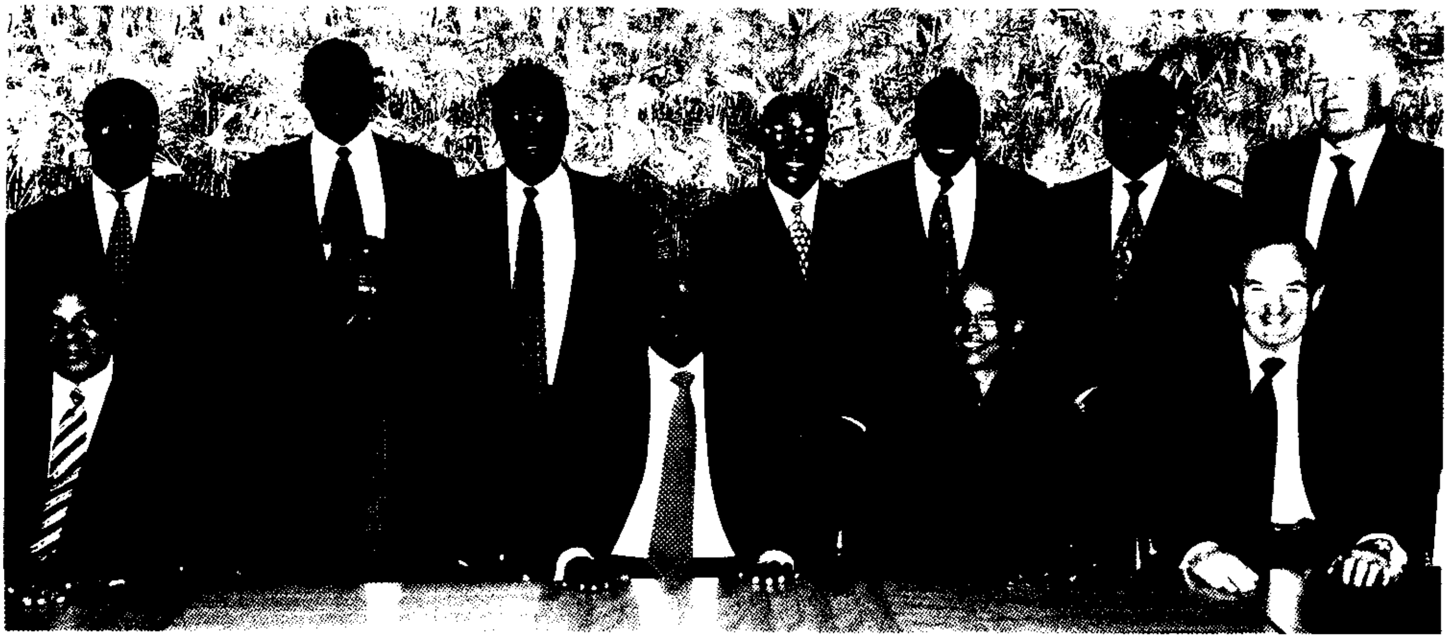
W S Kalema*: joined the Board in 2000, Chairman, Uganda Manufacturers Association (UMA) and the DFCU Group in Uganda; Managing Director of Simba Blankets and a director of several other companies in Uganda.*

J B Rukanyangira*: appointed the Group Company Secretary in 1998 after serving as Company Secretary and Head of Human Resource/Administration in Uganda Breweries Ltd. since 1989.*

I K Cheluget*: joined the Board in 1989 after working in the civil service of Kenya in various capacities for over 25 years; Chairman of Tea Hotel Ltd. and a director of Central Agricultural Board of Kenya and Uganda Breweries Ltd.*

E Mwaniki*: joined the Board in 2000, Chairman of British American Tobacco (BAT-Kenya) Ltd. and a director of Kenya Shell Limited, Lion of Kenya Insurance Company Limited and several other companies in Kenya.*

P G Healy *(Group Managing Director): appointed the Group Managing Director 1998 after serving as Managing Director of Guinness Ghana and Guinness Nigeria; has worked for Guinness for over 45 years in various African countries; also director of Kenya Breweries, Central Glass Industries, Uganda Breweries and Kenya Maltings.*



Sitting from left:

J V Mwapachu*: joined the Board in 2000 and resigned in 2002 on being appointed his country's representative to France.*

R Kemoli HSC, MBE*: joined the Board in 1989, Chairman, Unga Group of Companies and Housing Finance Company of Kenya Ltd. (HFCK); also a director of CMC Holdings Ltd. and several other companies in Kenya, Tanzania and Uganda.*

J G Kiereini EGH, EBS, SS, *(Group Chairman): appointed Chairman in 1988 after serving the Kenya Civil Service in various senior positions for over 30 years; Chairman, CMC Holdings Group of Companies, and Director of CFC Bank Ltd., and several other companies in Kenya, Tanzania and Uganda; Senior Vice-President, International Social Service (ISS) (Geneva), and member of the International Bureau for Children's Rights (Montreal).*

W Mugane (Ms)*: joined the Board in 2001, currently Managing Director of First Africa Capital Limited.*

D H C Hampshire*: joined the Board 1989, has worked for Guinness for over 35 years in senior positions in various countries; currently responsible for Guinness/UDV interests in Africa and Chairman of Guinness Ghana and Seychelles Breweries, Vice-Chairman of Guinness Nigeria and a Director of Monrovia Breweries among others.*

NOTICE IS HEREBY GIVEN that the EIGHTIETH ANNUAL GENERAL MEETING of East African Breweries Limited will be held at Tusker Sports Ground, Ruaraka, Nairobi on Friday 29 November, 2002 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, 2002 together with the report of the Directors and the Auditors' report thereon **(Resolution 1)**;

b) to confirm the interim dividend of KShs 2.50 and declare a final dividend of KShs 9.00 per ordinary share payable on or about 19 December, 2002 to members on the Register at the close of business on 15 November, 2002 **(Resolution 2).**

2. DIRECTORS

a) Elections

i) to re-elect Dr William S Kalema who retires under Article 94 and, being eligible, offers himself for re-election as a director of the company **(Resolution 3);**

ii) to re-elect Mr Evanson Mwaniki who retires under Article 94 and, being eligible, offers himself for re-election as a director of the company **(Resolution 4).**

b) Remuneration

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

3. AUDITORS

To appoint KPMG Kenya, who have changed their name from KPMG Peat Marwick, the company's Auditors for the period ending

TANGAZO LINATOLEWA HAPA kwamba MKUTANO MKUU WA MWAKA HUU UKIWA NI WA THEMANINI wa kampuni ya East African Breweries Limited utafanyika katika uwanja wa michezo wa Tusker, Ruaraka, Nairobi siku ya Ijumaa tarehe 29 Novemba, 2002 saa nne asubuhi kwa minajili ifuatayo:

1. TAARIFA ZA KIFEDHA

a) Kupokea na kuidhinisha taarifa za kifedha ambazo zimechunguzwa kwa mwaka uliomalizika tarehe 30 June, 2002 pamoja na ripoti ya Wakurugenzi na ya Wakaguzi wa Hesabu wa kampuni, zilizoambatanishwa **(Azimio la kwanza)**;

b) Kuthibitisha malipo ya mgawo wa muda wa shillingi 2.50 za Kenya na kutangaza mgawo wa mwisho wa shilingi 9.00 za Kenya kwa kila hisa ya kawaida, utakaolipwa mnamo au kabla tarehe 19 Desemba , 2002 kwa wenyehisa ambao majina yao yatakuwa kwenye Daftari kufikia wakati wa kumalizika kwa shughuli tarehe 15 Novemba, 2002 **(Azimio la pili)**.

2. WAKURUGENZI

a) Uchaguzi

i) Kumchagua Dkt William S Kalema ambaye atastaafu kulingana na kifungu cha 94 cha kanuni za kampuni na, kwa ville inakubaliwa kumchagua tena, anajitolea achaguliwe kama mkurugenzi wa kampuni **(Azimo la tatu).**

ii) Kumchagua Bw Evanson Mwaniki ambaye atastaafu kulingana na kifungu cha 94 cha kanuni za kampuni na, kwa ville inakubaliwa kumchagua tena, anajitolea achaguliwe kama mkurugenzi wa kampuni **(Azimo la nne)**.

b) Malipo

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

with the next annual general meeting of the company and to authorise the directors to determine their remuneration
(Resolution 5).

SPECIAL BUSINESS

4. **To consider the following resolution which will be proposed as a Special Resolution (Resolution 6).**

"**THAT** the regulations contained in the printed document submitted to this meeting and, for the purpose of identification signed by the Chairman of the meeting be and are hereby approved and adopted as the Articles of Association of the company in the substitution for and to the exclusion of the existing Articles of Association".*

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

By Order of the Board,

J. B. Rukanyangira
Secretary

30 September, 2002.

**** A copy of the proposed new Articles will be available and open for inspection with the Company Secretary at the Registered Office and with the Registrar during the period from the date of the notice to the date of the meeting.***

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 47 for use by members who do not propose to be present at the meeting.

3. **WAKAGUZI WA HESABU**

Kuwateua KPMG Kenya ambao wamelibadilisha jina lao kutoka KPMG Peat Marwick, kama wakaguzi wa hesabu wa kampuni kwa muda utakaomalizika na mkutano mkuu ujao wa mwaka wa kampuni na kuwaidhinisha wakurugenzi kuamua malipo yao **(Azimio la tano)**.

SHUGHULI MAALUM

4. **Kujadiliana azimio lifuatalo ambalo litapendekezwa kama azimio maalum (Azimio la sita)**

"**Kwamba** utaratibu unaopatikana katika waraka uliochapishwa na ambao umewasilishwa katika mkutano huu na, kwa minajili ya kutambuliwa, umewekwa sahihi na Mwenyekiti, hivyo basi uidhinishwe na ukubaliwe kama vifungu vya kanuni za kampuni badala ya, na kwa kuondoa vifungu vyote vilivyoko sasa".*

5. **Kushugulikia mambo mengine ambayo yanaweza kujadiliwa kihalali katika mkutano huo.**

Kwa Amri ya Halmashauri,

J. B. Rukanyangira
Katibu

30 Septemba, 2002.

**** Nakala ya kanuni mpya zinazopendekezwa zitapatikana na zitakuwa wazi kwa ukaguzi kwa katibu wa kampuni katika Ofisi ya kampuni iliyosajiliwa na kwa Msajili kutokea tarehe ya tangazo hili hadi tarehe ya mkutano.***

Mwanahisi aliye na haki ya kuhudhuria na kupiga kura mkutanoni ana haki ya kumteua mwakilishi mmoja au zaidi kuhudhuria na kupiga kura kwa niaba yake. Fomu ya mwakilishi inayoweza kutolewa inapatikana katika ukurasa wa 47 kwa matumizi ya wanahisa wasiotarajiwa kuhudhuria mkutano.

J.G. Kiereini
Group Chairman

Chairman's Statement

This financial year we marked 80 years in the brewing business. Not only was the 80th anniversary a major milestone in the history of the company, but this year also heralded significant changes in the brewing business in the East African region.

However, the region continued to face economic difficulties during the year. The decline in sales volumes that started in 1996 continued, and was particularly damaging in Kenya and Tanzania and in response, your Company entered into a deal with South African Breweries International, Africa (SABI) in an effort to continue providing value to the shareholders and offset the effects of the decline in volumes. Under the deal, East African Breweries Limited, agreed to swap 20% of the issued share capital of Kenya Breweries Limited to SABI in exchange for 20% of the issued share capital of Tanzania Breweries Limited (TBL), a subsidiary of SABI. Members will recall that the deal was approved by Shareholders at an Extraordinary General Meeting held on the 24th of June, 2002.

It will also be recalled that during the meeting the shareholders also approved two other major deals, namely the purchase by EABL of the entire share capital of International Distillers Uganda Limited and the purchase of 46.32% of issued share capital of UDV (Kenya) Limited.

Under the deal with SABI, Kenya Breweries will now brew under license, certain of SABI's brands for the Kenyan market. The company will also market and distribute these brands in Kenya. The situation in Kenya will be replicated in Tanzania with TBL brewing under license, a number of our brands.

The above arrangements are intended to continue to provide benefits to both shareholders and consumers. The shareholders will benefit from increased shareholders value resulting from increased volumes and consumers will continue to

Taarifa ya Mwenyekiti

Katika mwaka huu wa kifedha tumeadhimisha miaka themanini katika biashara ya utengenezaji pombe. Mbali na kuadhimisha miaka themanini, jambo ambalo lilikuwa muhimu katika historia ya kampuni, mwaka huu pia uliashiria mabadiliko makubwa katika biashara ya utengenezaji pombe katika eneo la Afrika Mashariki.

