Driving Sustainability

Strong results

The past year was one of significant results delivery, in a challenging environment for East African Breweries Limited.

The Company steadily continued to develop its core business and maintain its leading position in the market. The Group's operating profits (before restructuring costs) over the year were Kshs. 9.0 billion compared to Kshs. 8.2 billion recorded last year. December 2005 saw our Ugandan beer operations record the highest ever sales and production, leading to an overall annual increase in total sales of 15% over the previous year.

The performance of the Kenyan operations was generally flat with spirits showing significant growth while lager beers remained flat. The growth in lager beer was impacted mainly by a 10% increase in excise duty announced in the 2005-2006 Budget, coupled with the lengthy drought and related famine that affected the country over the year.

Our results from our investment in Tanzania also showed improved performance. Our brands continue to do well in Tanzania.

Innovative products, Renewed strategies

In the Kenyan market, the launch of Senator Special grew the market while managing to capture 10% of the total market. Malta Guinness was re-launched in a stylish new bottle to position it more competitively in the carbonated soft drinks segment. The re-launch of Smirnoff in a new icon bottle saw renewed growth for the brand. In Uganda, we launched White Cap Light as well as Smirnoff Black Ice during the year, consolidating our position in the lager, spirits and non-alcoholic sectors.

Shifting strategic orientation

During the year, we restructured the organization in order to make our company more effective. The restructuring focused more on improving our effectiveness in the market place while recognizing our investments in plant and equipment. In both Kenya and Uganda we significantly increased our sales foot print in order to improve our relationship with our consumers and our customers. We also established a fully fledged Supply Chain function in order to improve our route to market and our support to sales and marketing. In addition, we created the new position of Group Commercial Director to strategically consolidate the group's commercial function. Mr Christopher Caldwell joined us as the Group Commercial Director and also joined the Board during the year. We are confident that the new structure will add more value to our consumers, customers and to our operations.

State-of-the-art processes

The Company has steadily continued to invest in new products and state-of-the-art production and marketing processes. Over the year, our Kenya beer operations aquired four new beer fermentation and storage vessels, with a combined capacity of 1.6 Million litres - the biggest of their kind in Africa. We also installed a new, state-of-the-art keg line. In the last one year the company spent over KShs. 2.1 billion, (about US$ 30 million) on new equipment. We expect to spend a similar amount in the coming financial year.

Enhancing brand image

Over the year, a number of brands were re-launched to enhance their image and several exciting promotions were run to reward and constructively engage our consumers. This is part of a continuing initiative to capture every opportunity to meet the needs of consumers from all socio-economic backgrounds.

Sustaining the environment

In pursuit of a more sustainable environment, our businesses in Kenya and Uganda commissioned several multi billion shilling wastewater treatment plants, the first of their kind in the region. The effluent treatment plants have ensured compliance with international environmental standards and significantly reduced the Brewery's effluent emission, a development that has been fully acknowledged and lauded by both Governments.

Nurturing our competitive edge

The Company continues to recognize its staff as not only its greatest asset but also as the major repository of its competitive edge. Over the year, we continued in our policy of sourcing for both locally available top talent as well as qualified nationals residing overseas. Focused efforts to train and develop our own staff continued in all areas, at all levels - a good example was the establishment of a new Logistics-Supply Chain team. The unified culture within the Group is continuously nurtured through synchronizing structures, centralizing processes and aligning the hearts and the minds of all staff towards one common way of working, embracing one common goal.

Exploiting our strengths

Looking into the future, we are pleased to note that the economic fundamentals in both Kenya, Tanzania and Uganda




"Recognizing that, in the long run, our business cannot survive in an environment that is not itself sustainable, we shall continue to invest in the communities around us and structures which effectively support our business".

appear to be in place, making for substantial growth in these economies and, consequently, in our operations. We are convinced that the long-term prospects of the Company in the region are promising. Although we applauded the government initiatives to lower taxation on keg barley beers, we are however, taking into account the impact of the increase of excise taxes on malt beer in Kenya and on local raw material beers in Uganda, announced during the 2006-2007 Budgets. Nevertheless, we shall continue to exploit our strengths internally and in the marketplace and ensure that we maintain our competitive edge, not only within our industry but also within the entire region by carefully investing in our people, our brands, our production and marketing processes.

Dividends

The Board is pleased to recommend a final dividend of Kshs 4.15 per share, which together with the interim dividend of Kshs 1.75 per share paid in March 2006 brings the full dividend for the year to Kshs 5.90. This represents a 31% increase compared to last year's dividend. Earning per share is up 13%.

Taxation

Over the year, the Group paid a total of Kshs 18.7 billion (an increase of KShs 1 billion over last year) in both direct and indirect taxes to the national exchequers of Kenya, Uganda and Tanzania, making us probably the biggest corporate taxpayers in the region. This figure amounts to about 50% of the Group's gross turnover.

New Enterprise Resource Planning System

Implementation of a new Enterprise Resource Planning system known as SAP has commenced within the business. SAP will provide a single IT platform to meet most of EABL's business information requirements. Through intergrating and optimising most cross-functional business processes, SAP will allow strong alignment of operations to the business strategy.

Outlook

We continue to grow our business in the region, which makes us one of the leading business enterprises in Eastern Africa. We intend to maintain our strategic focus and harness our core competencies while using cutting-edge technology not just to hold but also to improve upon this position. We shall strengthen our brand portfolio and move our products to the front line of the market place through world-class manufacturing and marketing capabilities while recognizing the vital importance of our human capital.

Recognizing that, in the long run, our business cannot survive in an environment that is not itself sustainable, we shall continue to invest in the communities around us and structures, which effectively support our business.

Acknowledging our partners

Our success could not have been achieved without the support of a proactive Board of Directors, and the admirable team spirit of the employees in our organisation and associated companies across East Africa, whose efforts have sustained the Company's operations over the last year. Our consumers and business partners continue to be key contributors to the success of our operations every year. We wish them all an even more successful 2007.

J. G. Kiereini	**G. Mahinda**
Chairman	**Group Managing Director**

Building our Human Capital

Promoting team spirit

The 'oneness' of our organizational outlook is viewed as a major asset to our company and an imperative for our strategic initiatives. We are still in the early stages of nurturing a unified operating culture and aligning the hearts and minds of all our staff towards a common work ethic and goal. Plans are underway to enhance internal two-way communication so that employees are able to appreciate each other's value both individually and in team settings to benefit from the synergies built in the organization. Our new Performance Management System is based on peer reviews and mentoring for increased productivity.

Recognizing Talent

As has always been our tradition, we fully recognize that our staff are our greatest asset - the one asset that gives us the competitive edge both in business and in the delivery of our strategies. We already have one of the most competent teams in the local business environment and continue to source for the best talent locally and overseas. We are fully committed to realizing the full potential of our staff and have put in place robust procedures to ensure that this happens.

Customizing work expectations

We have already achieved a much better 'fit' between skills and where they are placed within the business through the adoption of assessment centres for incoming staff and development centres for staff already deployed. The recently established Logistics-Supply Chain Team will have total visibility of our Supply Chain from the consumer level right through to the primary sourcing of raw and packaging materials, providing support for both our demand and supply operations.

Streamlining departmental roles

Our procurement division has been restructured into categories so that greater focus can be placed on each function, leading to enhanced procurement efficiencies. There will also be a special focus on overall business performance management for better monitoring and control, variance minimization and continuous improvement initiatives. Our sales organization has also been reviewed to re-energize the team and reinforce performance-related pay. New role profiles and the adoption of best practices at the consumer level should ensure delivery of sales targets.

Training, developing and upskilling

We continue to train and develop our staff in a focused effort to upskill them globally. Over the year, we engaged 29 management trainees to enhance our talent pipeline as part of our drive towards robust succession planning. Several of our staff have moved to roles in other markets on various assignments. We shall continue to focus on the development of skills across the board as an enabler of our overall organizational effectiveness.

Customer number 1: Our employees

Our remuneration policy continues to be market-led and performance-driven to enable us compete for the best talent in the market. Our staff incentive schemes are continuously being reviewed to ensure that good performance is rewarded at both the team and individual levels. Our Retirement Benefits Scheme has continued to be enjoyed by all staff and a new programme of Additional Voluntary Contributions will soon be rolled out to enable staff enhance their individual retirement savings. Lastly, we shall maintain our commitment to upholding world-class standards of corporate governance and individual integrity. A blanket 'zero-tolerance' policy will be adopted for any behaviour falling short of company standards or expectations.

Acquiring competency

Over the year, the Company's policy of investing in its staff focused on the Competency Acquisition Programme, which is expected to significantly improve skill levels. To improve leadership potential for managers, the Company introduced a number of leadership programmes including 8 Habits of Highly Effective People by Steve Covey and High Performance Coaching. The e-learning programme, also launched during the year, will comprise over 500 training courses in addition to learning modules from the Harvard Business School. These will be availed to the employees online.



Assuring quality, meeting aspirations

State-of-the-art-equipment

In Kenya the Company invested in four new beer fermentation and storage vessels, with a combined capacity of 1.6 Million litres, to respond to the beer volume growth of 16% recorded the previous year. We also installed a new Keg line with a capacity of 240 kegs per hour. The investment of Kshs 420 Million on the new line and Kshs 280 Million on barrels and pumps was necessitated by the Company's need to meet the demand for Senator Keg - a new product introduced in 2004 to provide affordable high quality beer. The removal of the excise duty on non-malt beer sold in Kegs in the last Budget is expected to impact favourably on our Kenyan operations in this market segment.

Enhancing Delivery

The Kenyan Beer operations progressed the 'Sambaza' initiative, which had been tried in Western Kenya with much success, by rolling out nationally in October 2005. Under this initiative, hauliers are now delivering beer to distributors to enable them concentrate on distribution instead of thinning their capacity by transporting and distributing. Distributor financing, a central component of the Sambaza initiative, has already covered over 60% of the distributors and should be complete by October, 2006. The appropriate technology, also part of Sambaza, is already being piloted in the Coast Region. It will cover haulage automation and deal with product delivery management, empties management and related payments.

Cost reduction by out-sourcing

In an effort to ensure sustained growth, the Company continued to review its business operations. During the year, it was decided to out-source most non-core activities to allow the staff to concentrate on the core business of producing world-class, innovative beers and spirits. The Uganda Beer operations also moved to strengthen its sales and distribution department in order to increase its product reach and trade relations. To reduce the impact of power rationing which affected the country through the year, we took a number of specific measures to ensure more efficient brewing and distillery operations.

COGS becomes mission critical

During the year, the Company identified Cost of Goods Sold (COGS) as mission critical and embarked on a major project to reduce COGS to competitive levels. The project will not only release funds to other parts of the value chain-marketing, sales, distribution and R&O but also raise revenues and profits.

Increasing company footprints

The Company also redesigned departments to improve upward and downward communication through flatter structures as well as to take advantage of the level of automation introduced by the new plants. In sales, the customer relations footprint was increased in both Kenya and Uganda.

"A new, exciting campaign for Uganda Waragi was launched to help the brand appeal to a wider audience."

Innovations & Developments

Focusing on the consumer

Consumer satisfaction remained the focus of all our activities. Each bottle we produce must be safe and of very high quality. This is being achieved by entrenching quality performance on the shop floor and across the whole supply chain. The formal quality management systems continue to provide a strong foundation for continuous improvement. This was clearly evident this year when the company was able to integrate the Kenya spirits operations and keg beer line operation in the existing beer brewing, packaging, distribution and sales quality framework within a very short period. Both facilities were assessed by external auditors from the Kenya Bureau of Standards and found to comply with the requirements of the international standards – ISD 9001: 2000 and HACCP food safety principles.