Hata hivyo, eneo hili liliendelea kukabiliana na matatizo ya kiuchumi katika mwaka huu. Kupungua kwa wingi wa mauzo, kulikoanza mwaka wa 1996 kuliendelea, na kuliathiri sana hasa katika nchi za Kenya na Tanzania, na ili kukabiliana na hali hiyo, kampuni yenu ilifanya maafikiano na South African Breweries International, Africa (SABI) katika juhudi za kuendelea kuongeza thamani kwa wanahisa ili kufidia athari za kupungua kwa uuzaji wetu. Chini ya maafikiano hayo, East African Breweries Limited ilikubali kubadilishana asilimia 20 ya fedha za mgawo zilizotolewa za Kenya Breweries Limited kwa SABI, kwa asilimia ishirini ya fedha za mgawo zilizotolewa za Tanzania Breweries Limited (TBL), kampuni tanzu ya SABI. Itakumbukwa kwamba maafikiano haya yaliidhinishwa na wanahisa katika Mkutano Mkuu wa Dharura uliokuwepo tarehe 24, Juni, 2002.

Pia itakumbukwa kwamba katika mkutano huo wanahisa waliidhinisha maafikiano mengine mawili makubwa, yakiwa ni ununuzi uliofanywa na EABL wa fedha za mgawo zote za International Distillers Uganda Limited na ununuzi wa asilimia 46.32 ya fedha za mgawo zilizotolewa za UDV (Kenya) Limited.

Kufuatia maafikiano na SABI, Kenya Breweries Limited itatengeneza kwa kibali baadhi ya vinywaji vya aina mbalimbali vya SABI, kwa soko la Kenya. Vinywaji hivi vitatafutiwa soko na kufanyiwa ugawaji na Kenya Breweries nchini Kenya. Nchini Tanzania, hali hii itanakiliwa [illegible] itakayotengeneza kwa kibali [illegible] vinywaji vyetu vya aina mbali[illegible]

Chairman's Statement

Some of the world-class spirits that have now joined EABL's wide range of quality brands.

have the benefit of product choice. In Kenya the arrangement will also allow Kenya Breweries to maintain its position as the leading brewer in the country.

The Directors consider that the combined effect of the arrangements with SABI, and the acquisitions of IDU and UDV Kenya, should result in an improvement in the consolidated profits of the EABL Group. I would like to take this opportunity to thank all our shareholders for supporting management in implementing the new initiatives.

RESULTS

Once again the Group has performed very well despite the harsh economic operating conditions. We continued to maintain our strong profit growth in this financial year and I am delighted to announce that the Group was able to achieve a profit of Kshs 3,400 million before taxation. Kshs 14.8 billion was paid to the national exchequers of the countries we operate in through indirect and direct taxes.

Our total turnover for the year was up on last year while we continued to manage our cost base prudently. We continued to invest heavily in plant and equipment and also in our people. EABL continues to maintain one of the strongest balance sheets in the region.

The excellent results this year do not include any input from the recent arrangements with SABI, TBL, UDV(K) and IDU.

The Board is delighted once again to

Mipango hiyo inanuiwa kuendelea kuwa yenye manufaa kwa wanahisa na wateja. Wanahisa watafaidika kutokana na thamani itakayoongezeka kwa wanahisa kutokana na wingi wa uzalishaji, na wateja wataendelea kufaidika kwa uchaguzi wa bidhaa. Nchini Kenya, mpango huu utaiwezesha Kenya Breweries kubaki katika nafasi yake kama kiongozi katika upikaji wa bia, humu nchini.

Wakurugenzi wanaonelea kwamba matokeo ya mipango na SABI kwa jumla na umilikaji wa IDU na UDV Kenya, unaweza kuwa na matokeo mazuri zaidi katika faida ya jumla ya kampuni yetu EABL. Ningependa kuchukua fursa hii kuwashukuru wanahisa wetu wote kwa kuwaunga mkono wasimamizi wa kampuni katika utekelezaji wa mipango hii mipya.

MATOKEO

Kwa mara nyingine tena, Kampuni imeendelea kufanya vyema licha ya hali ngumu ya kiuchumi. Tumeendelea kuimarisha faida yetu katika mwaka huu wa kifedha na nina furaha kutangaza kwamba kampuni ilifanikiwa kupata faida ya shilingi milioni 3,400 za Kenya, kabla ya kutoa ushuru. Shilingi bilioni 14.8 za Kenya zililipwa kama ushuru kwa hazina za kitaifa katika nchi ambamo tunaendeleza kazi yetu.

Jumla ya mapato yetu ya mwaka huu yalizidi ya mwaka jana huku tukiendelea kuendesha gharama za utendaji kwa uangalifu. Tuliendelea kutumia kiasi kikubwa cha pesa katika kuimarisha viwanda na vifaa, na pia kuwaboresha wafanyikazi wetu. EABL inaendelea kudumisha mojawapo ya mizania iliyoimarika zaidi katika eneo hili.

Matokeo bora ya mwaka huu hayajumlishi matokeo ya mipango ya hivi karibuni na SABI, TBL, UDV(K) na IDU.

Kwa mara nyingine, Halmashauri inafurahia kupendekeza mgawo wa mwisho wa shilingi 9.00 za Kenya kwa kila hisa ya kawaida ambazo zikiongezwa kwa mgawo wa muda wa shilingi 2.50 za Kenya kwa hisa, uliolipwa recommend a final dividend of Kshs 9.00 per ordinary share, which, when added to the interim dividend of Kshs 2.50 per share paid in April this year, brings the total dividend for the year to Kshs 11.50 per share. This is a 28% increase over last year compared to an increase of 20% in the previous year.

PERFORMANCE IN THE FINANCIAL MARKET AND IN INDUSTRY

Our performance in the financial market has continued to grow strongly despite the worsening operating environment that saw the share prices of most listed companies on the Nairobi Stock Exchange and the Index itself continue to decline. EABL is now the 3rd largest company, by capitalization, on the NSE up from the 4th position the previous year. For the second year running, we were once again awarded the accolade of the 'Most Respected Company in East Africa' in the survey for 2001 conducted by PricewaterhouseCoopers and the Nation Media Group. Once again I would like to thank the East African business community for bestowing this great honour upon us.

CORPORATE GOVERNANCE

During the year the Group implemented the requirement by the Capital Markets Authority of Kenya to have members' representatives on the Boards of Trustees of the Pension and Provident Fund schemes.

In line with current global practice, the role of internal audit in the Group has been widened to include also the monitoring of the management of operational and commercial risk in addition to the traditional monitoring of financial management.

THE BOARD

Mr Juma Mwapachu resigned from the Board with effect from 1 July 2002 after he was appointed his country's ambassador to France.

DYNAMIC MARKETING

Our marketing function continues to spearhead the development of new brands aimed at addressing the ever-changing

mwezi wa Aprili mwaka huu, zinajumlisha mgawo wa mwaka kufikia shilingi 11.50 za Kenya kwa hisa. Hii ni nyongeza ya asilimia 28 ikilinganishwa na mwaka uliopita na nyongeza ya asilimia 20 kwa mwaka uliotangulia.

UTEKELEZAJI KATIKA SOKO LA KIFEDHA NA KATIKA KIWANDA

Utekelezaji wetu katika soko la kifedha umezidi kuimarika zaidi licha ya mazingira mabaya ya utendaji kazi ambayo yamesababisha bei za makampuni yaliyoorodheshwa zaidi katika Soko la Hisa la Nairobi na dira ya bei za hisa yenyewe kuzidi kupungua. Kwa sasa EABL inashikilia nafasi ya tatu kama kampuni kubwa zaidi kifedha katika Soko la Hisa la Nairobi kutoka kwa nafasi ya nne iliyoshikilia mwaka uliopita. Kwa mwaka wa pili mfululizo, tulitunukiwa tena kwa kuteuliwa kama "Kampuni Inayoheshimiwa Zaidi katika Afrika Mashariki" kupitia kwa uchunguzi uliofanywa na PricewaterhouseCoopers na Nation Media Group, mwaka wa 2001. Kwa mara nyingine tena ningependa kuishukuru jumuiya ya kibiashara ya Afrika Mashariki kwa kututunukia heshima hii.

UONGOZI BORA

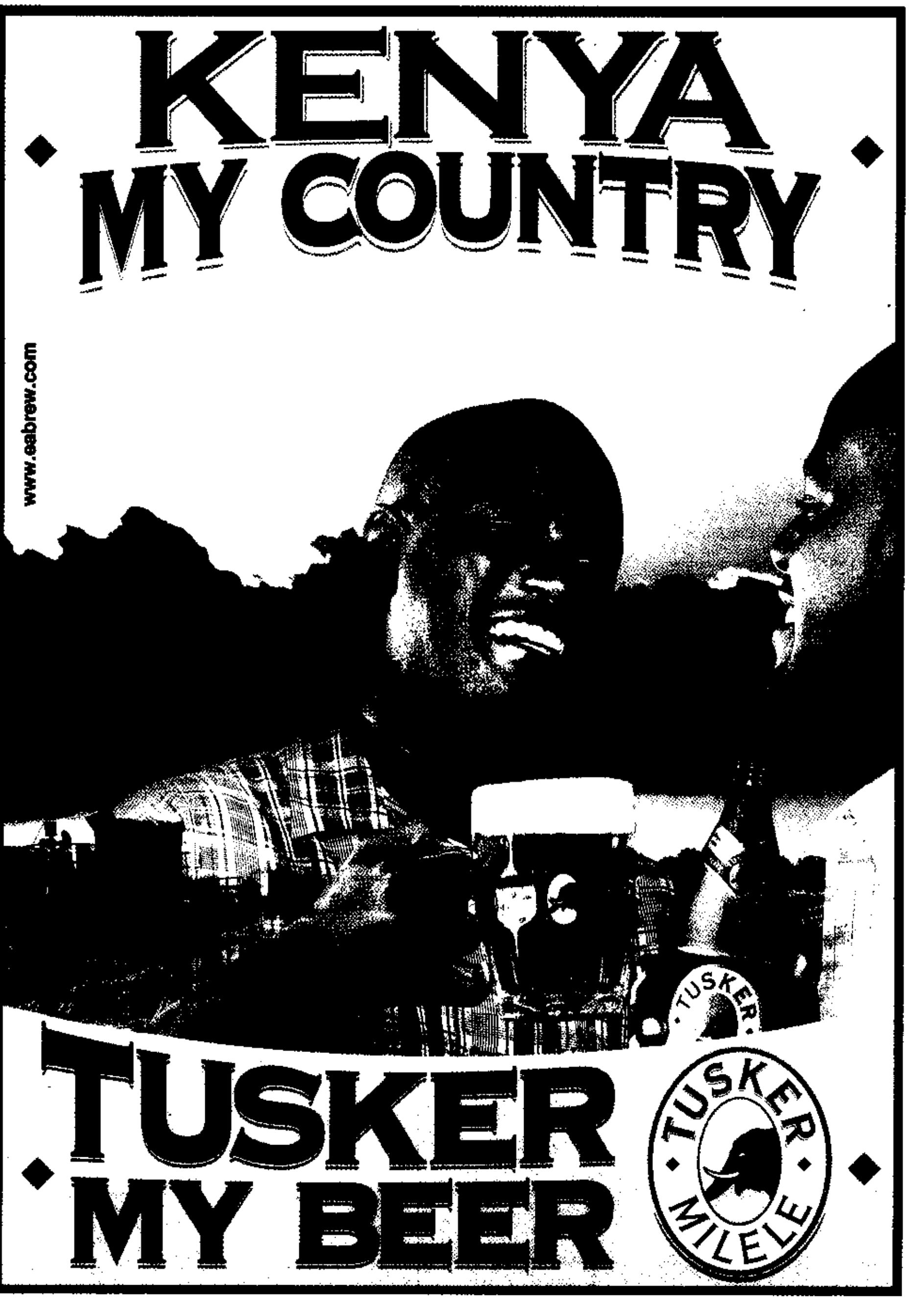
Mwaka huu, Kampuni ilitekeleza mahitaji ya Capital Markets Authority ya Kenya, ya kuwa na wawakilishi wa wanachama, katika Halmashauri za Wadhamana wa Malipo ya Uzeeni na Mpango wa Kuweka Akiba.

Kufuatia mwelekeo wa kisasa ulimwenguni, wajibu wa ukaguzi wa hesabu katika kampuni umepanuliwa ili pia kushirikisha usimamizi wa uongozi juu ya hatari zinazohusiana na utendaji kazi na biashara mbali na usimamizi wa kawaida wa uongozi wa kifedha.

HALMASHAURI

Bw Juma Mwapachu alijiuzulu kutoka kwa Halmashauri kutokea tarehe 1 Julai, 2002 baada ya kuteuliwa kama balozi wa nchi yake, huko Ufaransa.

needs and demands of more and more discerning consumers. In furtherance of the group's strategy to extend successful brands in the region, Tusker Malt Lager, Pilsner Ice, Smirnoff Ice and Hardys' Cider were successfully introduced into the Uganda Market. It is our intention to continue investing heavily in sales and marketing and other areas of consumer interest to enhance brand loyalty and create consumer demand for our products. The Group is committed to remain consumer driven and to continue producing high quality brands at affordable prices. We are confident that the combination of world-class brands coupled with marketing excellence will give us the competitive edge in all our markets.



UUZAJI NA UTANGAZAJI

Idara yetu ya uuzaji na utangazaji inaendelea kuongoza katika uvumbuzi wa chapa mpya za bia ili kukabiliana na mahitaji na matakwa yote ya wateja wetu yanayobadilika mara kwa mara. Katika kuendeleza mikakati ya kampuni ya kusambaza katika eneo hili vinywaji vya aina mbalimbali vilivyofana, Tusker Malt Lager, Pilsner Ice, Smirnoff Ice na Hardy s Cider vilianzishwa kwa mafanikio katika soko la Uganda. Ni madhumuni yetu kuendelea kutumia kiasi kikubwa cha pesa katika nyanja za uuzaji na utangazaji na nyanja zinginezo zinazowavutia wateja ili kuzidisha uaminifu kwa vinywaji vyetu vya aina mbalimbali na kuhamasisha mahitaji kwa bidhaa zetu. Kampuni imejitolea kuzidi kuwaweka wateja mbele na kuendelea kutengeneza vinywaji vya kampuni vya aina mbalimbali vya hali ya juu kwa bei nafuu. Ni matumaini yetu kwamba katika kushirikisha vinywaji vya aina mbalimbali vya kimataifa pamoja na uuzaji na utangazaji ulioboreshwa, tutajipatia nafasi bora zaidi katika masoko yetu yote.

KUSHIRIKIANA NA JAMII

Tunaendelea kuihudumia jamii katika jumuiya tunayofanya shughuli zetu kutokana na mafanikio yetu tukichangia katika kuinua hali ya maisha, hasa katika nyanja ambazo kuna mahitaji makubwa.

Kwa mwaka wa pili mfululizo, Kampuni imehusika na mpango wa msaada wa masomo unaosimamiwa na Guinness huko Strathmore College mjini Nairobi, Kenya. Mwaka uliopita Guinness ilifadhili nafasi kumi kwa mafunzo ya shahada ya Chuo Kikuu katika Somo la Biashara zenye thamani ya shilingi milioni 8.3 za Kenya, zilizopewa wanafunzi kumi werevu ambao hawajiwezi kifedha. Mwaka huu, wanafunzi wengine kumi, ambao pia hawajiwezi kifedha, wameteuliwa kwa mpango huo huo.

Kenya Breweries ilichangia zaidi ya shilingi milioni 6 kwa maombi mbalimbali ya misaada ya kifedha nchini Kenya. Kutokana na hayo,

WORKING WITH THE COMMUNITY

We continue to share our success with the communities where we operate by contributing to the improvement of the quality of life, particularly in areas where there is greatest need.

For the second year running, the Group was associated with the Guinness funded Scholarship Programme at Strathmore College in Nairobi, Kenya. Last year Guinness funded ten University Degree Business Scholarships valued at Kshs 8.3 million to ten academically gifted but financially handicapped students. This year, another ten financially disadvantaged students have been selected for the Guinness scholarship programme.

Kenya Breweries contributed over Kshs 6 million to a variety of appeals and charities throughout Kenya. This earned our company the 3rd place in the ranking of companies contributing to Kenyan society carried out by Ufadhili - the center for Philanthropy and Social Responsibility.

Uganda Breweries Limited spent Ushs 115 million (Ksh. 5.3 million) on various community based projects this year. These include, a donation of a pickup to the Uganda Police, sponsorship of Eco Guide training with emphasis on Wetland Protection, setting up of a training center for basic trades, as well as sponsorship of the Sickle Cells disease awareness campaign.

HIGHLIGHTS FROM OUR SUBSIDIARIES

Tembo Properties Limlted

In an effort to streamline the management of excess assets in the Group, a separate property company has been formed under the name " Tembo Properties Limited" to take over and manage all landed property formerly owned by our subsidiaries in Kenya and eventually Uganda.

kampuni yetu ilijinyakulia nafasi ya tatu katika orodha ya makampuni yanayochangia katika jamii ya Wakenya, uteuzi uliofanywa na Ufadhili, ambacho ni kituo kinachoshughulika na jukumu la kuifadhili jamii.

Uganda Breweries ilitumia shilingi milioni 115 za Uganda (shilingi milioni 5.3 za Kenya) mwaka huu, kwa miradi mbalimbali katika jumuiya, ikiwa ni, mchango wa gari la aina ya pick-up kwa Uganda Police, udhamini wa mafunzo ya Eco Guide kwa kutilia mkazo uhifadhi wa sehemu iliyonyevunyevu, kuanzisha kituo cha mafunzo cha biashara za kimsingi na pia kudhamini kampeni ya kuwafahamisha watu juu ya ugonjwa wa Anaemia Selimundu (Sickle Cell).

MACHACHE YA UMUHIMU KUTOKA KWA MAKAMPUNI YETU

Tembo Properties.

Katika juhudi za kusawazisha usimamizi wa rasilimali ya ziada katika kampuni, tumebuni kampuni ya mali iliyotengwa inayojulikana kama "Tembo Properties Limited" ili kuchukua na kusimamia mali yote iliyokuwa imemilikiwa hapo awali na makampuni yetu tanzu, nchini Kenya na hatimaye Uganda.

Central Glass Industries

Central Glass Industries (CGI) ilifanikiwa kupata nyongeza ya asilimia 10 katika uuzaji licha ya kuzidi kupungua kwa uchumi, katika eneo hili. Katika hali ya kuuboresha utekelezaji, mauzo kwa nchi za nje pia yalizidi. Masoko makuu kwa bidhaa za kampuni ni kama Rwanda, Uganda, Tanzania, Burundi, Eritrea, Ushelisheli na Mauritius.

Kuongezeka huku kwa uuzaji kulitokana na uvumbuzi mpya wa kampuni wa chupa zake zilizotengenezwa kwa mtindo mpya na zilizo na uzani mdogo kabisa, na mitungi yake ya glasi ya kuwekea maharagwe, vyote ambavyo vimewavutia wengi kutoka kwa masoko ya kigeni na wauzaji wa mazao mabichi humu nchini. Kutokana na utekelezaji wake bora, kampuni imezidi kushikilia nafasi yake ya kwan[illegible] mchumaji mkuu wa fedha z[illegible] Kampuni.

A sample of quality glass containers produced by Central Glass Industries.

Central Glass Industries

Central Glass Industries achieved a 10% increase in volumes, despite the continuing recession in the region. In keeping with the improved performance, exports also increased. The main export markets for the company's products include Rwanda, Uganda, Tanzania, Burundi, Eritrea, Seychelles and Mauritius.

The increase in volumes was attributed to the company's revolutionary lightweight bottles and bean jars, which continued to attract interest from foreign markets and local fresh produce exporters. As a result of its good performance the company has maintained its number one position as the Group's major foreign exchange earner.

CGI hopes to expand its export market further in the coming year as it explores new markets in Mozambique, Zimbabwe, Zambia and Central Africa.

During the financial year, the company embarked on upgrading its quality certification system from the ISO 9002 version to ISO 9001-2000. The upgraded quality certification will further enhance CGI's reputation for superior world class products.

Kenya Maltings

Kenya Maltings recorded an exceedingly good harvesting year producing a total of 59,000 tonnes of barley. This was an increase of 17% compared to the previous year. In November 2001, the company released a new barley variety named KARNE introducing a strain of barley that is resistant to Barley Yellow Dwarf Virus. The new strain is expected to improve yields by 20%.

CGI inatumaini kupanua soko lake la mauzo kwa nchi za kigeni katika mwaka unaokuja huku ikitafuta masoko mapya nchini Mozambique, Zimbabwe, Zambia na Afrika ya Kati.

Katika mwaka huu wa kifedha, kampuni imeanzisha ustawishaji wa kuboresha viwango kutoka kwa muundo wa ISO 9002 hadi ule wa ISO 9001-2000. Ustawishaji huu wa uboreshaji utazidisha sifa ya kampuni hiyo katika utengenezaji wa bidhaa za hali ya juu na za kimataifa.

Kenya Maltings

Kenya Maltings ilikuwa na mwaka mzuri wa mavuno ambapo ilivuna jumla ya tani 59,000 za shayiri ikiwa ni nyongeza ya asilimia 17 tukilinganisha na mwaka uliopita.

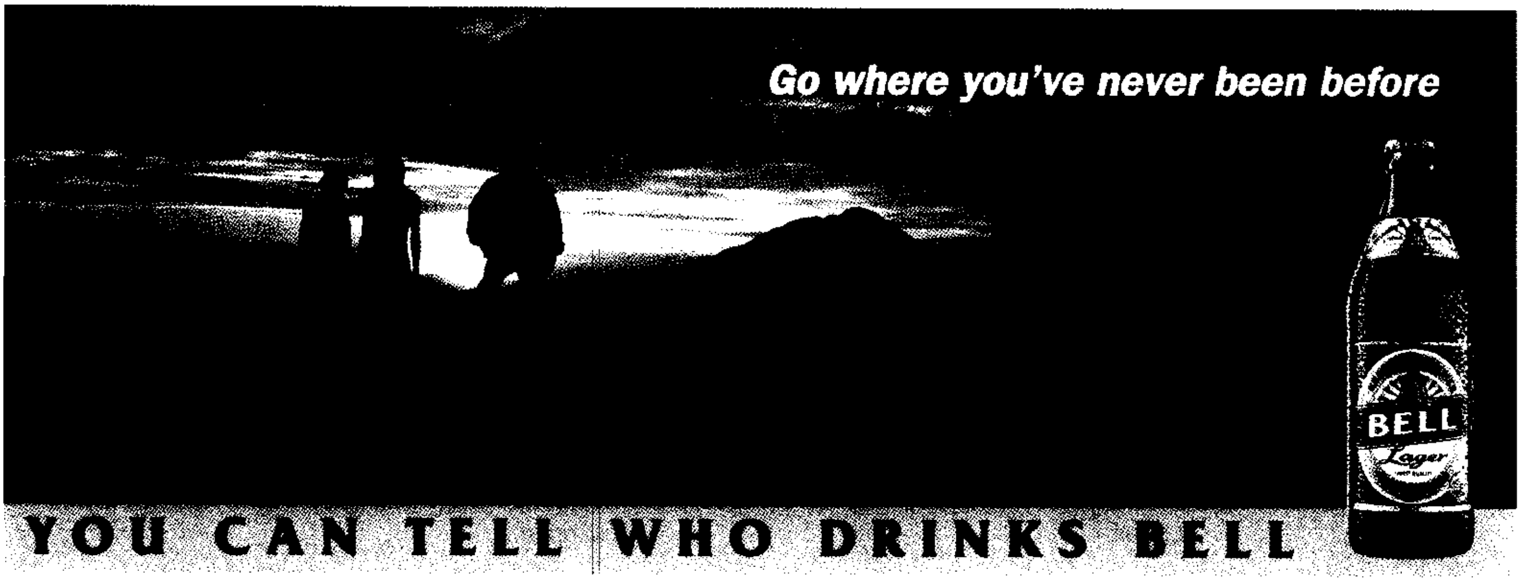
Katika mwezi wa Novemba, mwaka 2001, kampuni ilivumbua aina mpya ya shayiri iliyopewa jina KARNE na kuanzisha zao jipya la shayiri ambalo haliwezi kupata madhara kutokana na virusi vya aina ya "Barley Yellow Dwarf" (mbilikimo manjano kwa shayiri). Zao hili linatarajiwa kuyazidisha mavuno kwa asilimia 20.

Kufikia mwisho wa mwaka, kampuni ilipanua shughuli zake kujumlisha utengenezaji wa mbegu za ngano, ikiwa na shabaha ya kuimarisha uzalishaji wa kampuni.

Katika mwaka huu, kampuni ilitunukiwa hati ya uthibitisho ya ISO 9002. Kwa sasa Kenya Maltings ina sifa zinazothibitika katika utekelezaji wa hali ya kimataifa.