New brands embraced in Kenya

The Company continued in its long tradition of continuously launching new brands and improving old ones in order to keep pace with consumer tastes and inclinations. In Kenya we introduced Senator Special to address the needs of those customers and looking for greater value for their money. Malta Guinness was renovated in a stylish new bottle to enable it compete more effectively in the carbonated soft drinks segment of the market.

Smirnoff Black Ice was launched into the Kenyan market in September, 2005 and has helped the ready to drink category grow by 50%. Smirnoff Vodka has been repackaged into a stylish Smirnoff Icon bottle and label, giving it a new profile and appeal. Kane Extra Golden, positioned for the lower spirits segment, played strongly over the year and helped fight competition and recoup volumes lost through the sachet ban of 2004 in Kenya.

Recruiting the Ugandan connoisseur

During the year, we introduced the light and low-alcohol White Cap Light into the Ugandan market, along with Smirnoff Black Ice which became an instant success in the spirits sector. The Uganda operations also saw its spirits flagship, Uganda Waragi, continue to consolidate its position in the market with improved volume sales. A new, exciting campaign for Uganda Waragi was launched to help the brand appeal to a wider audience. During the year, the Company saw a phenomenal increase in its Uganda spirits business as volumes doubled mainly driven by the success of Liberty Waragi, which was launched last year.

Bell Lager continued to maintain its position as Uganda's leading beer brand. The brand launched a new advertising campaign (Bell Lager Shares Your Passion) encouraging its consumers to set their own benchmarks and ignite their real passion to achieve. The campaign has been reinforced through a comprehensive multi-media blitz through television, radio, print and public relations activities.

Senator Extra Lager also maintained its aggressive inroads in the 'value' sector in Uganda. The lager is produced using locally grown barley from the Kapchorwa region and the brand has been performing exceptionally well. Senator Lager sponsored an exciting cultural event throughout the country showcasing cultural troupes from different parts of Uganda.

"The Company continued in its long tradition of continuously launching new brands and improving old ones in order to keep pace with consumer tastes and inclinations."

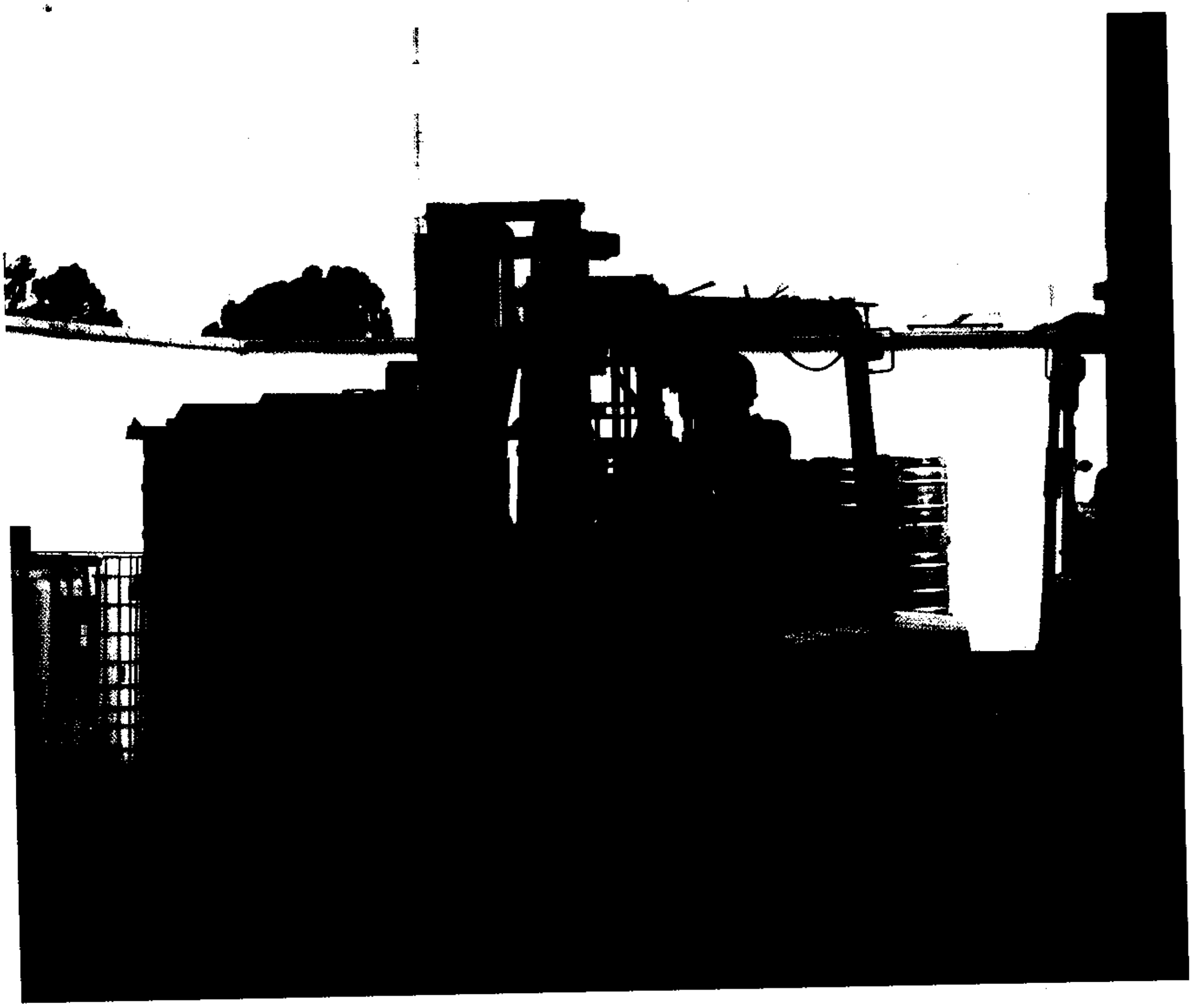
Contents

ENGLISH SECTION / SEHEMU YA KINGEREZA

"Looking into the future, we are pleased to note that the economic fundamentals in East Africa appear to be in place, making for substantial growth in these economies and, consequently, in our operations."

Jeremiah Kiereini
Chairman

Gerald Mahinda
Group Managing Director



Improving Internal Processes

Impact Significance

Significant advances were made in the management of Environment, Occupational Health and Safety onsite. External auditors from South Africa carried out surveillance audits on our Environment and Safety Management in January 2006 and were impressed by the level of improvement within only six months of certification to ISO 14001:2004 and OHSAS 1800:1999. The level of environmental and safety awareness of employees as well as contractors has gone up significantly.

We have continuously focused on our most significant impacts at the breweries such as the use of energy and other utilities and the control of waste through reduction and proper disposal. Improved acceptance of personal protective wear by both the employees and contractors has resulted in a better and safer operating environment.

Raising Performance Bars

Diageo concluded Licences to Operate audits against the Global Risk Management Standards in May, 2006 and provided some very positive feedback. We aim to have the best-performing sites in Africa in terms of quality, environment, occupational health and safety in order to enhance quality of lives, protect the environment and reduce the business exposure to risk. The Company will continue to leverage on the formal management systems framework so as to continuously raise the performance bar for quality, environment, occupational health and safety.

Segment Highlights

Kenya

Beer sales volumes grew by 5% over the previous year and the pre-tax profits were Kshs. 8.6 billion. The key reasons for this lower growth were increased excise duties on beer and the severe drought and famine which affected most of the country during the year.

A new yeast plant was installed for our beer operations at a cost of Kshs 100 million. The new plant has improved flexibility in yeast management through automation and made it easier to attain the high hygienic standards required in yeast propagation and handling.

The Kenya spirits operations were relocated from Kampala Road to Ruaraka. A new state-of-the-art spirits bottling line and associated spirits storage and blending facilities were installed. The new spirits packaging line has doubled the packaging capacity and enhanced the competency to handle stylish bottles. We expect to continue harvesting the intergration synergies as we go forward.

The glass business enjoyed another successful year. Kshs. 500 Million was invested in rebuilding of the furnace, overhauling the forming equipment, and modernization of control systems and inspection equipment. The furnace had run continuosly for nearly ten years with only one minor stoppage in 2002, making it one of the oldest furnaces in the world. As a result of rebuilding of the furnace, production was stopped until the third week of November, 2005.

The benefits of the work done are already evident as production efficiencies are at an all time high. Energy consumption by the furnace, which is the biggest part of the production variable, is at an all time low. Profits doubled from the previous year, which is commendable considering the plant operated for about nine months of the year.

On the quality front, our glass operations were recertified by the Kenya Bureau of Standards to ISO 3001 2000, EMS ISO 14001 and HACCP. These systems continue to ensure the consistency of our products and our commitment to using environmentlly safe production processes and promotion of the environmental awareness among our employees and community.

The total production of our maltings operations over the year was 72,500 tons, 2,500 tons above the targeted figure. Out of this delivery, 15,000 tons came through the self-financed barley contracts. As at June 2006, a record 3,700 tons of seed barley was delivered and is currently being processed for planting next season. The diversification into other seed crops processing has resulted in improved seed plant utilization and revenues and will be progressed further this season.

A new barley variety, Nguzo, released last year, with a yield of 6 tons per hectare, is expected to occupy about 10% of the barley acreage this season.

The malting plant at Kampala Road in Nairobi has been rehabilitated with a new boiler and refrigeration unit. This should ensure that the plant attains its annual production capacity of 30,000 tons of high quality malt. Through the EABL Foundation, we will upgrade a health centre at Olchoro in the Mau Escarpment, where over 50% of the barley is produced.

Uganda

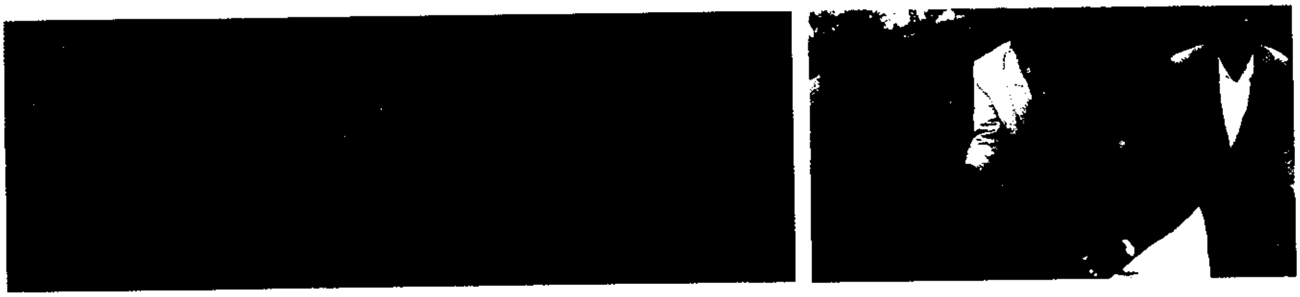
Our Uganda beer operations continued to expand volumes (+ 45%) and profitability (+ 68% to Shs 0.9 billion) despite operating in a very competitive and challenging market place. Our brands continued to perform strongly and the Uganda business achieved its highest ever monthly production and sales figures in December, 2005. Total sales were 15% higher than last year.

Following the success of the barley growing project in Uganda, a subsidiary of our Kenya maltings operations has been set up in Uganda to bring management closer to the ground. The Uganda maltings operations is expected to supply about 10,000 tons to our Uganda beer operations every year.

Tanzania

2006 was a great year for our brands in Tanzania with strong growth across the board.

Pilsner was launched in March 2006 and has recieved positive consumer feed back.



Making a Positive Impact

Responding to society's needs

Following the launch of the EABL Foundation in both Kenya and Uganda in June 2005 the company has increased its efforts to help disadvantaged communities secure access to such basic amenities as clean water, healthcare, education and occupational skills. We are already making a major impact on the livelihoods of thousands of people in the East African region.

Promoting responsible drinking

EABL is committed to playing a leading role in all industry efforts to ensure that the right messages are shared with all our consumers and non-consumers alike. It is a concept we believe in and a concept we have embedded in everything we do.

Responsible drinking, if well practiced, can help society co-exist with alchohol as part of a balanced lifestyle. Treated responsibly, alchohol is associated with enjoyment and celebration, but excessive or inappropriate consumption can cause health and social problems for individuals and society at large.

EABL is running a strong Responsible Drinking campaign in both Uganda and Kenya and has spent in excess of Kshs. 55 million thus far. Some of these initiatives include a billboard campaign, weekly responsible drinking question and answers, Responsible Drinking point of sale material, bar tender training and cautionary messages on excessive consumption in all our communication.

Kenya

Water goes to the Lake

During the year, the EABL Foundation completed a KShs 2 million project in Western Kenya that will enrich the lives of 3,000 people. The residents of Nyatigo Village in Kombewa Division of Kisumu District now have access to clean water, allowing for a marked decrease in waterborne diseases such as typhoid, amoebiosis, dysentery, and cholera among residents.

Although Nyatigo Village lies only 10kms from the shores of Lake Victoria, it is generally afflicted by drought and frequent food shortages. The availability of water will have a three-fold impact on the community through a reduction in the incidence of water borne diseases; improved opportunities for employment through off-season growing of fruits and vegetables; and releasing time otherwise spent by women and children in search of water for alternative income generating activities. Water has been provided through the construction of two boreholes under the EABL Foundation's "Water for Life Programme."

Water comes to Nzueni residents

More than 55,000 residents of Nzueni area of Makueni District in Eastern Province can also access clean water through another project under the "Water for Life Programme." EABL has partnered with Diageo and donated Kshs. 5 million to AMREF which initially constructed the borehole in the area. The Nzueni community has had very poor access to clean water and residents have sometimes had to walk for up to 20 kilometers a day in search of it.

In partnership with AMREF, the Foundation will work with the local community to rehabilitate the borehole and install pumping equipment. Water from the borehole will be sold at affordable prices and the proceeds used for the operation and maintenance of the project.

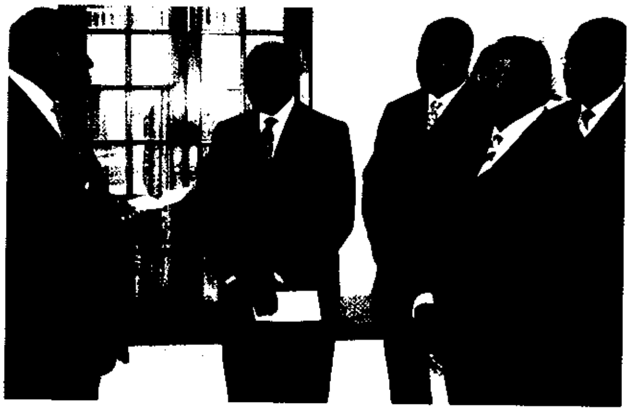
Focusing on environmental conservation

The EABL Green Team (E-Green Team) is a recent, staff-driven programme of the EABL Foundation which focuses on environmental conservation. It provides a unique opportunity for staff to develop and manage a key area in the company's social responsibility agenda. The team invites staff to become members and contribute to environmental preservation through tree planting activities. Its vision is to be a recognized staff-driven team, focused on a green, clean and healthy environment while its mission is to engage and encourage care for the environment by inspiring and empowering staff and local communities to be responsible for its preservation.

The E-Green Team endeavors to plant indigenous trees in deforested areas and educate the community on the importance of trees and their preservation.

KShs. 12 million for the starving

During the year, the EABL Foundation presented a cheque of Kshs 12 million to President Mwai Kibaki for famine relief in Kenya. EABL further teamed up with Standard Chartered Bank and Nation Media Group to revive the Save A Life Fund (SALF) for famine relief. The Fund donated Kshs 3.7 million that was used to buy food for over 8,000 famine [illegible] Kitui District. SALF later donated a [illegible] KShs. 3.7 million to the Kenya [illegible] Society for the [illegible] distribution of food to residents of North Eastern Province where a severe drought had affected [illegible] people. The Fund [illegible] was initially meant to assist the [illegible] but was later extended [illegible] Kenya affected by famine.



Uganda

[illegible]

As part of the company's social corporate responsibility programme, our Uganda beer operations through the EABL Foundation and Diageo Foundation has initiated a new water harvesting project. The project will be based in Kapchorwa District from where the company sources the bulk of its barley crop. Our barley growing initiative in Kapchorwa has been a great success. To further uplift and educate the local farmers, it has formed a partnership with Enterprise Uganda to provide business support services to the 2,500 barley farmers in the region for two years. Through the UShs 12,194,000 (approximately USD 6,700) programme, the Kapchorwa Commercial Farmers Association will be strengthened through the provision of business and leadership skills.

Borehole fish farming

We recently donated UShs 22,541,000 (approximately USD 12,385) for the construction of a borehole in the fish farms of the Nakasongola community. The farms, known as Ekitangaala Fish Farms, provide homes and health facilities to Katooge Sub County, one of the areas in Uganda hardest hit by poverty and HIV/AIDS. The farms also raise much needed revenue for the community through the breeding and sale of fish for Nakasongola and other markets.

Honey saves lives

We also donated Ushs 8,457,000 (approximately USD 4,647) towards a bee-keeping project in Mpigi. The "Hives Saves Lives" project will assist in the processing and marketing of honey and also introduce producers to existing support organizations. The company also continues to assist in the Communication and Outreach Programme of the Sickle Cell Association in Kampala. It has already sponsored the printing of brochures in several local languages to enable more Ugandans appreciate the prevalence of the disease and understand its management.

SEHEMU YA KISWAHILI / SWAHILI SECTION

"Tukiangalia maisha ya usoni, tuna furaha kugundua kwamba misingi ya kiuchumi katika Afrika Mashariki inaonekana kuwa dhabiti, kwa hivyo kuwezesha uchumi huu kukua imara na, vivyo hivyo, katika shughuli zetu."

Jeremiah Kiereini
Mwenyekiti

Gerald Mahinda
Mkurugenzi Msimamizi wa Kampuni

Kuendeleza Udumishaji

Matokeo Thabiti

Mwaka uliopita ulikuwa wa uwasilishaji wa matokeo muhimu katika mazingira yenye changamoto kwa East African Breweries Limited (EABL).

Kampuni iliendelea wima kukuza shughuli zake kuu na kudumisha nafasi yake ya uongozi katika soko na faida ya shughuli za Kampuni (kabla ya kupanga upya gharama) mwaka huu ilikuwa shilingi bilioni 9.0 za Kenya ikilinganishwa na shilingi bilioni 8.2 za Kenya iliyorekodiwa mwaka uliopita. Decemba 2005 tulishuhudia shughuli za bia yetu ya Uganda ikirekodi mauzo na uzalishaji wa juu kabisa, ikiongoza ongezeko la jumla la kila mwaka kwa asilimia 15 kwa mauzo yote ya mwaka uliopita.

Utendakazi wa shughuli za Kenya kwa jumla ulidhalili, spiriti zikionyesha kukua vilivyo il hali bia zikisalia dhalili. Kukua kwa bia kuliadhiriwa - sanasana kwa sababu ya kuongezeka kwa ushuru kwa asilimia 10 iliyotangazwa katika bajeti ya 2005-2006, pamoja na ukame mrefu na njaa ambayo iliadhiri nchi mwaka yote.

Bidhaa bunifu, Mbinu zilizofanywa upya

Katika soko la Kenya, kuzinduliwa kwa Senator Special kulikuza soko, na bado ikaweza kuchukua asilimia 10 ya soko. Malta Guinness ilizinduliwa tena katika chupa mpya maridadi ili kuifanya iwe na ushindani zaidi katika sehemu ya vinywaji vilivyo na kaboni. Kuzinduliwa upya kwa Smirnoff katika alama mpya ya chupa ilishuhudia ukuzaji uliobadilishwa upya kwa chapa hiyo. Nchini Uganda, tulizindua White Cap Light na hata pia Smirnoff Black Ice katika mwaka huu, tuliimarisha sehemu yetu katika sekta za bia, spiriti na vinywaji visivyo na vileo.

Kubadilisha mwelekezo wa mikakati

Mwaka huu, tulipanga upya shirika hili ili kufanya kampuni yetu bora zaidi. Mpango mpya ulizingatia zaidi kuboresha utendakazi wetu katika soko na bado kugundua uwekezaji wetu katika viwanda na vyombo. Nchini Kenya na Uganda tuliongeza maradufu alama yetu ya mauzo ili kuongeza uhusiano wetu na watumiaji wetu na wateja wetu. Pia tuliimarisha Safu yetu kamili ya Upeanaji ili kuboresha njia yetu ya soko na usaidizi wetu wa mauzo na uuzaji na utangazaji. Kwa kuongezea tuliunda nafasi mpya ya Mkurugenzi wa Shughuli za Kampuni ili aweze kuimarisha kimikakati shughuli za biashara za kampuni. Bw. Christopher Caldwell alijiunga na Halmashauri mwaka huu. Tunauhakika kuwa muundo huu mpya utaongeza dhamani kwa watumiaji wetu, wateja wetu na shughuli zetu.

Njia za uzalishaji za hali ya juu

Kampuni imeendelea wima kuwekeza katika bidhaa mpya na njia za hali ya juu za uzalishaji na utangazaji. Mwaka huu shughuli za bia yetu ya Kenya ilipata vyombo vinne vipya vya kuchachua bia na kuhifadhi, pamoja na uwezo ulioshikanishwa wa lita milioni 1.6 – kuzifanya ziwe kubwa zaidi katika Afrika. Pia, tulisakinisha laini ya keg ya hali ya juu. Katika mwaka uliopita kampuni ilitumia zaidi ya shilingi bilioni 2.1 za Kenya, (karibu dola milioni 30 za Merikani) kwa vifaa vipya. Tunatarajia kutumia kiasi kama hicho katika mwaka wa kifedha unaokuja.

Kuboresha taswira ya chapa

Mwaka huu, chapa kadhaa zilizinduliwa upya ili kuboresha taswira na matangazo kadhaa ya kusisimua yalitekelezwa Ili kuwatuza na kuwahusisha vilivyo wateja wetu. Hii ni sehemu ya uvumbuzi unaoendelea ili kuchukua kila nafasi ili kufikia mahitaji ya watumiaji kutoka misingi yote ya uchumi wa kijamii.