Idara ya Kilimo ya kampuni, ambayo hivi majuzi ilihamishwa huko Molo, ilianza utekelezaji kuelekea kwa hati ya uthibitisho, huku ikitarajia kutunukiwa mapema katika mwaka ujao wa kifedha. Katika mwaka huo huo, idara hii ina mipango ya kukamilisha kukigeuza kiwanda chake ili kiwe cha kisasa.

EABL, ikipitia kwa Kenya Maltings, itaendelea kushikilia nafasi muhimu ambayo imekuwa nayo katika shughuli za ukuzaji shayiri nchini Kenya. Kampuni imejitolea kwa



Late in the year, the company diversified its operations into wheat seed production with the aim of improving the company's productivity. The new and improved wheat seed will increase wheat harvest yield in the country.

During the year, the company was awarded ISO 9002 certification. Kenya Malting now has a proven reputation for world class quality and performance.

The Agriculture department, which was recently relocated to Molo, also began working towards the certification with an award expected early next financial year. In the coming financial year, the department plans to complete the modernization of its plant.

The Group, through Kenya Maltings Limited, will continue to play the vital role it has always played in the barley growing industry in Kenya. The Group has a proven commitment to the sector in which it has over the years invested Ksh 1.2 billion shillings annually in payments to farmers, transporters and other contractors.

Uganda Breweries

Uganda Breweries Limited experienced a particularly volatile financial year. A 10% excise duty increase was introduced at the beginning of the financial year and this adversely affected the company's sales and

uthabiti katika sekta hii ambapo kwa miaka mingi, imetega uchumi wa kiasi cha shilingi bilioni 1.2 za Kenya kila mwaka, katika malipo kwa wakulima, wasafirishaji na makontrakta wengine.

Uganda Breweries

Uganda Breweries Limited (UBL) ilikabiliwa na mwaka mgumu zaidi wa kifedha. Nyongeza ya asilimia 10 ya ushuru ilianzishwa mwanzo wa mwaka wa kifedha. Nyongeza hio iliathiri sana uuzaji na mapato ya kampuni. Baada ya ushawishi mkuu kufanywa, nyongeza hiyo ya ushuru iligeuzwa mwisho wa mwaka wa kifedha. Hata hivyo, licha ya tatizo hili, UBL ilifanya vyema hasa katika usimamizi wa gharama na ikaweza kuongeza faida yake kwa kiasi kikubwa.

Mafanikio mengine ya UBL yanayostahili kutajwa ni pamoja na ushindi wa dhahabu mara mbili katika mashindano ya Monde Awards kwa Pilsner na Bell Lager. Bell Lager imeendelea kufanya vizuri zaidi katika soko na kwa sasa ndiyo bia inayouzwa sana nchini Uganda. Majaribio ya Pilsner Ice yalikamilika mwezi wa Juni, kufuatia uanzilishi uliofana sana wa bia ya Tusker Malt Lager iliyopikwa nchini humo.

UBL pia ilipokea hati ya uthibitisho ya kimataifa ya ISO 9001/2000, hivyo basi ikathibitisha sifa yake ya utekelezaji bora na bidhaa zake kuwa za hali ya kimata revenue. After intensive lobbying, the duty increase was reversed at the end of the financial year. However, despite this setback, UBL performed well particularly in controlling costs and was able to increase its profits significantly.

Other noteworthy achievements for UBL include a double Gold in the Monde Awards for Pilsner and Bell Lager. Bell Lager has recorded progressive improvements in market share and is now the top selling lager in Uganda. Pilsner Ice trials were completed in June as a follow on to the successful introduction of locally brewed Tusker Malt Lager.

UBL also received the international ISO 9001/2000 certification, thus confirming the company's reputation for efficiency and world class quality of its products.

Profits for the company are expected to increase further in the coming year. The company's expanded portfolio of premium priced brands, volume growth coupled with expanded plant capacity and various cost management initiatives and better efficiencies are expected to improve the company's operating and trading results.

Faida ya kampuni inatarajiwa kuongezeka zaidi katika mwaka ujao. Uongezaji wa chapa za vinywaji vya hali ya juu na thamani kuu, uzalishaji ulioongezeka pamoja na upanuzi wa kiwanda na mipango mbalimbali ya kuboresha gharama na utekelezaji, vinatarajiwa kuendeleza matokeo ya utendaji kazi na ya biashara.

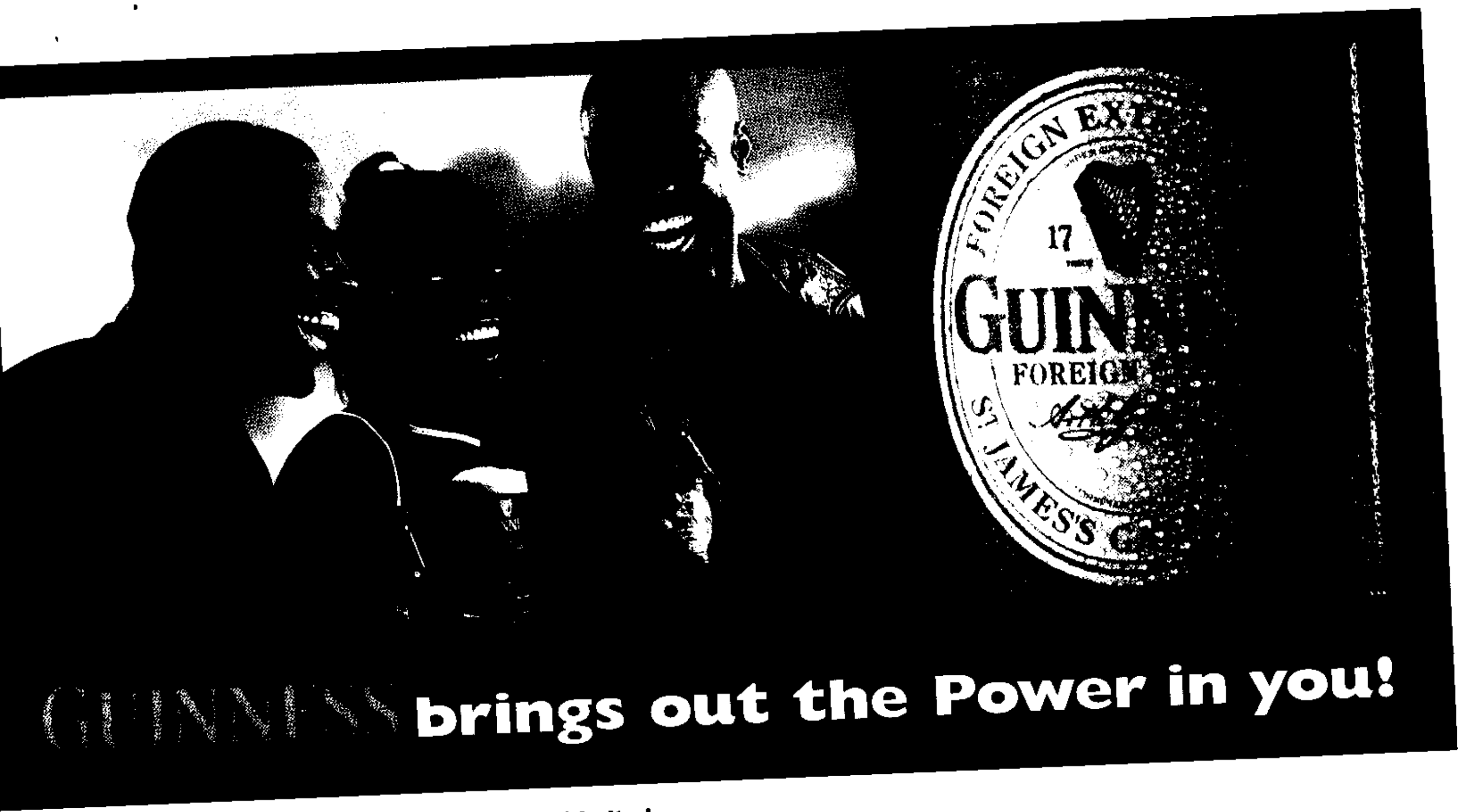
Kenya Breweries

Kenya Breweries Limited (KBL) iliendelea kuathiriwa sana na kushuka kwa uchumi wa Kenya huku uzalishaji ukipungua kwa asilimia 2.6, ikilinganishwa na mwaka uliopita.

Licha ya kupungua kwa mauzo, kampuni bado iliweza kuwa na matokeo mazuri, huku faida ikiongezeka kwa asilimia 26 , ikilinganishwa na mwaka uliopita. Hii ilitokana na utekelezaji bora wa kuyathibiti matumizi na ziada bora zaidi.

Mwaka huu KBL iliendelea kuistawisha mitambo yake kwa madhumuni ya kuendeleza zaidi ubora wa utendaji na wa bidhaa zake.

Vinywaji vya kampuni vya aina mbalimbali viliendelea kuwavutia na kuwatuza wateja. Pilsner Lager ilitayarisha mashindano ya Mawindo ya Mfalme, ambayo mbali na kuongeza uuzaji wetu pia yalichangia katika ushindi wa kitaifa katika ubunifu wa uuzaji na utangazaji. Guinness pia ilikuwa na mashindano yaliyopangwa vyema na kufana sana, ya Turn on Your Power with Guinness .



Kenya Breweries Limited

Kenya Breweries Limited continued to be heavily affected by the recession in the Kenyan economy with volumes falling 2.6% compared to the previous year.

Despite the fall in volumes, the company was able to achieve good results, increasing its profits before taxation by 26% compared to the previous year. This was due mainly to improved cost management and improved margins.

During the year the company continued with plant upgrades aimed at further improving efficiency and product quality.

The company's brands continued to attract and reward consumers. Pilsner Lager organized the innovative 'Mawindo Ya Mfalme' promotion, which saw not only an increase in sales but also a national Marketing Award for creativity. Guinness successfully ran a well organized and successful "Turn on Your Power with Guinness" promotion.
The company intends to install a new packaging line in the new financial year at its Tusker brewery. The new line will enable the company to continue producing and satisfying the market with world class quality brands at reduced production cost.

Kampuni inanuia kuweka mtambo mpya wa uwekaji pombe machupani katika kiwanda chake cha Tusker, katika mwaka mpya wa kifedha. Mtambo huu mpya utaiwezesha kampuni kuendeleza utengenezaji na kuliridhisha soko kwa bidhaa za hali ya kimataifa kwa gharama pungufu za utendaji.

Kuongezeka kwa chapa za vinywaji vya kampuni kutokana na mpango unaoiwezesha kampuni kupika na kuuza bidhaa mbalimbali za SABI pamoja na maendeleo ya kufana ya kiteknolojia katika shughuli zake, utaboresha sana mauzo yetu na namna tunayoyapata.

KUENDELEA MBELE

Kwa mara nyingine tena, matokeo mazuri ya mwaka huu yamedhihirisha kwamba, kukiwa na mbinu zilizopangwa vizuri, Kampuni inaweza kuwa na matokeo mazuri hata katika wakati mgumu wa kiuchumi. Ni mashirika machache tu yanayoweza kufanikiwa kudumisha uongozi katika sekta zao, ilhali EABL imejithibitisha kama kiongozi katika soko, mara kwa mara. Tutaendelea kujitahidi ili kudumisha uongozi wetu, na muhimu zaidi, kuzidisha [illegible] kwa wanahisa wetu. Lengo h[illegible]

The increase in the brand portfolio following the adoption of the various SABI products combined with the streamlined technological advancement in the brewery operations will greatly improve both the market performance and efficiency in the company.

THE FUTURE

Once again this year's good results have demonstrated that with well planned strategies, the Group can still achieve very good results even in times of economic hardship. Few organizations manage to achieve and maintain constant leadership in their sector, yet EABL has proven itself a market leader time and time again. We will continue to strive to maintain our leadership and, more importantly, to increase value for our shareholders. Such a goal demands exceptional commitment and continuous innovation. We shall continue to combine leading-edge technology, industry expertise as well as dedication to world class quality to achieve our goal.

APPRECIATION

The excellent results presented this year would not have been achieved without the support of the directors, management and all the employees in our Group. I wish to thank them all for their continued hard work, innovation and dedication. On behalf of the Board, I also wish to record our gratitude to our distributors, our shareholders, our suppliers and to all our consumers for their continued loyalty and support. We will continue to strive harder for an even brighter future.

J.G Kiereini
Chairman.

kujitolea kwa kiasi kikubwa na kuendelea kuvumbua njia mpya katika nyanja mbalimbali. Tutaendelea kuchanganya teknolojia za kisasa, ujuzi maalum wa tasnia pamoja na kujitolea kwa hali ya kimataifa ili kutekeleza lengo letu.