Kudumisha mazingira

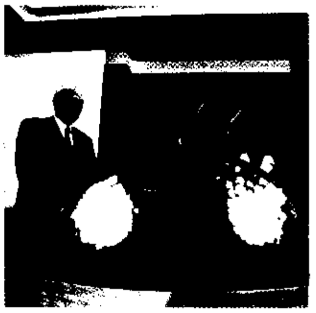
Katika kutafuta mazingira zaidi ya kudumisha, Shughuli zetu nchini Kenya na Uganda ziliidhinisha vituo kadhaa vya mabilioni ya fedha vya kusafisha maji machafu, ambavyo ni vya kwanza vya aina hiyo katika eneo hili. Maji yanayotoka kwenye kituo cha kusafishia maji machafu yanafuata viwango vya kimataifa vya mazingira na yanapunguza vilivyo utoaji maji katika kiwanda cha pombe, maendeleo ambayo yamekubaliwa kabisa na kupongezwa na Serikali ya Uganda.

Kukuza ushindani wetu mkali

Kampuni inaendelea kuwagundua wafanyakazi wake kuwa si rasilimali yao kubwa zaidi pekee, bali pia ni kama hazina yao kuu ya ushindani mkali. Mwaka huu tumeendelea na sera yetu ya kutafuta kipawa cha juu kinachopatikana hapa na hata pia watu waliohitimu wanaoishi nchi za nje. Tumeweka bidii ili kufunza na kukuza wafanyakazi wetu katika maeneo yote, kwa viwango vyote, mfano mzuri ulikuwa kuinzishwa kwa kikundi kipya cha Utaratibu wa Safu ya Utoaji. Desturi iliyoimarishwa katika Kampuni inaendelea kukuzwa kupitia uoanishaji mijengo, kuweka pamoja njia za uzalishaji na kufananisha mioyo na akili za wafanyakazi wote kuwadia njia moja ya wote ya kufanyakazi, kukumbatia lengo moja la wote.

Kutumia nguvu zetu

Tukiangalia maisha ya usoni, tuna furaha kugundua kwamba misingi ya kiuchumi nchini Kenya, Tanzania na Uganda inaonekana kuwa dhabiti, kwa hivyo kuwezesha uchumi huu kukua imara na, vivyo hivyo, katika shughuli zetu. Tumehakikisha kuwa matarajio ya muda mrefu ya Kampuni katika eneo hili yanaonyesha matumaini. Ijapokuwa tunapongeza hatua za serikali za kupunguza ushuru kwa bia za keg zenye shayiri, sisi kwa hali yoyote ile tunazingatia adhari ya kuongezeka kwa ushuru ya malt beer nchini Kenya na kwa mali ghafi ya bia nchini Uganda, iliyotangazwa wakati wa bajeti ya 2006-2007.




"Tukigundua kuwa, mwishowe, biashara yetu haiwezi kujimudu katika mazingira ambayo hayajajidumisha, tutaendelea kuwekeza katika jamii na mijengo karibu na sisi ambazo zinasaidia biashara yetu vilivyo."

Walakini, tutaendelea kutumia nguvu zetu kindani na sokoni na kuhakikisha tunadumisha ushindani wetu mkali, sio katika fani yetu peke yake bali pia katika eneo lote kwa kuwekeza kwa uangalifu kwa watu wetu, chapa zetu, bidhaa zetu na njia zetu za uzalishaji na matangazo.

Mgawo wa fedha

Halmashauri ina furaha kupendekeza mgawo wa mwisho wa shilingi 4.15 za Kenya kwa kila hisa, ambayo pamoja na mgawo wa muda wa shilingi 1.75 za Kenya zilizolipwa mwezi wa Machi 2006 zinafanya jumla ya mgawo wa shilingi 5.90. Hii inawakilisha nyongeza ya asilimia 31 ikilinganishwa na mgawo wa mwaka jana. Mapato kwa kila hisa imepanda kwa asilimia 13.

Ushuru

Mwaka huu, Kampuni ililipa jumla ya shilingi bilioni 18.7 za Kenya (ongezeko la shilingi bilioni 1 za Kenya zaidi ya mwaka jana) kama ushuru kwa hazina za kitaifa nchini Kenya, Uganda na Tanzania, hii inatufanya sisi kuwa walipaji ushuru wakubwa sana wa shirika katika eneo hili. Hesabu hii ni jumla ya asilimia 50 ya faida ya Kampuni inayopatikana kabla ya kulipa ushuru.

Mfumo mpya wa Kupanga Rasilimali za Kiwanda

Utekelezaji wa Mfumo mpya wa Kupanga Rasilimali za Kiwanda Inayojulikana kama SAP imeanza katika shughuli hii. SAP itapeana Jukwa moja la Teknolojia ya Habari ili kufikia maombi mengi ya Habari za shughuli za EABL. Kupitia kuimarisha na kuboresha njia nyingi za biashara zinazo fanyakazi, SAP itaruhusu ufananishaji mzito wa utendakazi wa mbinu ya biashara.

Mtazamo

Tunaendelea kuendeleza shughuli zetu katika eneo hili ambayo inatufanya- mojawapo ya viwanda vya biashara vinavyoongoza Afrika Mashariki. Tunakusudia kudumisha lengo letu la mikakati na kuongeza uzuri wetu mkuu bado tukitumia teknolojia ya hali ya juu sio tu kushikilia bali pia kuboresha msimamo huu. Tutatia nguvu orodha yetu ya chapa na kusogeza bidhaa zetu kwa laini ya mbele ya soko kwa kupitia uwezo wa utengenezaji na utangazaji wa kiwango cha kimataifa bado tukigundua umuhimu mkuu wa watu wetu.

Tukigundua kuwa, mwishowe, biashara yetu haiwezi kujimudu katika mazingira ambayo hayajajidumisha, tutaendelea kuwekeza katika jamii na mijengo karibu na sisi, ambazo zinasaidia biashara yetu vilivyo.

Kuwashukuru washirika wetu

Kufaulu kwetu hakungefikiwa bila usaidizi wa Halmashauri ya Wakurugenzi waliyopo, na mwito wa kupendeza wa kikundi cha wafanyakazi katika shirika letu na kampuni tunazoshirikiana katika Afrika Mashariki, ambao bidii yao imedumisha shughuli za Kampuni kwa mwaka uliopita. Watumiaji wetu na washirika wa kibiashara wanaendelea kuwa wachangaji wakuu kwa kufaulu kwa shughuli zetu kila mwaka. Tunawatakia fanaka nyingi zaidi katika mwaka wa 2007.

J. G. Kiereini	**G. Mahinda**
Mwenye Kiti	**Mkurugenzi Msimamizi wa Kampuni**

Kuwajenga Wafanyakazi Wetu

Kukuza moyo wa kikundi

Umoja wa mtazamo wa shirika letu huonekana kama rasilimali kuu kwa kampuni yetu na muhimu kwa uvumbuzi wa mikakati yetu. Bado tuko katika hatua za kwanza za kukuza desturi ya shughuli iliyounganishwa na kufananisha mioyo na akili za wafanyakazi wetu wote kuwadia lengo moja la maadili ya kikazi. Mipango inaendelea ili kuboresha mawasiliano ya ndani ya njia mbili ndiposa wafanyakazi waweze kushukuru dhamani ya wao kwa wao kwa kila mmoja na kwa mipango ya kikundi ili waweze kufaidika kutokana na umoja uliojengwa kwenye shirika. Mfumo wetu Mpya wa Kusimamia Utendakazi msingi wake ni uhakiki wa wenzi na kushauri kwa ajili ya uzalishaji ulioongezeka.

Kugundua Kipawa

Kama vile imekuwa desturi yetu, tunagundua kabisa kuwa wafanyakazi wetu ndio rasilimali yetu kubwa kabisa- rasilimali moja ambayo inatupa ushindani mkali katika biashara na katika kuwasilisha mbinu zetu. Tayari tuna mojawapo ya vikundi vyenye ustadi mzuri kabisa katika mazingira ya hapa ya biashara na tunaendelea kutafuta kipawa chema kabisa nchini na nchi za nje. Tumejitolea mhanga kuvumbua uwezo wote wa wafanyakazi wetu na tumeweka tayari njia imara ili kuhakikisha kuwa hii itatendeka.

Kukaidisha matarajio ya kazi

Tayari tumefikia ulinganisho mwema zaidi kati ya ustadi na mahali inapowekwa katika biashara kupitia kupokea vituo vya uchunguzi kwa wafanyakazi wanaoingia na vituo vya ukuzaji kwa wafanyakazi ambao tayari wanafanyakazi. Timu iliyoanzishwa hivi karibuni ya Utaratibu wa Safu ya Utoaji itakuwa inaweza kuona kabisa Safu yetu ya Utoaji kutoka kwa kiwango cha mtumiaji hadi kwa utafutaji msingi wa vifaa ghafi na vya ufungaji, kupeana usaidizi kwa shughuli zetu za mahitaji na upeanaji.

Kunyoosha dhima ya idara

Divisheni yetu ya upataji imeundwa tena katika kategoria ili ndiposa kuzingatia kwingi kuweze kuwekwa kwa kila kazi, hivyo basi kusababisha utendaji bora wa upataji uliyoboreshwa. Kutakuwa pia na kuzingatia maalum usimamizi wa kijumla wa utendakazi wa biashara kwa minajili ya ushauri na udhibiti mwema, kupunguza kutofautiana na uvumbuzi wa uboreshaji unaoendelea. Shirika letu la mauzo limehakikiwa pia ili kutia nguvu upya kikundi na kuongeza malipo yanayohusiana na utendakazi. Maelezo mafupi mapya ya dhima na kupokea kazi nzuri kabisa katika kiwango cha mtumiaji inapasa kuhakikisha uwasilishaji wa malengo ya mauzo

Mafunzo, ukuzaji na uongezaji ustadi

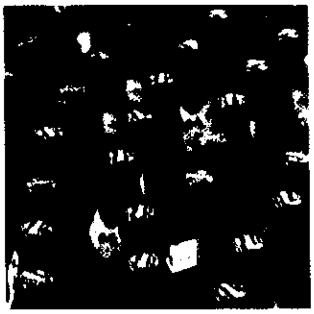
Tunaendelea kuwafunza na kuwakuza wafanyakazi wetu kwa bidii iliyoangaziwa ili kuwaongezea ustadi duniani. Mwaka huu tuliwahusisha wakurufunzi 29 wa usimamizi ili kuboresha laini yetu ya vipawa kama sehemu ya mwelekeo wetu kuwadia mpango imara wa urithi. Wafanyakazi wetu kadhaa wamehamia dhima katika masoko mengine ili kufanya kazi tofauti tofauti Tutaendelea kuzingatia kukuza ustadi kila mahali kama njia ya kuwezesha utekelezaji wa kijumla wa shirika.