SHUKRANI

Matokeo bora ambayo yamewasilishwa mwaka huu hayangepatikana bila ya kuungwa mkono na juhudi za wakurugenzi, maafisa wakuu na wafanyikazi wengine wote wa Kampuni yetu. Ningependa kuwashukuru wote kwa kuendelea kufanya kazi kwa bidii, uvumbuzi wao na kujitolea kwao. Kwa niaba ya Halmashauri, ningependa pia kutoa shukrani zetu kwa wagawaji wetu wa pombe zetu, wanahisa, wale wote wanaotuuzia bidhaa na kutupa huduma mbalimbali na wateja wote kwa kuendelea kutuunga mkono. Tutaendelea kujizatiti vilivyo kwa mafanikio zaidi ya baadaye.

J. G. Kiereini
Mwenyekiti.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE, 2002.

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 30 June, 2002.

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 21-46 of this report.

DIVIDENDS

The directors recommend a final dividend of Ksh 9.00 per ordinary share to be paid on or about 19 December, 2002 to those members on the register at the close of business on 15 November, 2002. This, together with the interim dividend of KSh 2.50 paid in April, 2002, brings the total dividend for the year to Ksh 11.50 per issued ordinary share.

TRANSFERS TO RESERVES

The profit attributable to shareholders amounted to Kshs 2,319,250,000 which, after dividends totalling Kshs1,253,850,000, left Kshs1,065,400,000 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 3.

Mr Juma Mwapachu resigned as a Director of the company with effect from 1 July, 2002.

RIPOTI YA WAKURUGENZI KWA MWAKA ULIOMALIZIKA 30 JUNI, MWAKA 2002.

Wakurugenzi wana furaha ya kuwasilisha ripoti yao pamoja na taarifa za kifedha, ambazo zimechunguzwa, kwa mwaka uliomalizika tarehe 30 Juni 2002

SHUGHULI ZA KAMPUNI

East African Breweries bado inaendelea kumiliki makampuni mengine yanayoshughulikia upikaji / utengenezaji na uuzaji wa bia na bidha za glasi. Ufafanuzi kamili wa utekelezaji wa kampuni katika mwaka huo unaonyeshwa katika kurasa 21-46 za ripoti hii.

MGAWO WA FEDHA

Wakurugenzi wanapendekeza mgawo wa mwisho wa shilingi 9.00 za Kenya kwa kila hisa ya kawaida, zitakazolipwa mnamo tarehe 19 Desemba 2002 kwa wale wanahisa watakaokuwa kwenye daftari itakapofungwa tarehe 15 Novemba 2002. Mgawo huu, pamoja na mgawo wa muda wa shilingi 2.50 za Kenya uliolipwa mwezi wa Aprili mwaka huu, unafanya jumla ya mgawo wa shilingi 11.50 za Kenya kwa hisa, kwa mwaka huu.

UHAMISHAJI KWA AKIBA

Jumla ya faida kwa wenyehisa ilikuwa shilingi za Kenya 2,319,250,000 na, kukitolewa shilingi za Kenya 1,253,850,000, za mgawo kwa jumla, kunabakia, shilingi 1,065,400,000 za Kenya za kuwekwa akiba.

WAKURUGENZI

Majina ya wale waliokuwa wakurugenzi wa kampuni kwa mwaka huu, yako kurasa wa tatu.

Dr William S Kalema and Mr Evanson Mwaniki will retire by rotation and, being eligible, will offer themselves for re-election.

AUDITORS

KPMG Kenya, who have changed their name from 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

30 August 2002.

Bw Juma Mwapachu alijiuzulu kama mkurugenzi wa kampuni kutokea tarehe 1 Julai, 2002.

Dkt William S Kalema na Bw Evanson Mwaniki watastaafu kwa zamu na kwa vile wanaweza kuchaguliwa tena, watajitolea wachaguliwe.

WAKAGUZI WA HESABU

KPMG Kenya, ambao wamelibadilisha jina lao kutoka KPMG Peat Marwick, wamedokeza kwamba wako tayari kuendelea na wadhifu wa Wakaguzi wa Hesabu wa Kampuni kuambatana 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 Rukanyagira
Katibu

30 Agosti 2002

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act requires the directors to prepare financial statements which give a true and fair view of the state of affairs of the group and the company as at the end of each financial year and of the operating results of the group for that year. It also requires the directors to ensure that the group and the company keep proper accounting records, which disclose with reasonable accuracy 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 financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Accounting Standards and in the manner required by the Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

As noted in note 3, the company is in the process of discontinuing the operations of one of its subsidiaries, Kibo Breweries Limited under an elaborate arrangement with South African Breweries International, Africa.

Nothing has come to the attention of the directors to indicate that the company and its continuing 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: 30 August 2002

TAARIFA KUHUSU JUKUMU LA WAKURUGENZI

Sheria zinazoyasimamia makampuni zinawahitaji wakurugenzi kutayarisha taarifa za 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, hali ya kifedha ya kampuni na makampuni yake tanzu ilivyo. Pia wanawajibika kuihifadhi rasilimali ya kampuni.

Wakurugenzi wanakubali jukumu lao juu ya taarifa za kifedha za mwaka huu, ambazo zimetayarishwa kwa kutumia sera za uhasibu zinazofaa na zinazothibitishwa kwa uamuzi wa makadirio ya kutosha na yenye busara kuambatana na Viwango vya Uhasibu vya Kimataifa na inavyohitajiwa na sheria zinazosimamia Makampuni. Wakurugenzi wanaonelea kwamba taarifa hizi za kifedha zinaonyesha kwa ukweli hali ya shughuli za kifedha ya kampuni kwa pekee na ikiwa na makampuni yake tanzu, ilivyo. Wakurugenzi pia wanakubali kuchukua jukumu la kudumisha kumbukumbu za uhasibu ambazo zinaweza kutegemewa wakati wa matayarisho ya taarifa za kifedha pamoja na utaratibu unaofaa wa uthibiti wa kifedha wa kindani.

Inavyoelezwa katika ufafanuzi wa tatu, kampuni iko katika harakati za kusimamisha shughuli za Kibo Breweries, mojawapo ya makampuni yake tanzu, chini ya mpango madhubuti na South African Breweries International, Africa.

Hakuna chochote kinachojulikana kwa wakurugenzi ambacho kingewaonyesha kwamba kampuni na makampuni yake tanzu yanayoendelea, haitabaki ikifanya biashara kwa angalau muda wa miezi kumi na miwili ijayo kutoka kwa tarehe ya kuandikwa kwa taarifa hii.

Mkurugenzi: P G Healy

Mkurugenzi: G K Mahinda

Tarehe: 30 Agosti 2002

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

We have audited the financial statements set out on pages 21 to 45 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.

Respective responsibilities of the directors and the independent auditors

As stated on page 19, 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.

Basis of opinion

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 financial statements 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.

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 2002 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.

KPMG KENYA
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 40612, NAIROBI

Date: 30 August 2002

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

Tumechunguza taarifa za kifedha zilizo kwenye kurasa 21 hadi 45 ambazo zimetayarishwa kwa misingi ya sera za uhasibu zinazoelezwa katika ufafanuzi wa kwanza. 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 kwa kutoa maoni yetu. Mizania ya hesabu za kampuni inakubaliana na vitabu vya hesabu.

Nyadhifa mbalimbali za wakurugenzi na za wakaguzi huru wa hesabu.

Kama ilivyoelezwa katika ukurarasa wa 19, ni wajibu wa wakurugenzi kutayarisha taarifa za kifedha zilizo sahihi na zinazoonyesha kwa ukweli hali ya shughuli za kampuni, kwa pekee na ikiwa na makampuni yake tanzu, ilivyo. Jukumu letu ni kuwaelezea maoni yetu juu ya taarifa za kifedha, ambayo hayapendelei upande wowote tukizingatia ukaguzi wetu na kuripoti maoni yetu kwenu.

Msingi wa Maoni

Tulitekeleza uchunguzi wetu kuambatana na viwango vya kimataifa vya Ukaguzi. Viwango hivyo vinahitaji tupange na kutekeleza uchunguzi wetu ili tupate thibitisho tosha kwamba taarifa za kifedha 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.

Maoni

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 2002 na fedha zilivyopokelewa na kutumiwa kwa mwaka uliomalizika hapo, kuambatana na Viwango vya Uhasibu vya Kimataifa na kukidhi mahitaji ya sheria zinazosimamia Makampuni.

Tarehe: 30 Agosti 2002

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2002

	Note	2002 KShs'000	2001 KShs'000
ASSETS			
Non current assets			
Property, plant and equipment	11(a)	7,563,736	8,025,696
Associated company	12(a)	214,054	-
Other investments	13	400	400
Goodwill	14	453,749	-
Deferred tax	15(a)	45,602	48,635
Defined benefit asset	16	116,616	114,051
		8,394,157	**8,188,782**
Current assets			
Stocks	17	4,101,915	3,910,550
Debtors	18(a)	1,284,209	1,343,586
Term deposits		3,018,870	1,296,811
Cash and bank balances		1,251,551	404,807
		9,656,545	**6,955,754**
TOTAL ASSETS		**18,050,702**	**15,144,536**
EQUITY AND LIABILITIES			
Share Capital and Reserves (Page 25)		**11,171,841**	**10,038,231**
Minority interest		26,318	100,933
Non Current liabilities			
Deferred tax	15(b)	765,286	835,069
Provision for staff gratuity		430,542	394,958
Current liabilities			
Creditors	20(a)	3,101,086	2,557,949
Due to related companies	21(a)	411,300	283,412
Short term bank loans	22(a)	1,834,945	599,561
Taxation payable		43,441	50,274
Dividends payable		180,066	173,636
Bank overdraft		85,877	110,513
		5,656,715	3,775,345
TOTAL EQUITY, MINORITY INTEREST AND LIABILITIES		**18,050,702**	**15,144,536**

The financial statements on pages 21 to 45 were approved by the Board of Directors on 30 August 2002 and were signed on its behalf by:

Director: J G Kiereini

Director: G K Mahinda

The notes set out on pages 28 to 45 form an integral part of these financial statements.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 KShs'000	2001 KShs'000
Turnover			
Gross		27,734,679	26,813,674
Indirect taxes		(13,290,933)	(12,844,975)
Net turnover		**14,443,746**	**13,968,699**
Cost of sales		(5,251,497)	(4,834,693)
Gross profit		**9,192,249**	**9,134,006**
Other operating income	4	168,204	43,492
Selling and distribution costs		(1,475,958)	(1,674,700)
Administrative expenses		(4,267,896)	(4,614,531)
Goodwill on acquisition		(47,618)	(132,641)
Re organisation costs	6	(312,700)	(243,700)
Profit from operations		**3,256,281**	**2,511,926**
Net finance income/(costs)	7	144,130	(12,809)
Profit before taxation	8	**3,400,411**	**2,499,117**
Income tax expense	9	(1,099,617)	(946,793)
Profit after taxation		**2,300,794**	**1,552,324**
Minority interest		18,456	21,082
Net profit for the year		**2,319,250**	**1,573,406**
Basic earnings per share	**10**	**KShs 21.27**	**KShs 14.88**
Diluted earnings per share	**10**	**KShs 21.16**	**KShs 14.87**
Dividend per share		**KShs 11.50**	**KShs 9.00**

The notes set out on pages 28 to 45 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2002

	Note	2002 KShs'000	2001 KShs'000
Cash flows from operating activities	25(a)	**3,357,225**	**2,682,390**
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		127,393	35,678
Purchase of plant and equipment		(371,132)	(612,255)
Acquisition of additional interest in subsidiaries		(85,526)	(599,158)
Investment in associated company		(667,803)	-
Cash flows from investing activities		**(997,068)**	**(1,175,735)**
FINANCING ACTIVITIES			
Share swap		-	468,041
Scrip issue		-	368,968
Short term loans received		1,692,385	227,304
Dividend paid		(1,002,102)	(747,508)
Short term loans repaid		(457,001)	-
Cash flows from financing activities		**233,282**	**316,805**
Net increase in cash and cash equivalents	25(b)	**2,593,439**	**1,823,460**

The notes set out on pages 28 to 45 form an integral part of these financial statements.