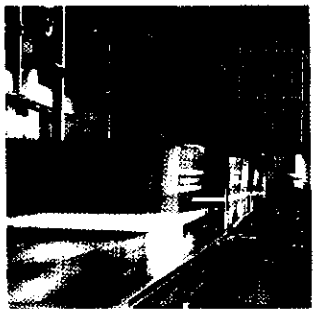
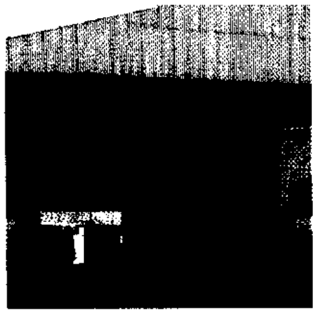
Mteja namba 1: Wafanyakazi wetu

Sera yetu ya malipo inaendelea kuongozwa na soko na inaendeshwa na utendakazi ili kutuwezesha sisi kushindania kipawa chema katika soko. Mipango yetu ya kuwashawishi wafanyakazi yanahakikiwa kila mara ili kuhakikisha kuwa utendakazi mzuri unatunukiwa katika viwango vyote vya kikundi na mtu binafsi. Mpango wetu wa Faida za Kustaafu umeendelea kufurahiwa na wafanyakazi wote na mpango mpya wa Michango ya Ziada ya Kujitolea utazinduliwa hivi karibuni ili kuwawezesha wafanyakazi wetu kuboresha akiba za kila mmoja za kustaafu. Mwishowe, tutadumisha kujitolea kwetu kushikilia viwango vya kimataifa vya uongozi bora na uadilifu wa kila mmoja. Sera ya kutovumilia ufisadi itachukuliwa kwa tabia yo yote isiyofikia viwango au matarajio ya kampuni.

Kupata ustadi

Mwaka huu, sera ya Kampuni ya kuwekeza katika wafanyakazi wake ilizingatia Mpango wa Kupata Ustadi, ambao unakusudiwa kuongeza viwango vya ustadi vilivyo. Ili kuboresha uwezo wa uongozi kwa mameneja, Kampuni ilianzisha mipango kadhaa ya uongozi ikijumuisha Tabia 8 za Watu wenye Utekelezaji wa Juu sana na Steve Covet na Mafunzo ya Utendakazi wa Juu. Mpango wa kujifunza kupitia tovuti, uliozinduliwa pia mwaka huu, utajumuisha zaidi ya kosi 500 za mafunzo katika kuongezea modyuli ya mafunzo kutoka Shule ya Biashara ya Harvard. Hizi zitapewa wafanyakazi mkondoni.



Kuhakikisha uzuri, kufikia matumaini

Vyombo vya hali ya juu

Kampuni iliwekeza katika vyombo vinne vipya vya kuchachua bia na kuhifadhi, vilivyo na uwezo ulioshikanishwa wa lita milioni 1.6 ili kujibu kuzidi kwa uuzaji wa bia kwa asilimia 16 iliyorekodiwa mwaka uliopita. Pia tulisakinisha laini mpya ya Keg iliyo na uwezo wa Keg 240 kwa lisali limoja. Uwekezaji wa shilingi milioni 420 za Kenya kwa laini mpya na shilingi milioni 280 za Kenya kwa mapipa na pampu ziliwezeshwa na hitaji la Kampuni la kufikia mahitaji ya Senator Keg – bidhaa mpya iliyoanzishwa mwaka wa 2004 ili kupeana bia ya hali ya juu inayoweza kununuliwa. Kuondolewa kwa ushuru kwa bia zisizo na kimea cha pombe inayouzwa katika Keg kwenye Bajeti iliyopita inatarajiwa iadhiri vizuri shughuli zetu katika sehemu hii ya soko.

Kuboresha Uwasilishaji

Kampuni iliendeleza uvumbuzi wa Sambaza, ambao ulikuwa umejaribiwa Magharibi mwa Kenya na ulifaulu sana, kwa kuieneza taifa nzima mnamo Octoba 2005. Chini ya uvumbuzi huu, wasafirishaji wanawasilisha bia kwa wasambazaji ili kuwawezesha wawe makini na kusambaza badala ya kupunguza uwezo wao kwa kusafirisha na kusambaza. Fedha za wasambazaji, sehemu muhimu ya uvumbuzi wa Sambaza, tayari imefikia zaidi ya asilimia 60 ya wasambazaji na inapaswa kukamilika kabla ya Otoba, 2006. Teknolojia inayofaa, ambayo ni sehemu ya Sambaza, tayari imeanza kutayarishwa katika Eneo la P[illegible]simamia usafirishaji wa mitambo inayojiendesha na i[illegible]likia usimamizi wa uwasilishaji bidhaa, usimamizi wa chupa tupu na malipo yanayohusiana.

Kupunguza gharama kwa kupata huduma ya nje

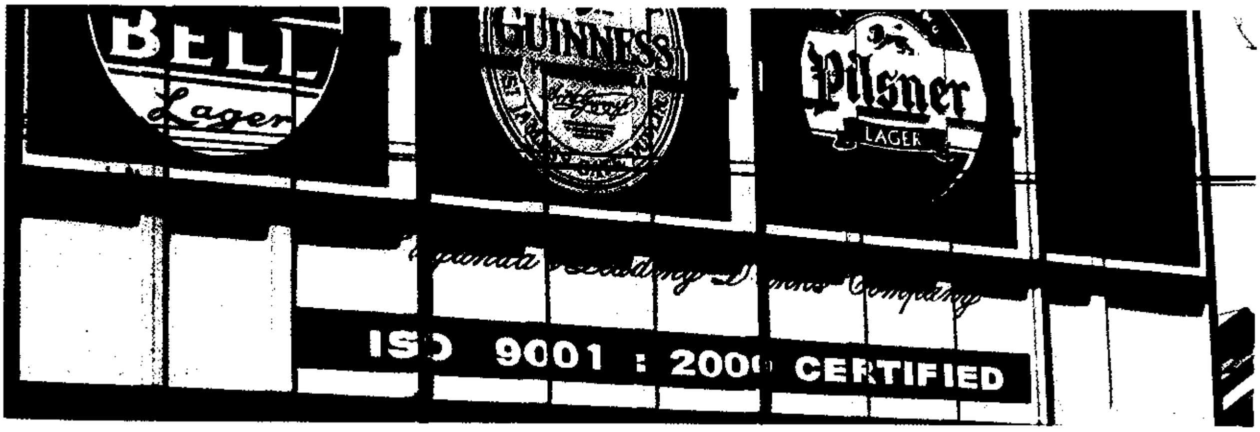
Katika bidii yetu ya kuhakikisha kukua kunakodhibitiwa, Kampuni iliendelea kuhakiki shughuli zake za kibiashara. Mwaka huu, tuliamua kupata shughuli nyingi kutoka nje ambazo si muhimu ili kuwaruhusu wafanyakazi kuzingatia shughuli muhimu ya kuzalisha bia na spiriti bunifu za kiwango cha kimataifa. UBL pia ilichukua hatua ya kutia nguvu idara yake ya mauzo na usambazaji ndiposa iweze kuongeza maafikio yake ya bidhaa na mahusiano ya kibiashara. Ili kupunguza adhari ya kupimiwa nguvu za umeme ambayo iliadhiri nchi mwaka yote, UBL ilichukua hatua kadhaa maalum ili kuhakikisha shughuli nzuri zaidi za upikaji na utoneshaji.

COGS imekuwa misheni inayohitaji uhakiki

Mwaka huu, Kampuni ilitambua Bei ya Bidhaa Zilizouzwa (COGS) kuwa ni misheni inayohitaji uhakiki na ikaanza mradi mkubwa wa kupunguza COGS kwa viwango vya ushindani. Mradi huu hautatoa fedha kwa sehemu zingine za dhamana ya safu ya uuzaji, mauzo, usambazaji na R&D peke yake, bali pia kuongeza mapato na faida

Kuongeza alama za kampuni

Kampuni pia imeunda upya idara zake ili kuboresha mawasiliano ya juu na chini kupitia miundo ya kupendekeza na hata pia kuchukua fursa ya kiwango cha mitambo inayojiendesha iliyoletwa na viwanda vipya. Katika mauzo, alama ya mahusiano kwa wateja iliongezwa nchini Kenya na Uganda.



"Kampeni mpya, inayosisimua ya Uganda Waragi ilizinduliwa ili kusaidia sura ya chapa kwa watu wengi zaidi"

Ubunifu na maendeleo

Kuzingatia mtumiaji

Kuridhika kwa mtumiaji kulibakia lengo la shughuli zetu zote. Kila chupa tunayotoa ni lazime iwe salama na ya hali ya juu sana. Hii inafikiwa kwa kuweka utendakazi mzuri kwa sakafu ya duka na kwenye safu yote ya upeanaji. Uzuri wa mifumo ya kawaida ya usimamizi inaendelea kupeana msingi dhabiti wa kuendelea kuboresha. Hii ilikuwa dhahiri mwaka huu wakati kampuni iliweza kuunganisha shughuli za spiriti za UDV (K) na laini ya bia ya keg katika mfumo mzuri uliopo wa upikaji bia, ufungaji, usambazaji na uuzaji kwa muda mfupi sana. Viwanda vyote vilichunguzwa na wakaguzi wa hesabu wa nje kutoka Shirika la Kenya la Viwango vya Bidhaa na vikapatikana kuwa vinafuata mahitaji ya viwango vya kimataifa - ISO 9001: 2000 na kanuni za HACCP za usalama wa chakula.

Chapa mpya za kumbatiwa nchini Kenya

Kampuni iliendelea na desturi yake ndefu ya kuendelea kuzindua chapa mpya na kuporesha zile nzee ndiposa kufikia mapendeleo na hisia za watumiaji. Tulianzisha Senator Special ili kushughulikia mahitaji ya wale wateja wanaofanyakazi na wanaotafuta dhamani kubwa kwa pesa zao. Malta Guinness iliundwa upya katika chupa mpya maridadi ili kuiwezesha ishindane vilivyo zaidi katika sehemu ya soko ya vinywaji vilivyo na kaboni.

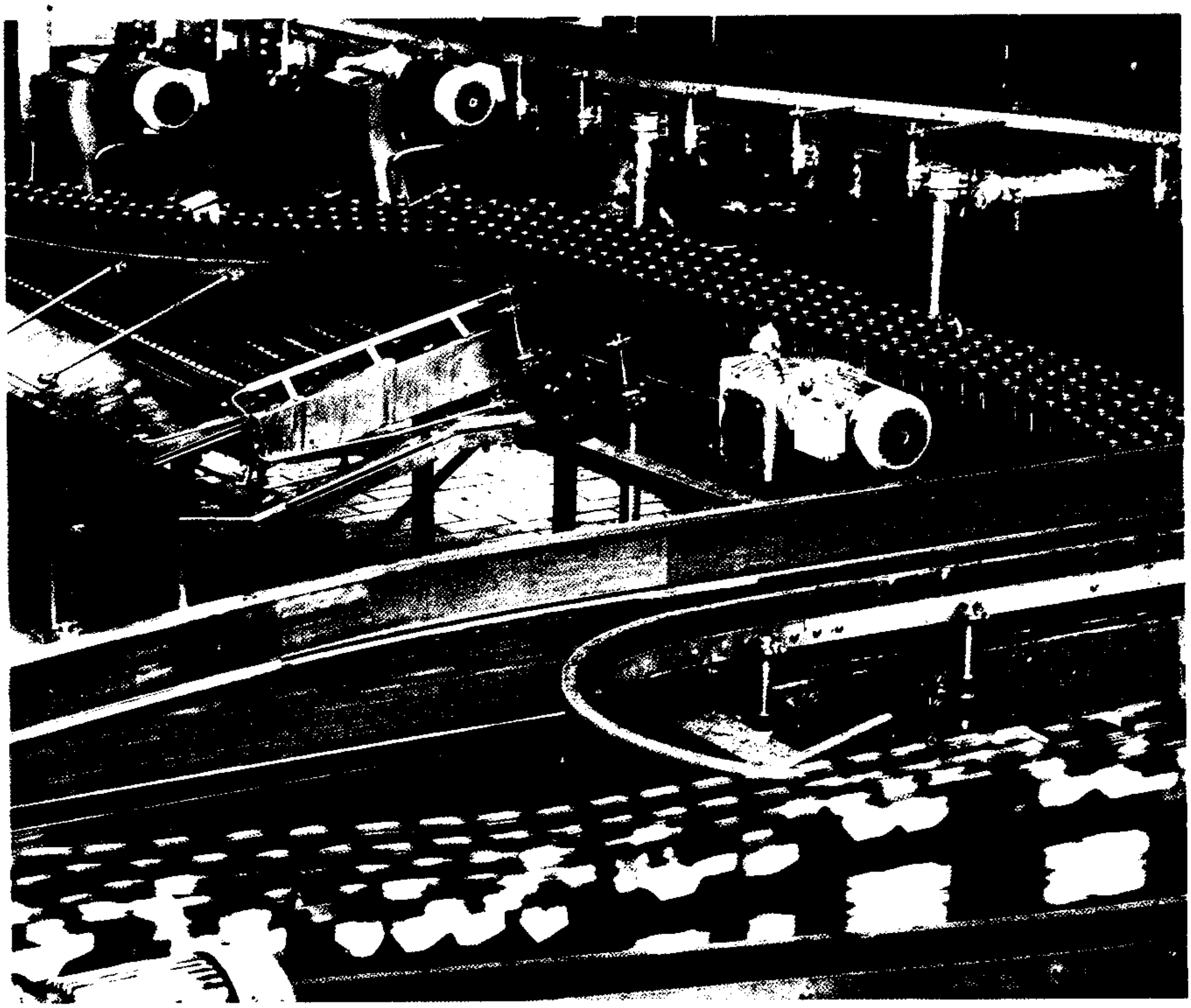
Smirnoff Black Ice ilizinduliwa sokoni mnamo Septemba, 2005 na imesaidia kategoria ya iko tayari kunywa na asilimia 50. Smirnoff Vodka imefungwa upya katika chupa maridadi ya alama ya Smirnoff na lebo, hivyo basi kuipatia mfumo na sura mpya. Kane Extra Golden, iliyowekwa sehemu ya chini ya spiriti, imetumika sana mwaka huu na ikasaidia kupigana na ushindani na ikarudisha uuzaji uliopotezwa kupitia kupigwa marufuku kwa pakiti ndogo mwaka wa 2004.

Kuandikisha mwonjaji wa Uganda

Mwaka huu, UBL ilianzisha pombe nyepesi na ya chini ya White Cap Light katika soko la Uganda, pamoja na Smirnoff Black Ice ambayo ilifaulu mara moja katika sekta ya spiriti. Kampuni pia ilishuhudia bidhaa yake kuu, Uganda Waragi, ikiendelea kuimarisha nafasi yake katika soko pamoja na mauzo makubwa yaliyoboreshwa. Kampeni mpya, inayosisimua ya Uganda Waragi ilizindulia ili kusaidia sura ya chapa kwa watu wengi zaidi. Mwaka huu, Kampuni ilishuhudia kuongezeka maradufu katika biashara yake ya spiriti ikiongozeka mara mbili sanasana kwa sababu ya kufaulu kwa Liberty Waragi, ambayo ilizinduliwa mwaka uliopita.

Bell lager iliendelea kudumisha msimamo wake kama chapa ya bia inayoongoza Uganda. Chapa hii ilizindua kampeni mpya ya matangazo (Bell Lager Ushiriki Hisia Zako) ikiwahimiza watumiaji wake kuweka viwango vyao wenyewe na kuchochea hisia zao za kweli za kufikia. Kampeni hii ilitiwa nguvu kupitia shambulio la ghafla lililofahamika la medianuwai kupitia runinga, redio, chapa na shughuli za mahusiano ya umma.

Senator Extra Lager pia ilidumisha kuingilia kwake kwa bidii sekta ya dhamani nchini Uganda. Bia hii inazalishwa kwa kutumia shayiri iliyokuzwa mahali pale kutoka eneo la Kapchorwa na chapa hii imekuwa ikifanyakazi vizuri sana. Senator Lager ilidhamini hafla ya kufana ya kitamaduni nchini kote ikionyesha vikundi vya kitamaduni kutoka sehemu mbali mbali za Uganda.



Kuboresha Njia za uzalishaji za Ndani

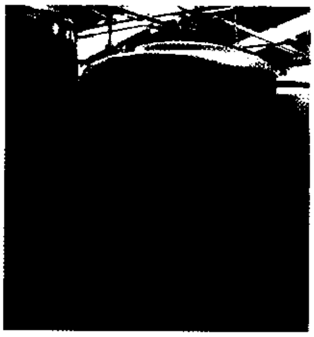
Umuhimu wa matokeo

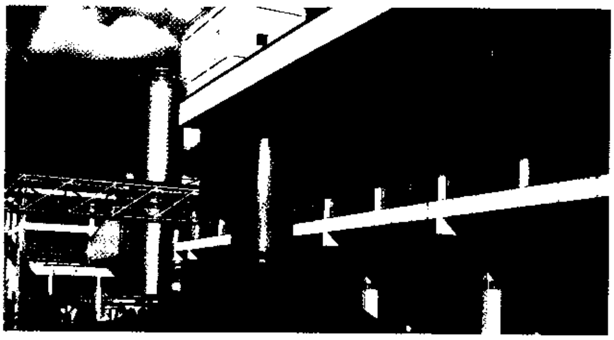
Maendeleo muhimu yalifanywa katika kusimamia Mazingira, Afya na Usalama wa Kikazi mahali pa kazi. Wakaguzi wa hesabu wa nje kutoka Afrika Kusini walifanya ukaguzi wa uchunguzi kwa Mazingira yetu na Usimamiaji wa Usalama mnamo Januari 2006 na walipendezwa na kiwango chetu cha uboreshaji kati ya miezi sita pekee ya kupewa idhini ya ISO 14001:2004 na OHSAS 1800:1999. kiwango cha kuhamasisha wafanyakazi juu ya mazingira na usalama na hata pia makontrakta kimepanda juu sana.

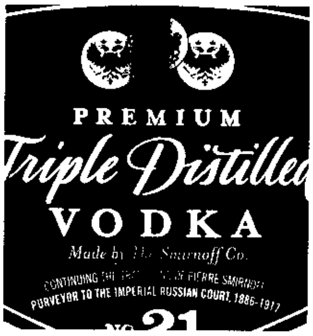
Tumeendelea kuzingatia matokeo yetu muhimu sana katika kiwanda chetu kama vile utumiaji wa stima na matumizi mengine na kuthibiti taka kupitia kupunguza na utupaji unaofaa. Kuendelea kukubalika kwa mavazi ya kibinafsi ya ulinzi na wafanyakazi wetu na makontrakta imesababisha mazingara mazuri na usalama wa shughuli.

Kuinua Miambaa ya Utendakazi

DIAGEO ilimalizia Leseni za Kutekeleza ukaguzi dhidi ya Viwango vya Kusimamia Hatari Ulimwenguni mnamo Mei, 2006 na alipeana maoni mazuri sana. Tunalenga kuwa na maeneo yanayofanyakazi vizuri sana katika Afrika kulingana na uzuri, mazingira, afya na usalama wa kikazi ndiposa kuboresha uzuri wa maisha, kulinda mazingira na kupunguza uwekaji biashara kwenye hatari. Kampuni itaendelea na uwezo wa mfumo wa kawaida wa usimamizi ili ndiposa kuendelea kuinua miambaa ya utendakazi kwa uzuri, mazingira, afya na usalama wa kikazi.







Muhtasari wa Visehemu

Kenya

Mauzo ya bia ilipanda kwa asilimia 5 zaidi ya mwaka uliopita na nyongeza iliyopatikana kabla ya kutozwa ushuru ilikuwa shilingi bilioni 8.6 za Kenya. Sababu kuu za upungufu huu ilikuwa kuongezwa kwa ushuru kwa bia na ukame mkali na njaa ambayo iliadhiri sehemu nyingi za nchi mwaka huu.

Kituo kipya cha chachu kilisakinishwa kwa ajili ya shughuli zetu za bia kwa gharama ya shilingi milioni 100 za Kenya. Kituo hiki kipya kimeboresha urahisishaji wa kusimamia chachu kupitia mitambo inayojiendesha na ikafanya iwe rahisi kufikia viwango vya juu vya usafi vinavyohitajika katika uongezaji na ushughulikiaji chachu.

Shughuli za spiriti za Kenya zilihamishwa kutoka Barabara ya Kampala hadi Ruaraka. Laini mpya ya hali ya juu ya chupa za spiriti na hifadhi ya spiriti zinazohusiana na vifaa vya kuchanganya vilisakinishwa. Laini mpya ya ufungaji spiriti imeongeza mara mbili uwezo wa ufungaji na ikaboresha ustadi wa kushughulikia chupa maridadi. Tunatarajia kuendelea kuvuna umoja wa kushirikiana tunapokuwa tukiendelea mbele.

Biashara ya glasi ilifurahiya mwaka mwingine wa ufanisi. Shilingi milioni 500 za Kenya ziliwekezwa katika kujenga upya tanuu, kurekebisha vyombo vya kutoa pofu, na kufanya upya vyombo vya mifumo ya uthibiti na uchunguzi. Tanuu ilikuwa imefanyakazi bila kukoma kwa miaka kumi na ilisimamishwa kidogo tu mara moja mnamo mwaka wa 2002 peke yake, hivyo basi kuifanya kuwa mojawapo ya tanuu nzee kabisa ulimwenguni. Kama matokeo ya kujenga upya tanuu, uzalishaji ulisimamishwa hadi wiki ya tatu ya Novemba, 2005.

Faida ya kazi iliyofanywa tayari ni dhahiri kwa kuwa uzalishaji bora uko juu kila wakati. Utumiaji wa umeme na tanuu, ambao ni sehemu kubwa ya utofauti wa uzajishaji, iko chini kila wakati. Faida ziliongezeka mara mbili kwanzia mwaka uliopita, ambayo inastahili kusifiwa tukizingatia kuwa kituo hiki kimefanyakazi kwa miezi tisa za mwaka huu.

Kuhusu uzuri wa mbele, shughuli zetu za glasi ziliidhinishwa upya na Shirika la Kenya la Viwango vya bidhaa hadi ISO 3001 2000, EMS ISO 14001 na HACCP. Mifumo hii inaendelea kuhakikisha kwendelea kwa bidhaa zetu na kujitolea kwetu kutumia njia za usalishaji ambazo ni safi kwa mazingira na kukuza uhamasishaji wa mazingira kati ya wafanyakazi wetu na jamii.

Jumla ya uzalishaji wa shughuli zetu za kimea mwaka huu ilikuwa tani 72,500, tani 2,500 zaidi ya hesabu iliyokusudiwa. Kutoka kwa uwasilishaji huu, tani 15,000 zilitoka kwa kandarasi za shayiri zilizofadhiliwa na wenyewe. Hadi Juni 2006 rekodi ya tani 3,700 ya mbegu za shayiri zilipeanwa na tayari sasa zinazalishwa ili zipandwe msimu ujao. Ufikiaji wa njia za uzalishaji za mbegu za mimie zingine zimesababisha kuongezeka kwa utumiaji wa upandaji mbegu na mapato na itaendelea zaidi msimu huu.