	Note	2002 KShs'000	2001 KShs'000
ASSETS			
Non current assets			
Property, plant and equipment	11(b)	171,053	64,831
Investment in subsidiaries	23	3,256,224	3,170,659
Investment in associated company	12(b)	667,803	-
Other investments	13	400	400
Deferred tax	15(c)	-	6,750
		4,095,480	**3,242,640**
Current assets			
Debtors	18(b)	9,960	-
Dividend receivable		2,400,000	1,800,000
Due from subsidiaries	24	2,685,852	1,846,222
Due from related companies		-	6,016
Taxation recoverable		30,066	20,725
Term deposits		1,710,930	1,136,139
Cash and bank balances		10,778	22,696
		6,847,586	**4,831,798**
TOTAL ASSETS		**10,943,066**	**8,074,438**
EQUITY AND LIABILITIES			
Share Capital and Reserves (Page 27)		**9,296,758**	**7,877,629**
Non Current liabilities			
Deferred tax	15(c)	10,546	-
Provision for staff gratuity		24,229	22,500
Current liabilities			
Creditors	20(b)	13,654	673
Due to group companies	21(b)	114,963	-
Short term bank loans	22(b)	1,302,850	-
Dividends payable		180,066	173,636
		1,611,533	174,309
TOTAL EQUITY AND LIABILITIES		**10,943,066**	**8,074,438**

The financial statements on pages 21 to 45 were approved by the Board of Directors on 30 August 2002 and were signed on its behalf by:

Director: J G Kiereini

Director: G K Mahinda

The notes set out on pages 28 to 45 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2002

	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 2001	1,090,305	2,188,534	2,658,553	3,641,353	735,956	10,314,701
Adjustments relating to deferred tax	-	-	(86,050)	86,050	-	-
Adjustment with respect to provision for staff gratuity Note 1 (o) (iv)	-	-	-	(394,958)	-	(394,958)
Adjustment with respect to prior years' deferred tax	-	-	-	118,488	-	118,488
As restated	1,090,305	2,188,534	2,572,503	3,450,933	735,956	10,038,231
Currency changes	-	-	(32,339)	(95,054)	-	(127,393)
Net profit for the year	-	-	-	2,319,250	-	2,319,250
Revaluation surplus realised on disposal of assets	-	-	(13,411)	13,411	-	-
Deferred tax on realisation of revaluation surplus on disposal of assets	-	-	4,023	-	-	4,023
Reversal on impairment of property, plant and equipment	-	-	(74,640)	-	-	(74,640)
Deferred tax on reversal of impairment of property, plant and equipment	-	-	20,902	-	-	20,902
Dividend:						
- 2001 declared and paid	-	-	-	-	(729,526)	(729,526)
- Transferred to liabilities	-	-	-	-	(6,430)	(6,430)
- 2002 interim paid	-	-	-	(272,576)	-	(272,576)
- 2002 final proposed	-	-	-	(981,275)	981,275	-
At 30 June 2002	**1,090,305**	**2,188,534**	**2,477,038**	**4,434,689**	**981,275**	**11,171,841**

Adjustments in respect of prior year's deferred tax relate to the incorporation of deferred tax arising from staff gratuity provisions.

The notes set out on pages 28 to 45 form an integral part of these financial statements.

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

	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(r)	-	-	-	-	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	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**

The notes set out on pages 28 to 45 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2002

	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 (r)	-	-	-	-	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	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 1 July 2001	**1,090,305**	**2,188,534**	**36,276**	**3,842,308**	**735,956**	**7,893,379**
Adjustment with respect to provision for staff gratuity Note 1 (o) (iv)	-	-	-	(22,500)	-	(22,500)
Adjustment with respect to prior year's deferred tax	-	-	-	6,750	-	6,750
As restated	1,090,305	2,188,534	36,276	3,826,558	735,956	7,877,629
Net profit for the year	-	-	-	2,427,661	-	2,427,661
Dividend:						
- 2001 declared and paid	-	-	-	-	(729,526)	(729,526)
- Transferred to liabilities	-	-	-	-	(6,430)	(6,430)
- 2002 interim paid	-	-	-	(272,576)	-	(272,576)
- 2002 final proposed	-	-	-	(981,275)	981,275	-
At 30 June 2002	**1,090,305**	**2,188,534**	**36,276**	**5,000,368**	**981,275**	**9,296,758**

The notes set out on pages 28 to 45 form an integral part of these financial statements.

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 45.

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) Associated company
An associated company is that in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of the associated company on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

Effective 30 June 2002, the company purchased 46.32% in the issued share capital of UDV Kenya Limited.

(d) 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.

(e) 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 with in the profit and loss account.

(f) 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.

(g) 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.
Buildings	2% or over the unexpired period of the land lease
Plant, machinery and equipment	3 – 20%
Motor vehicles:	
Commercial	20%
Others	25%

(h) 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.

(i) 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.

(j) Goodwill
Goodwill arising on acquisition of subsidiaries and associates 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.

(k) 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.

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

(m) Trade and other payables
Trade and other payables are stated at cost.

(n) Financial instruments
A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability of another enterprise.

(i) ***Classification***
Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the group has the intent and ability to hold to maturity. These mainly include treasury bills.

Available-for-sale assets are financial assets that are not held for trading purposes, originated by the group, or held to maturity. Available-for-sale instruments include cash and bank balances and deposits and balances with banking institutions.

(ii) ***Recognition***
The group recognises available-for-sale assets on the date it commits to purchase the assets. From this date any gains and losses arising from changes in fair value of the assets are recognised in the profit and loss account.

Held to maturity assets are recognised on the day they are transferred to the group.

(iii) ***Measurement***

Financial instruments are measured initially at cost, including transaction costs.

Subsequent to initial recognition, all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably measured is stated at cost, including transaction costs, less impairment losses.

All non-trading financial liabilities and held-to-maturity assets are measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

(iv) ***Fair value measurement principles***
The fair value of financial instruments is based on their market price at the balance sheet date without any deduction for transaction costs.

(v) ***Gains and losses on subsequent measurement***
Gains and losses arising from a change in the fair value of available-for-sale assets and trading instruments are recognised in the profit and loss account.

(vi) ***Derecognition***
A financial asset is derecognised when the group loses control over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished.

Available-for-sale assets that are sold are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the group commits to sell the assets. The group uses the specific identification method to determine the gain or loss on derecognition.

Held-to-maturity instruments are derecognised on the day they are transferred by the group.

*(vii) **Impairment***

Financial assets are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised in the profit and loss account.

(o) 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.

*(iv) **Staff gratuity***

On normal retirement after completion of continuous and meritorious service with the group, both management and unionisable staff are entitled to 30 days pay for each completed year of service, after first completing three years of service, by way of gratuity, based on wage or salary at the time of such resignation or termination of services.

Effective 1 July 2001, a provision for the service gratuity is recognised in the financial statements as it accrues to each employee.

(p) 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 financial statements adjusted in accordance with tax legislation.

Deferred tax is provided using the balance sheet liability method on all temporary differences 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.

(q) 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.

(r) 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.

(s) Comparatives

Where necessary, comparative figures have been restated to take into account the effects of the International Accounting Standards adopted during the year.

2 SEGMENTAL REPORTING

	Kenya 2002 KShs'000	Kenya 2001 KShs'000	Uganda 2002 KShs'000	Uganda 2001 KShs'000	Tanzania 2002 KShs'000	Tanzania 2001 KShs'000	Eliminations 2002 KShs'000	Eliminations 2001 KShs'000	Consolidated 2002 KShs'000	Consolidated 2001 KShs'000
External sales	21,147,036	20,030,522	5,006,872	4,937,136	1,580,771	1,846,016	(836,805)	(270,180)	27,734,679	26,813,674
Inter-segment sales	836,805	270,180	-	-	-	-	-	-	-	-
Total sales	**21,983,841**	**20,300,702**	**5,006,872**	**4,937,136**	**1,580,771**	**1,846,016**	**(836,805)**	**(270,180)**	**27,734,679**	**26,813,674**
Segment profit from operations	3,374,073	2,682,393	294,917	140,903	(365,091)	(178,729)	-	-	3,303,899	2,644,567
Net finance income/ (costs)	198,867	84,153	(31,142)	(59,610)	(23,595)	(37,352)	-	-	144,130	(12,809)
Income tax expense	(1,046,712)	(911,347)	(52,905)	(35,446)	-	-	-	-	(1,099,617)	(946,793)
Segment results	**2,526,228**	**1,855,199**	**210,870**	**45,847**	**(388,686)**	**(216,081)**	-	-	**2,348,412**	**1,684,965**
Goodwill on acquisition of additional interest in subsidiary									(47,618)	(132,641)
Minority interest									18,456	21,082
Net profit for the year									**2,319,250**	**1,573,406**
OTHER INFORMATION:										
Segment assets	13,849,687	10,363,029	2,413,141	2,780,327	1,787,874	2,001,180	-	-	18,050,702	15,144,536
Segment liabilities	4,006,034	3,372,050	969,708	1,216,945	1,876,801	416,377	-	-	6,852,543	5,005,372
Capital expenditure	326,340	575,372	10,736	16,876	34,056	20,007	-	-	371,132	612,255
Depreciation expense	496,774	493,921	102,317	117,389	122,368	146,858	-	-	721,459	758,168
Impaired assets written (back)/down	(137,704)	243,732	492	-	-	-	-	-	(137,212)	243,732
Closure costs provision included in expenses	-	-	-	-	204,715	-	-	-	204,715	-

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 GROUP INTEGRATION AND REORGANISATION

On 14 May 2002, the EABL board announced that it had approved arrangements with South African Breweries International, Africa (SABI), which will involve a significant re-alignment of the way in which the company conducts business in Tanzania and, in return, in the way in which SABI conducts business in Kenya. The terms that have been agreed between the parties are reciprocal and are intended to deliver mutual benefits.

Implementation of these proposals in both countries is subject to obtaining formal approval from EABL's and Tanzania Breweries' (TBL – subsidiary of SABI in Tanzania) shareholders, and from the Kenyan Minister of Finance and the Tanzanian Minister for Industry and Trade under each of the country's monopoly laws. This authority has already been obtained from the EABL side and from the Kenyan Authorities but approval is still pending from TBL shareholders and the Tanzanian regulatory authority.

Kenya

On 13 May 2002, Castle Breweries Kenya Limited (CBKL –subsidiary of SABI in Kenya) ceased production and the brewery was closed and all staff declared redundant. For commercial business reasons EABL will acquire the issued share capital of the company, which owns certain residual assets. These include; brewery land and buildings, brewing production plant and equipment, motor vehicles and other assets. CBKL will be acquired free of all liabilities but will not be operated as a going concern. EABL will transfer to SABI 20% of the issued capital of Kenya Breweries Limited (KBL) thus making SABI a co-investor with a stake in the future of KBL and the brewing industry in Kenya. SABI has also signed a brewing and distribution agreement with KBL under which KBL will produce, market and sell certain of SABI's brands for the Kenyan market. The intention is that these SABI brands will continue to be available to consumers in Kenya. SABI will receive royalties on the sales value of its products brewed and sold in Kenya.

Tanzania

Kibo brewery ceased production on 13 May 2002 and the brewery was closed and all staff declared redundant. For commercial business reasons, TBL will acquire the issued share capital of Kibo, which owns certain residual assets. These comprise the brewery land and buildings, brewing production plant and equipment, motor vehicles and other assets. Kibo will be sold free of all liabilities but will not be operated as a going concern. In exchange for the Kibo shares, TBL will issue EABL with ordinary shares comprising 20% of the issued share capital of TBL. EABL will therefore be a co-investor in TBL with a stake in the future of TBL and the brewing industry in Tanzania. EABL has entered into a brewing and distribution agreement with TBL under which TBL will produce, market and sell certain EABL and GuinnessUDV brands for the Tanzanian market. In this way EABL and GuinnessUDV brands will continue to be available to consumers in Tanzania. EABL will receive royalties on the sales value of its brands produced and sold in Tanzania.

As the requisite approvals in the Tanzanian Market are still pending, the above deal has not yet been concluded and Kibo Breweries Limited has been consolidated in these financial statements. The directors hope that the transaction will be completed within the next financial year. The expected disposal proceeds on the sale of Kibo Breweries Limited is US$ 41.3 million.

The financial information of Kibo Breweries Limited included in these financial statements is shown in Note 2.

In addition, EABL has also finalised the purchase of the entire issued share capital of International Distillers Uganda Limited. The conclusion of this acquisition took place after 30 June 2002.

Effective 30 June 2002, the company also purchased 46.32% of the issued share capital of UDV (Kenya) Limited

4 OTHER OPERATING INCOME

2002	2001 KShs'000	KShs'000
Gain on disposal of property, plant and equipment	59,593	12,607
Rental income	20,293	7,091
Sale of scrap items	54,879	16,208
Other	33,439	7,586
	168,204	**43,492**

5 PERSONNEL EXPENSES

	2002 KShs'000	2001 KShs'000
Salaries and wages	1,233,448	1,241,784
Compulsory social security contributions	15,731	21,529
Contributions to defined contribution scheme	35,375	14,110
Defined benefit scheme costs (net)	10,801	3,121
Staff gratuity	34,858	-
Other	432,828	233,216
	1,763,041	**1,513,760**

The average number of people engaged during the year were 1,095 (2001 - 1,535).

6 REORGANISATION COSTS

	2002 KShs'000	2001 KShs'000
Redundancy costs	160,387	243,700
Other reorganisation costs	152,313	-
	312,700	**243,700**

7 NET FINANCE INCOME/(COSTS)

	2002 KShs'000	2001 KShs'000
Interest income	179,302	128,760
Interest expense	(92,174)	(120,570)
Foreign exchange gain/(loss)	57,002	(20,999)
	144,130	**(12,809)**

8 PROFIT BEFORE TAXATION

		2002 KShs'000	2001 KShs'000
Profit before taxation is arrived at after charging/(crediting):			
Personnel expenses		1,763,041	1,513,760
Depreciation		721,459	758,168
Impaired assets written (back)/down		(137,212)	243,732
Directors emoluments	- Fees	3,758	3,555
	- Other	155,299	161,317
Auditors remuneration	- Current year	8,902	8,520

9 INCOME TAX EXPENSE

	2002 KShs'000	2001 KShs'000
Current tax expense	1,119,111	865,230
Prior year (over)/under provision	(7,436)	3,746
Deferred tax (Note 15)	(12,058)	77,817
	1,099,617	**946,793**

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

	2002 KShs'000	2001 KShs'000
Accounting profit	3,400,411	2,499,117
Tax at the standard rate of 30%	1,020,123	749,735
Tax effect of non deductible expenses and non-taxable income	86,930	185,020
Differential in applicable foreign tax rates	-	8,292
Prior year (over)/under provision	(7,436)	3,746
	1,099,617	**946,793**

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.

10 EARNINGS PER SHARE

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

Basic earnings per share

	2002	2001
Net profit for the year – KShs'000	**2,319,250**	**1,573,406**
Weighted average number of ordinary shares in issue during the year	**109,030,506**	**105,733,961**
Basic earnings per share	**KShs 21.27**	**KShs 14.88**

Diluted earnings per share

Weighted average number of ordinary shares in issue during the year	109,030,506	105,733,961
Options granted during the year:		
– under the Executive Option Scheme	132,808	111,951
– under the Share Save Scheme	431,731	-
	109,595,045	**105,845,912**
Diluted earnings per share	**KShs 21.16**	**KShs 14.87**

11 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 2001	1,713,953	1,805,233	37,705	7,409,323	468,016	115,989	11,550,219
Foreign exchange changes	-	(52,162)	-	(155,765)	(7,400)	(2,369)	(217,696)
Additions	-	-	-	31,386	4,915	334,831	371,132
Disposals	(16,450)	(34,402)	-	(760)	(200,120)	-	(251,732)
Reclassifications	-	-	-	342,901	-	(342,901)	-
Reversal of impairment loss	-	-	-	277,916	-	-	277,916
Impaired assets written down	3,802	(8,357)	-	(117,919)	(1,072)	(37,050)	(160,596)
As at 30 June 2002	1,701,305	1,710,312	37,705	7,787,082	264,339	68,500	11,569,243
Comprising:							
Cost	550,213	503,493	18,500	5,848,836	257,227	68,500	7,246,769
Valuation	1,151,092	1,206,819	19,205	1,938,246	7,112	-	4,322,474
	1,701,305	1,710,312	37,705	7,787,082	264,339	68,500	11,569,243
Depreciation							
As at 1 July 2001	208,827	182,784	24,478	2,734,155	374,279	-	3,524,523
Foreign exchange changes	-	(2,989)	-	(29,218)	(4,444)	-	(36,651)
Charge for the year	55,703	27,808	962	590,466	46,520	-	721,459
On disposals	(2,062)	(2,802)	-	(760)	(178,308)	-	(183,932)
Writeback on reversal of impairment loss	-	-	-	27,791	-	-	27,791
On impaired assets written down	-	(2,499)	-	(44,169)	(1,015)	-	(47,683)
As at 30 June 2002	262,468	202,302	25,440	3,278,265	237,032	-	4,005,507
Net book value							
At 30 June 2002	**1,438,837**	**1,508,010**	**12,265**	**4,508,817**	**27,307**	**68,500**	**7,563,736**
At 30 June 2001	**1,505,126**	**1,622,449**	**13,227**	**4,675,168**	**93,737**	**115,989**	**8,025,696**

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 group operations, the directors have re-assessed the future economic benefits of some assets and adjusted their values as necessary.

As at 30 June 2002, there were no assets pledged by the Group to secure liabilities.

11 PROPERTY, PLANT AND EQUIPMENT (continued)

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	Total KShs'000
Cost	550,213	503,493	18,500	5,848,836	257,227	7,178,269
Accumulated depreciation	84,884	59,555	12,482	2,462,287	230,655	2,849,863
Net book value						
At 30 June 2002	**465,329**	**443,938**	**6,018**	**3,386,549**	**26,572**	**4,328,406**
At 30 June 2001	**489,539**	**530,312**	**6,490**	**3,377,760**	**85,999**	**4,490,100**

b) Company

	Freehold properties KShs'000	Long leasehold properties KShs'000	Short leasehold properties KShs'000	Plant and equipment KShs'000	Capital work in progress KShs'000	Total KShs'000
Cost/Valuation						
At 1 July 2001	5,500	46,500	2,800	-	15,842	70,642
Additions	-	-	-	-	120,742	120,742
Reclassifications	-	-	-	122,945	(122,945)	-
Impaired assets written down	-	-	-	-	(13,639)	(13,639)
As at 30 June 2002	5,500	46,500	2,800	122,945	-	177,745
Comprising:						
Cost	85	2,250	1,000	122,945	-	126,280
Valuation	5,415	44,250	1,800	-	-	51,465
As at 30 June 2002	5,500	46,500	2,800	122,945	-	177,745
Depreciation						
As at 1 July 2001	-	4,879	932	-	-	5,811
Charge for the year	-	738	143	-	-	881
As at 30 June 2002	-	5,617	1,075	-	-	6,692
Net book value:						
At 30 June 2002	**5,500**	**40,883**	**1,725**	**122,945**	**-**	**171,053**
At 30 June 2001	**5,500**	**41,621**	**1,868**	**-**	**15,842**	**64,831**

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.

As at 30 June 2002, there were no assets pledged by the company to secure liabilities.

b) Company (continued)

If the property 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	Total KShs'000
Cost	85	2,250	1,000	3,335
Accumulated depreciation	-	272	384	656
Net book value:				
At 30 June 2002	**85**	**1,978**	**616**	**2,679**
At 30 June 2001	**85**	**2,014**	**667**	**2,766**

12 ASSOCIATED COMPANY

a) Group

	Effective interest	2002 KShs'000	2001 KShs'000
Group share of net assets: UDV (Kenya) Limited	46.32%	**214,054**	-

The above represents the Group share of net assets of the associated company as at 30 June 2002.

b) Company

At cost:	2002 KShs'000	2001 KShs'000
UDV (Kenya) Limited (463,200 ordinary shares of KShs 20 each)	**667,803**	-

Effective 30 June 2002, the company purchased 46.32% of the issued share capital of UDV (Kenya) Limited.

13 OTHER INVESTMENTS

Group and Company

	2002 KShs'000	2001 KShs'000
Unquoted: 4,000 Ordinary shares (representing 20%) in Sen-Tech Limited at cost	**400**	**400**

14 GOODWILL

	2002 KShs'000	2001 KShs'000
Purchased goodwill	**453,749**	-

This represents excess of the cost of acquisition of 46.32% over the fair value of identifiable assets and liabilities of UDV (Kenya) Limited as at 30 June 2002. This will be amortised over its estimated useful life of five years.

15 DEFERRED TAX

Group

(a) Deferred tax asset

Movements during the year are as follows:

Arising from:	At 1 July 2001 as previously reported KShs '000	Recognised in equity KShs'000	At 1 July 2001 Restated KShs'000	Recognised in income KShs'000	At 30 June 2002 KShs'000
Property, plant & equipment	92,322	-	92,322	(18,249)	74,073
Unrealised exchange gains	203	-	203	(203)	-
Tax losses carried forward	(125,204)	-	(125,204)	25,725	(99,479)
Staff gratuity provision	-	(10,460)	(10,460)	(1,105)	(11,565)
Other provisions	(5,496)	-	(5,496)	(3,135)	(8,631)
Total	**(38,175)**	**(10,460)**	**(48,635)**	**3,033**	**(45,602)**

A deferred tax asset 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:

Arising from:	At 1 July 2001 as previously reported KShs '000	Recognised in equity KShs'000	At 1 July 2001 Restated KShs'000	Currency changes KShs'000	Recognised in income KShs'000	Recognised in equity KShs'000	At 30 June 2002 KShs'000
Property, plant & equipment	933,317	-	933,317	(1,619)	(16,007)	(24,925)	890,766
Tax losses carried forward	(17,758)	-	(17,758)	1,462	16,296	-	-
Staff gratuity provisions	-	(108,028)	(108,028)	(2,249)	2,091	-	(108,186)
Other provisions	27,538	-	27,538	(27,361)	(17,471)	-	(17,294)
Total	**943,097**	**(108,028)**	**835,069**	**(29,767)**	**(15,091)**	**(24,925)**	**765,286**

Company

(c) Deferred tax liability/(asset)

Movements during the year are as follows:

Arising from:	At 1 July 2001 as previously reported KShs '000	Recognised in equity KShs'000	At 1 July 2001 Restated KShs'000	Recognised in income KShs'000	At 30 June 2002 KShs'000
Property, plant & equipment	-	-	-	11,065	11,065
Staff gratuity provisions	-	(6,750)	(6,750)	6,231	(519)
Total	**-**	**(6,750)**	**(6,750)**	**17,296**	**10,546**

16 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 participate in the defined contribution plan for retirement, disability or death benefits. During the year the group expensed KShs 35,375,000 (2001 – KShs. 14,110,000).

(b) Defined benefit plan

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

	2002 KShs'000	2001 KShs'000
Present value of funded obligations	223,193	268,702
Fair value of scheme assets	(333,462)	(354,622)
Net overfunding in the scheme	(110,269)	(85,920)
Unrecognised actuarial loss	(6,347)	(28,131)
Net asset in the balance sheet	**(116,616)**	**(114,051)**

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

	2002 KShs'000	2001 KShs'000
Net asset at 1 July	(114,051)	(107,792)
Net expense recognised in the income statement	10,801	3,121
Employer contributions	(13,366)	(9,380)
Net asset in the balance sheet at 30 June	**(116,616)**	**(114,051)**

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

	2002	2001
Current service costs	19,105	13,685
Interest on obligation	25,658	22,617
Expected return on plan assets	(33,962)	(33,181)
Total expense included in administration expenses	**10,801**	**3,121**

(c) Equity compensation benefits

The directors are empowered to grant share options to group employees. These options are granted for a maximum period of ten years and a minimum period of three years at a price determined by the market price ruling on the Nairobi Stock Exchange on the day preceding the day on which the options are granted.

During the year options for 132,808 (2001 - 111,951) units were granted under the Executive Option Scheme but none had been exercised.

During the year 431,731 (2001 – Nil) shares were granted under the Share Save Scheme but none had been exercised.

17 STOCKS

	2002 KShs'000	2001 KShs'000
Raw materials	1,393,285	1,759,210
Consumables	1,491,408	1,365,170
Goods in transit	84,874	111,126
Finished goods	1,132,348	675,044
	4,101,915	**3,910,550**

18 DEBTORS

(a) Group

	2002 KShs'000	2001 KShs'000
Trade debtors	730,047	751,501
Barley advances	187,504	163,090
VAT and Excise duty recoverable	184,045	135,998
Other debtors	182,613	292,997
	1,284,209	**1,343,586**

(b) Company

Other debtors	**9,960**	-

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.

19 SHARE CAPITAL

Group and Company

Authorised	2002 KShs'000	2001 KShs'000
150,000,000 Ordinary shares of KShs.10 each	**1,500,000**	**1,500,000**
Issued and fully paid		
At 30 June		
109,030,506 Ordinary shares of Kshs.10 each	**1,090,305**	**1,090,305**

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at annual and other general meetings of the company.

20 CREDITORS

(a) Group

	2002 KShs'000	2001 KShs'000
Trade creditors	1,503,907	811,923
VAT and Excise duty payable	973,757	795,830
Other creditors	623,422	950,196
	3,101,086	**2,557,949**

(b) Company

Other creditors	**13,654**	**673**

21 RELATED COMPANY BALANCES

a) Group

Balances due to/(from) related companies	**2002 KShs'000**	**2001 KShs'000**
Guinness Limited	412,034	275,963
UDV (Kenya) Limited	(734)	7,449
	411,300	**283,412**

b) Company

Due (to)/from related companies

Guinness Limited	**(114,963)**	**6,016**

During the year the group purchased goods and services worth KShs 871,678,672 (2001 – KShs 800,833,488) from related companies. During the year, the group did not make any sales to related companies (2001 – KShs 30,981,069). Transactions with related companies are priced on arm's length basis and are in the ordinary course of business. The group also paid management fees amounting to KShs 207,680,666 (2001 – KShs 230,183,920) and royalties amounting to KShs 163,205,170 (2001 – KShs 111,081,812).