Aina mpya ya shayiri, Nguzo, iliyotolewa mwaka uliopita, iliyo na mazao ya tani 6 kwa kila heka, inatarajiwa ichukue yapata asilimia 10 ya ukubwa wa shayiri msimu huu.

Kituo cha kimea katika Kampala Road jijini Nairobi kimerekebishwa upya na bwela jipya na kifaa kipya cha utiaji baridi. Hii inapasa kuhakikisha kuwa kituo hiki kinafikia uwezo wake wa uzalishaji wa kila mwaka wa tani 30,000 za kimea cha hali ya juu. Kupitia Wakfu wa EABL, tutaongeza kituo cha afya katika Olchoro kwenye Mharara wa Mau, ambapo zaidi ya asilimia 50 ya shayiri zake uzalishwa.

Uganda

Shughuli zetu za bia nchini Uganda zinaendelea kupanua (+ asilimia 45) ununuzi na faida (+asilimia 68 mpaka shilingi bilioni 0.9) licha ya kushughulika katika soko lililo na ushindani mwingi na changamoto. Chapa zetu zinaendelea kutendakazi vizuri na kampuni ilikifia uzalishaji wake wa juu sana wa kila mwezi na hesabu za mauzo mnamo Decemba, 2005. Mauzo ya jumla yalikuwa juu kwa asilimia 15 zaidi ya mwaka uliopita.

Kufuatia ufanisi wa mradi wa kukuza shayiri nchini Uganda, tanzu ya shughuli zetu za Kenya za kimea imewekwa nchini Uganda ili kuleta usimamizi karibu na soko. Shughuli za Uganda za kimea zinatarajiwa kupeana karibu tani 10,000 kwa shughuli zetu za bia nchini Uganda kila mwaka.

Tanzania

Mwaka wa 2006 ulikuwa mwaka mzuri sana kwa chapa zetu nchini Tanzania pamoja na ukuzaji thabiti nchini kote.

Pilsner ilizinduliwa mnamo Machi 2006 na imepokea maoni mazuri kutoka kwa watumiaji.

Kufanya Matokeo Mazuri

Kuitikia mahitaji ya jamii

Kufuatia kuzinduliwa kwa Wakfu wa EABL nchini Kenya na Uganda mnamo Juni 2005, kampuni imeongeza bidii yake ya kusaidia jamii zilizopungukiwa kufikia vitu vya kawaida kama vile maji safi, matibabu, elimu na ustadi wa kikazi. Tayari tunafanya matokeo makubwa katika maisha ya maelfu ya watu katika eneo la Afrika Mashariki.

Kukuza unywaji wenye uwajibikaji

EABL imejitolea kuchukua dhima ya mbele katika bidii zote za fani ili kuhakikisha kwamba jumbe sahihi zinashirikiwa na watumiaji wote na wasiotumia pia. Ni wazo tunaloliamini na wazo tulilolikumbatia kwa kila kitu tunachofanya.

Unjwaji wenye uwajibikaji, ukifanywa vizuri, unaweza kusaidia jamii kuishi pamoja na pombe kama sehemu ya mizani ya maisha. Ikichukuliwa kwa uwajibu, pombe inahusishwa na kujivinjari na sharehe, lakini utumiaji zaidi au usiofaa unaweza kusababisha shida za kiafya na kijamii kwa watu na jamii yote.

EABL inaendeleza kampeni kali ya Unywaji wenye uwajibikaji nchini Uganda na Kenya na imetumia zaidi ya shilingi milioni 55 za Kenya hadi sasa. Baadhi ya uvumbuzi inajumuisha kampeni za mapango, maswali na majibu ya kila wiki ya unywaji wenye uwajibikaji, sehemu za kuuzia bidhaa za Unwaji wenye Uwajibikaji, mafunzo kwa wahudumu wa mabaa na jumbe za onyo juu ya utumiaji zaidi katika mawasiliano yetu yote.

Kenya

Maji yafikia maeneo ya Ziwa

Mwaka huu, Wakfu wa EABL ilikamilisha mradi wa shilingi milioni 2 za Kenya Magharibi mwa Kenya ambayo itaboresha maisha ya watu 3,000. Wakazi wa kijiji cha Nyatigo katika Diviseni ya Kombewa ya Wilaya ya Kisumu sasa wanaweza kufikia maji safi, hivyo basi kuruhusu kupunguka kwa maradhi ya maji kama vile homa ya matumbo, amiba, dysentery, kuhara damu na kuendesha kati ya wakazi.

Ijapokuwa Kijiji cha Nyatigo kiko kilomita 10 kutoka fiko za Ziwa Victoria, kwa kawaida wanaadhiriwa na ukame na ukosefu wa chakula mara kwa mara. Upatikanaji wa maji utakuwa na matokeo ya aina tatu kwa jamii hii kupitia kupunguka kwa matukio ya maradhi ya maji; nafasi zilizoongekeza za uajiri kupitia ukuzaji wa matunda na mboga nje ya msimu; na kutumia muda ambao ulikuwa ukipotezwa na wanawake na watoto wakitafuta maji kwa njia zingine za kufanya shughuli za kuleta mapato. Maji yamepeanwa kupitia kujengwa kwa visima viwili chini ya Mpango wa Wakfu wa EABL wa Maji ya Uzima".

Maji yafikia wakazi wa Nzueni

Zaidi ya wakazi 55,000 wa eneo la Nzueni Wilaya ya Makueni katika Mkoa wa Mashariki wanaweza pia kufikia maji safi kupitia mradi mwingine chini ya Mpango wa Maji ya Uzima. EABL imeshirikiana na Diageo na ikitoa shilingi milioni 5 za Kenya kwa AMREF ambayo ilijenga awali kisima katika eneo hilo. Jamii ya Nzueni imekuwa haifikii maji safi na wakati mwingine imewabidi wakazi kutembea hadi kilomita 20 kwa siku ili kutafuta maji.

Kwa kushirikiana na AMREF, Wakfu huu utafanyakazi na jamii ya mahali pale ili kurekebisha kisima na kusakinisha vyombo vya kupampu. Maji kutoka kwa kisima yatauzwa kwa bei nafuu na mapato yatatumiwa kwa shughuli na utunzaji wa mradi.

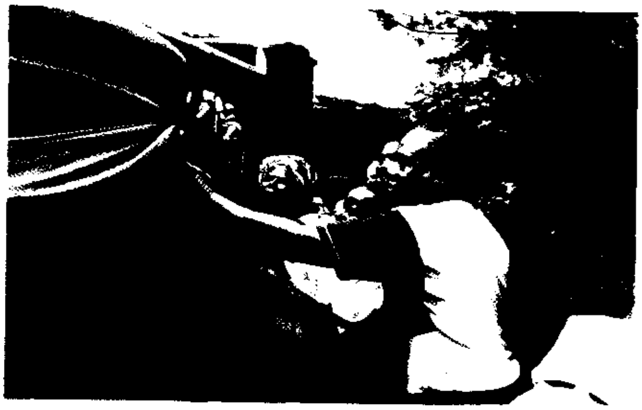
Kuzingatia utunzaji wa mazingira

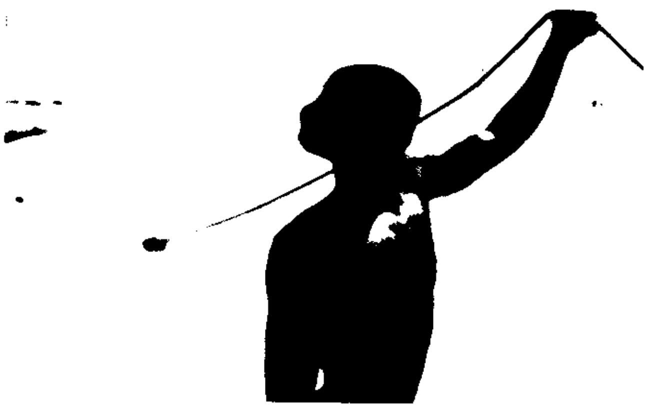
Kikundi cha EABL cha Kijani kibichi (E-Green Team) ni mpango mpya, unaoendeshwa na wafanyakazi wa Wakfu wa EABL ambao wanazingatia utunzaji wa mazingira. Kikundi hiki hupeana nafasi ya kipekee kwa wafanyakazi ili wakuze na kushughulikia maeneo muhimu katika ajenda ya jukumu la kampuni katika jamii. Kikundi hiki huwakaribisha wafanyakazi waweze kuwa wanachama na kuchangia kwa utunzaji wa mazingira kupitia shughuli za kupanda miti. Maono yake ni kugunduliwa kama kikundi kinachoongozwa na wafanyakazi kuhusu mazingira ya kijani kibichi, yaliyo safi na yenye afya il hali misheni yake ni kuhusisha na kuhimiza utunzaji wa mazingira kwa kuongoza na kuwatia nguvu wafanyakazi na jamii ya mahali pake kuwa na uwajibikaji wa utunzaji.

Kikundi cha E-Green hujaribu kupanda miti asili katika maeneo yaliyokatwa miti na kuelemisha jamii juu ya umaana wa miti na utunzaji wao.

Shilingi milioni 12 za Kenya kwa walio na njaa

[illegible] Wakfu wa EABL ulipeana cheki ya shilingi milioni 12 za Kenya [illegible] EABL [illegible] zaidi na Benki ya Standard [illegible] Maisha (SALF) kwa ajili ya baa la njaa. Hazina hii [illegible] wahasiriwa 8,000 wa baa la njaa [illegible] kwa Shirika la Kenya la Msalaba Mwekundu [illegible] Mashariki ambapo [illegible] Juni 2005 ilikuwa imekusanya [illegible] uendelezwa baadaye [illegible] akame.





Uganda

Kuyateka maji ya mvua

Kama sehemu ya mpango wa jukumu la kampuni katika jamii, shughuli za bia ya Uganda kupitia Wakfu wa EABL na Wakfu wa Diageo imeanzisha mradi mpya wa kuyateka maji. Kituo cha mradi huu kitakuwa katika Wilaya ya Kapchorwa ambapo kampuni hutafuta mazao yake mengi ya shayiri. Uvumbuzi wetu wa kukuza shayiri katika Kapchorwa imefaulu sana. Ili kuinua zaidi na kuelemisha wakulima wa mahali hapo, imeunda ushirika na Kiwanda cha Uganda ili kupeana huduma ya usaidizi wa kibiashara kwa wakulima 2,500 wa shayiri katika eneo hilo kwa miaka miwili. Kupitia mpango wa shilingi 12,194,000 za Uganda (karibu dola 6,700 za Merikani), shirika la Wakulima wa Biashara wa Kapchorwa litaimarishwa kupitia kupeana ustadi wa kibiashara na uongozi.

Utegaji samaki kupitia maji ya kisima

Hivi karibuni tulipeana shilingi 22,541,000 za Uganda (karibu dola 12,385 za Merika) kwa ajili ya ujenzi wa kisima kwenye mashamba ya samaki ya jamii la Nakasongola. Mashamba haya, yanayojulikana kama Mashamba ya Samaki ya Elitangaala, hupeana mijengo ya nyumba na matibabu katika Wilaya ndogo ya Katooge, mojawapo ya maeneo nchini Uganda yaliyoadhiria na umasikini na HIV/AIDS. Mashamba haya pia ukusanya mapato mengi yanayohitajika na jamii kupitia kukuza na kuuza samaki kwa Nakasongola na masoko mengine.