22 SHORT TERM BANK LOANS

a) Group:

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

	Country	**Effective Interest rate**	**2002 KShs '000**	**2001 KShs '000**
East African Breweries Limited	Kenya	8.0%	1,302,850	-
Uganda Breweries Limited	Uganda	-	-	457,001
Kibo Breweries Limited	Tanzania	7.0%	532,095	142,560
			1,834,945	**599,561**

22 SHORT TERM BANK LOANS - Continued

b) Company

The company was granted unsecured bank loans during the year by Standard Chartered Bank Kenya Limited and Commercial Bank of Africa Limited of Kshs 1,152,850,000 and Kshs 150,000,000 respectively. The effective interest rate charged during the year was 8%.

23 INVESTMENT IN SUBSIDIARIES

Company

	2002 KShs'000	2001 KShs'000
At cost:		
Kenya Breweries Limited	405,000	405,000
Salopia Limited	200	200
Allsopps (E.A.) Sales Limited	2	2
East African Breweries (Mauritius) Limited	389	389
Central Glass Industries Limited	790,288	790,288
Kenya Maltings Limited	-	-
Tembo Properties Ltd	-	-
Uganda Breweries Limited	687,647	671,507
Kibo Breweries Limited	1,372,698	1,303,273
	3,256,224	**3,170,659**

24 DUE FROM SUBSIDIARIES

Company

	2002 KShs'000	2001 KShs'000
Kenya Breweries Limited	215,494	721,739
Central Glass Industries Limited	86,228	53,669
Kenya Maltings Limited	1,375,757	-
Uganda Breweries Limited	42,706	57,712
Kibo Breweries Limited	965,667	1,013,102
	2,685,852	**1,846,222**

Included in the balance due from Kibo Breweries Limited is KShs 949 million (2001 – KShs 1 billion) in respect of a long term loan which has been reclassified to current liabilities in view of the discontinued operations of the company.

25 NOTES TO THE CASH FLOW STATEMENT

	2002 KShs'000	2001 KShs'000
a) Reconciliation of net profit before tax to cash flows from operating activities		
Net profit before tax	3,400,411	2,499,117
Adjustments for:		
Depreciation	721,459	758,168
Goodwill on acquisition of additional interest in subsidiary	47,618	132,641
Foreign currency changes	(69,006)	91,159
Profit on disposal of property, plant & equipment	(59,593)	(12,607)
Property, plant and equipment written (back)/down	(137,212)	243,732
Net increase in defined benefit asset	(2,565)	(6,259)
Net increase in staff gratuity provision	35,584	-
Interest income (net)	(87,128)	(8,190)
Operating profit before working capital changes	**3,849,568**	**3,697,761**
Increase in stocks	(191,365)	(283,926)
Decrease in debtors	59,377	79,006
Increase in creditors	543,137	22,099
Movement in amounts due to related companies	127,888	97,768
Cash generated from operations	**4,388,605**	**3,612,708**
Interest received (net)	87,128	8,190
Income taxes paid	(1,118,508)	(938,508)
Cash flows from operating activities	**3,357,225**	**2,682,390**

b) Movement in cash and cash equivalents

	2002 KShs'000	2001 KShs'000	Change in the year KShs'000
Cash and bank balances	1,251,551	404,807	846,744
Term deposits	3,018,870	1,296,811	1,722,059
Bank overdraft	(85,877)	(110,513)	24,636
	4,184,544	**1,591,105**	**2,593,439**

26 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:-

	2002 KShs'000	2001 KShs'000
Not later than one year	84,301	85,899
Later than one year and not later than five years	102,911	235,850

25 NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of net profit before tax to cash flows from operating activities

	2002 KShs'000	2001 KShs'000
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27 FINANCIAL INSTRUMENTS

Liquidity and interest rate risk analysis

In respect of the income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice:

	2002						2001					
	Effective interest rate	Due on demand	Due within 3-12 months	Due within 1-5 years	Due after 5 years	TOTAL	Effective interest rate	Due on demand	Due within 3-12 months	Due within 1-5 years	Due after 5 years	TOTAL
	%	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000	%	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Other investments	-	-	-	-	400	400	-	-	-	-	400	400
Debtors	-	-	1,284,209	-	-	1,284,209	-	-	1,343,586	-	-	1,343,586
Term deposits	10%	3,018,870	-	-	-	3,018,870	3.5 - 13%	1,296,811	-	-	-	1,296,811
Cash and bank balances	4.23%	1,251,551	-	-	-	1,251,551	-	404,807	-	-	-	404,807
Creditors	-	-	(3,101,086)	-	-	(3,101,086)	-	-	(2,557,949)	-	-	(2,557,949)
Due to related companies	-	-	(411,300)	-	-	(411,300)	-	-	(283,412)	-	-	(283,412)
Short term bank loans	7.5%	(1,834,945)	-	-	-	(1,834,945)	8% - 13%	(599,561)	-	-	-	(599,561)
Dividends payable	-	(180,066)	-	-	-	(180,066)	-	(173,636)	-	-	-	(173,636)
Bank overdraft	13.5%	(85,877)	-	-	-	(85,877)	16%	(110,513)	-	-	-	(110,513)

The interest rates quoted above are the range which prevailed in the current financial year.

28 CAPITAL COMMITMENTS

	2002 KShs'000	2001 KShs'000
Contracted but not provided for	**52,092**	**25,736**

29 RELATED PARTY TRANSACTIONS

Directors and executive officers

As at 30 June 2002 there were no loans to directors or to executive officers.

	2002 KShs'000	2001 KShs'000
Total directors' remuneration included in personnel expenses are as follows:		
Directors' fees	**3,758**	**3,555**
Other emoluments	**155,299**	**161,317**

30 CONTINGENT LIABILITIES

	2002 KShs'000	2001 KShs'000
Guarantees in respect of bank advances to barley farmers	14,367	14,367
Pending legal cases	57,036	12,955
Other guarantees	26,280	45,777
	97,683	**73,099**

31 ULTIMATE HOLDING COMPANY

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

32 INCORPORATION

The company is incorporated in Kenya under the Companies Act.

33 CURRENCY

The financial statements are presented in Kenya Shillings (KShs).

34 LIST OF SIGNIFICANT SUBSIDIARIES

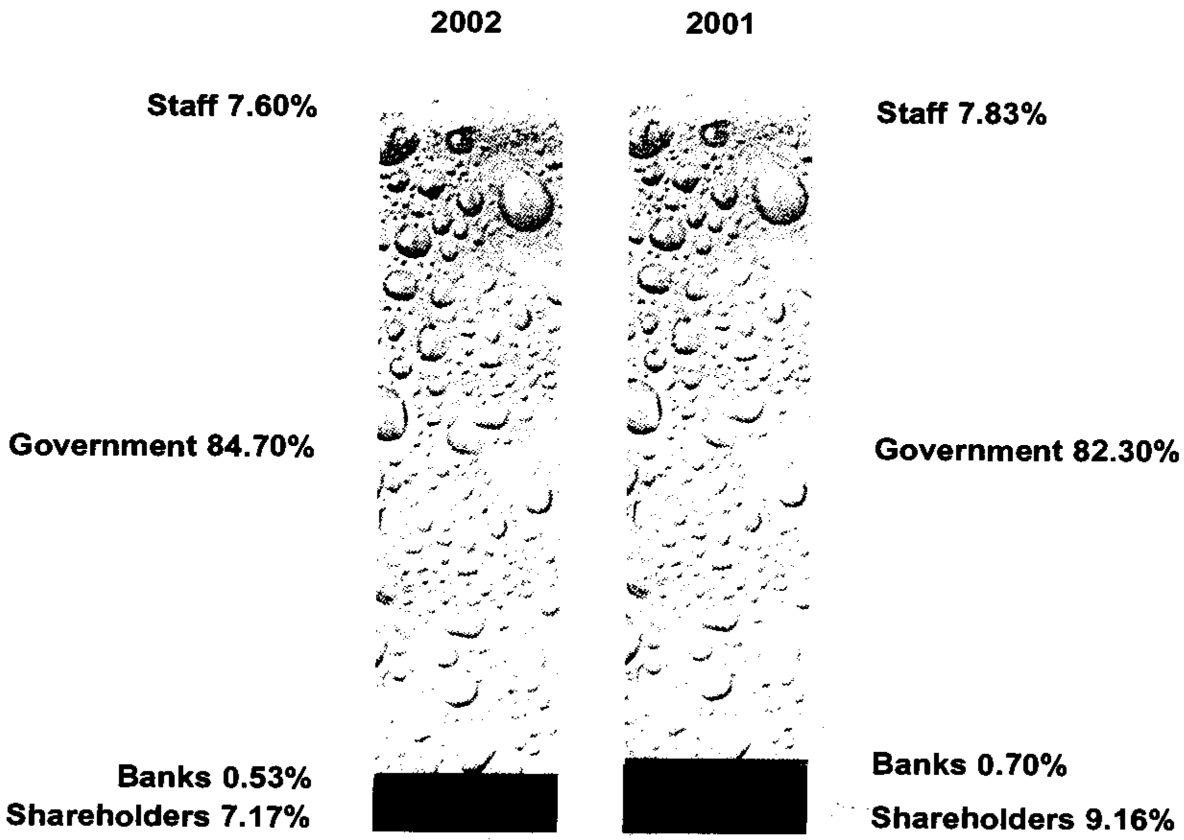
Company	Country of incorporation	Effective interest
Kenya Breweries Limited	Kenya	100%
Central Glass Industries Limited	Kenya	100%
Kenya Maltings Limited	Kenya	100%
Uganda Breweries Limited	Uganda	98%
Kibo Breweries Limited	Tanzania	100%

STATEMENT OF VALUE ADDED

	2002 KShs'000	2001 KShs'000
Turnover	**27,734,679**	**26,813,674**
Less:		
Cost of materials, supplies & services bought & depreciation set aside	(10,319,373)	(9,679,264)
VALUE ADDED	17,415,306	17,134,410
Add		
Profit on sale of fixed assets	59,593	12,607
Minority share of profit in subsidiary	18,456	21,082
	17,493,355	**17,168,099**

THIS WAS SHARED AS FOLLOWS:

	2002 KShs '000	%	2001 KShs '000	%
Staff	1,330,213	7.60%	1,344,552	7.83%
Government as taxes	14,817,118	84.70%	14,129,571	82.30%
Banks and other lenders	92,174	0.53%	120,570	0.70%
Shareholders	1,253,850	7.17%	1,573,406	9.16%
	17,493,355	**100.00%**	**17,168,099**	**100.00%**



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 80th Annual General Meeting of the company to be held on 29 November 2002 at 10.00 a.m. or at any adjournment thereof.

As witness to my/our hands

this______________________ day of November 2002.

Signature(s)________________________________

Notes: 1. This proxy is to be delivered to the Company Secretary not later than 10.00 a.m. on Wednesday 27 November 2002 failing which it will be invalid.

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

Fomu ya uwakilishi

Mimi/Sisi __________________________________

____

Nambari ya akaunti ya hisa ___________________

anwani_____________________________________

____

kama mwanahisa/wanahisa wa East African Breweries

namteua/tunamteua__________________________

wa (anwani)_________________________________

na akikosa yeye, namteua/tutamteua Mwenyekiti wa mkutano kama mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/yetu kwenye Mkutano Mkuu wa 80 wa Mwaka wa kampuni utakaofanyika tarehe 29 Novemba 2002 saa nne za asubuhi ama siku yoyote ile endapo mkutano huo utaahirishwa.

Sahihi ______________________________________

Sahihi hii/hizi imewekwa/zimewekwa tarehe______________ Novemba 2002

Maelezo muhimu:

1 Iwapo hutaweza kuhudhuria mkutano huu wewe mwenyewe binafsi, ni lazima fomu hii ya uwakilishi ijazwe kikamilifu na kufikishwa kwa katibu wa Kampuni kabla ya saa nne za asubuhi ya Jumatano, tarehe 27 Novemba 2002 na isipomfikia wakati huo, uteuzi wako/wenu wa uwakilishi hautafaa.

2. Iwapo mteuaji ni shirika, fomu 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 29 November 2002 at 10.00.a.m.

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

JB 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