Asali huokoa maisha

Pia tulitoa shilingi 8,457,000 za Uganda (karibu Dola 4,647 za Merika) kuwadia mradi wa kuweka nyuki katika Mpigi. Mradi wa mizinga Huokoa maisha utasaidia katika njia za uzalishaji na uuzaji wa asili na pia kuwaleta wazalishaji kwa mashirika ya usaidizi yaliyomo. Kampuni hii pia huendelea kusaidia Mpango wa Mawasiliano na Ufikiaji kwa Chama cha Ugonjwa wa Anaemia jijini Kampala. Tayari kimefadhili uchapishaji wa brosha katika lugha kadhaa za mahali pale ili kuwezesha Wauganda zaidi kukubali kuweko kwa maradhi na kuelewa usimamizi wake.

Corporate Information

Financial Calendar
For the year ended 30 June 2006

Results
Half Year Results announced on 2 February 2006.
Full Year Results announced On 25 August 2006

Annual Report
Issued on 6 October 2006
84th Annual General Meeting

Dividends
Interim
Announced on 2 February 2006
Paid on 15 March 2006

Final
To be declared on 2 November 2006
Payable on or about 3 November 2006

Register
Closing date: 16 October 2006

Board of Directors
Group Chairman
J G Kiereini EGH, EBS, SS

Group Deputy Chairman
N Blazquez (Dr)*

Group Managing Director
G K Mahinda MBS

Group Commercial Director
C P Caldwell*

Non-Executive Directors
R Kemoli, HSC, MBE
W S Kalema (Dr)**
E Mwaniki
W Mugane (Ms) MBS
B A Savage ***
A S Ndegwa
W Kiboro

*British **Ugandan ***Nigerian

Secretary
M N Oluoch-Olunya (Mrs)

Board Committees
Board Audit & Risk Management Committee
R Kemoli, Chairman
N Blazquez (Dr)
B Savage
A S Ndegwa

Board Remuneration Committee
N Blazquez (Dr), Chairman
W Kalema (Dr)
E Mwaniki

Board Corporate Governance Committee
W Mugane (Ms), Chairlady
R Kemoli
E Mwaniki

Board Nominations Committee
N Blazquez (Dr) Chairman
W Kalema (Dr)
R Kemoli
W Mugane (Ms)

Registered office & Principal place of Business
Corporate Centre, Ruaraka
Off Thika Road
P O Box 30161 - 00100, Nairobi
Telephone: 8644000
Fax: 8563054/8561090
E-mail: info@eabl.com
Website: www.eabl.com

Registrar
Barclays Advisory & Registrar Services Limited
1st Floor, Bank House
Moi Avenue,
P O Box 30120 - 00100, Nairobi

Auditors
KPMG Kenya
Lonrho House, 16th Floor
Standard Street
P O Box 40612 - 00100, Nairobi

Bankers
Standard Chartered Bank Kenya Limited
Kenyatta Avenue Branch
P O Box 30001 - 00100, Nairobi

Commercial Bank of Africa Limited
CBA Building, Wabera/Standard Street
P O Box 30437 - 00100, Nairobi

Barclays Bank of Kenya Limited
Barclays Plaza, Loita Street
P O Box 30120 - 00100, Nairobi

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

Advocates
Kaplan & Stratton
Williamson House, 4th Ngong Avenue
P O Box 40111 – 00100, Nairobi

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the EIGHTY FOURTH ANNUAL GENERAL MEETING of East African Breweries Limited will be held at Safari Park Hotel, Ruaraka, Nairobi on Thursday 2 November 2006 at 11a.m. for the following purposes:

1. FINANCIAL STATEMENTS

a) to receive and adopt the audited financial statements for the year ended 30 June 2006 together with the report of the Directors and the Auditors' report thereon **(Resolution 1);**

b) to confirm the interim dividend of KShs 1.75 and declare a final dividend of KShs 4.15 per ordinary share payable on or about 3 November 2006 to members on the Register at the close of business on 16 October 2006 **(Resolution 2);**

2. DIRECTORS

a) **Elections**

i) to re-elect Mr. Christopher Caldwell, who was appointed by the Board on 19 October 2005 to fill a casual vacancy, who retires under Article 108 and, being eligible, offers himself for re-election as a director of the company **(Resolution 3);**

ii) to re-elect Ms. Wanjiku Mugane who retires under Article 109 and being eligible, offers herself for re-election as a director of the company **(Resolution 4);**

iii) to re-elect Mr. Richard Kemoli, a director over the age of 70 years, who retires by rotation under Article 109 and, being eligible by virtue of a Special Notice having been given, pursuant to section 186 (5) of the Companies Act, offers himself for re-election pursuant to the following ordinary resolution of the company **(Resolution 5);**

RESOLUTION

"That Mr. Richard Kemoli, who is over the age of 70 years, be and is hereby re-elected a director of the company until he next comes up for retirement by rotation under the Company's Articles of Association."

iv) to re-elect Mr. Jeremiah G Kiereini, a director over the age of 70 years, who retires by rotation under Article 109 and, being eligible by virtue of a Special Notice having been given, pursuant to section 186 (5) of the Companies Act, offers himself for re-election pursuant to the following ordinary resolution of the company **(Resolution 6);**

RESOLUTION

"That Mr. Jeremiah Kiereini, who is over the age 70 years, be and is hereby re-elected a director of the Company until he next comes up for retirement by rotation under the Company's Articles of Association."

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, the company's Auditors for the period ending with the next annual general meeting of the company and to authorise the directors to determine their remuneration **(Resolution 7).**

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

By Order of the Board,

M N Oluoch-Olunya (Mrs)

Secretary

24 August 2006

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

A Form of Proxy must be returned to the Company Secretary by no later than 11am on Tuesday 31 October 2006, being not less than 48 hours before the time appointed for the meeting.

Pursuant to Article 107 of the Company's Articles of Association, any member may by notice duly signed by him and delivered to the Company Secretary not less than 7 days and more than 28 days before the day appointed for the meeting propose any other person for election to the Board. Such notice must be accompanied by a notice signed by the person proposed, indicating his willingness to be elected.

Tangazo la mkutano mkuu wa mwaka

TANGAZO LINATOLEWA HAPA kwamba MKUTANO MKUU WA MWAKA HUU UKIWA NI WA THEMANINI NA NNE wa Kampuni ya East African Breweries Limited, utafanyika katika Hoteli ya Safari Park, Nairobi mnamo tarehe 2 Novemba 2006 saa tano asubuhi kwa minajili ifuatayo:

1. TAARIFA ZA KIFEDHA

a) kupokea na kuidhinisha taarifa za kifedha ambazo zimechunguzwa kwa mwaka wa kifedha wa kampuni uliomalizika tarehe 30 Juni 2006 pamoja na ripoti ya Wakurugenzi na Wakaguzi wa hesabu wa Kampuni zilizoambatanishwa **(Azimio la 1);**

b) kudhibitisha malipo ya mgawo wa muda wa shilingi 1.75 za Kenya na kutangaza mgawo wa mwisho wa shilingi 4.15 za Kenya kwa kila hisa ya kawaida, utakaolipwa mnamo au kabla ya tarehe 3 Novemba 2006 kwa wanahisa walio kwenye Rejesta kufikia wakati wa shughuli kukamilika tarehe 16 Octoba 2006 **(Azimio la 2);**

2. WAKURUGENZI

a) **Uchaguzi**

i) kumchagua upya Bw. Christopher Caldwell, ambaye aliteuliwa na Halmashauri tarehe 19 Octoba 2005 ili kujaza nafasi ya kibarua, ambaye atastaafu kulingana na kifungu cha 108 cha kanuni za Kampuni na, kwa vile inakubalika kumchagua tena, anajitolea achaguliwe tena kama mkurugenzi wa Kampuni **(Azimio la 3);**

ii) kumchagua upya Bi Wanjiku Mugane ambaye atastaafu kulingana na kifungu cha 109 cha Kanuni za kampuni na kwa vile inakubalika kumchagua tena, anajitolea achaguliwe upya kama mkurugenzi wa kampuni **(Azimio la 4);**

iii) kumchagua upya Bw. Richard Kemoli, mkurugenzi aliyepitisha umri wa miaka 70, ambaye anastaafu kwa zamu kulingana na kifungu cha 109 za kanuni za kampuni na, kwa vile inakubalika kumchagua tena kwa maadili ya tangazo maalum kupeanwa, kufuatana na sehemu ya 186 (5) ya Sheria ya Kampuni, anajitolea achaguliwe upya kufuatana na azimio la kawaida lifuatalo la kampuni **(Azimio la 5);**

AZIMIO

"Kuwa Bw. Richard Kemoli, ambaye amepitisha umri wa miaka 70 amechaguliwa upya kama mkurugenzi wa kampuni hadi wakati zamu yake ya kustaafu itakapofika tena kulingana na Vifungu vya Shirikisho la Kampuni."

iv) kumchagua upya Bw. Jeremiah G Kiereini, mkurugenzi aliyepitisha umri wa miaka 70, ambaye anastaafu kwa zamu kulingana na kifungu cha 109 za kanuni za Kampuni na, kwa vile inakubalika kumchagua tena kwa maadili ya tangazo maalum kupeanwa, Kufuatana na sehemu ya 186 (5) ya Sheria ya Kampuni, anajitolea achaguliwe upya kufuatana na azimio la kawaida lifuatalo la kampuni. **(Azimio la 6);**

AZIMIO

"Kuwa Bw. Jeremiah Kiereini, ambaye amepitisha umri wa miaka 70 amechaguliwa upya kama mkurugenzi wa kampuni hadi wakati zamu yake ya kustaafu atakapofika tena kulingana na Vifungu vya Shirikisho la Kampuni."

b) **Malipo**

Kufahamu kwamba Wakurugenzi hawatafuti nyongeza yo yote kwa malipo yao ambayo, Inabaki vivyo hivyo kama ilivyoelezwa kwenye taarifa za kifedha;

3. WAKAGUZI WA HESABU

Kuwateua KPMG Kenya, kama Wakaguzi wa Hesabu wa Kampuni kwa kipindi kitakachomalizika pamoja na mkutano mkuu Wa kampuni wa mwaka ujao na kuwapa idhini ya kuamua malipo yao **(Azimio la 7).**

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

Kwa Amri ya Halmashauri,

M N Oluoch-Olunya (Bi)

Katibu

24 Agosti 2006

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

Fomu ya mwakilishi inayoweza kutolea inapatikana kwenye ukurasa wa 59 kwa matumizi ya wanahisa wasiotarajiwa kuhudhuria mkutano.

Fomu ya mwakilishi lazima irudishwe kwa Katibu wa Kampuni kabla ya saa tano asubuhi Jumanne tarehe 31 Octoba 2006, ikiwa imesalia masaa 48 kabla ya wakati uliotengwa mkutano.

Kulingana na kifungu cha 107 cha Kanuni za Kampuni mwanahisa ye yote, kwa kutoa notisi iliyowekwa sahihi naye na kukabidhiwa Katibu wa Kampuni, kwa muda usiopungua siku 7 au kuzidi siku 28 kabla ya siku iliyotengwa kwa mkutano, anaweza kumpendekeza mtu mwingine achaguliwe kwa Halmashauri. Notisi hiyo lazima iambatane na notisi iliyotiwa sahihi na yule aliyependekezwa, ikionyesha kutaka kwake kuchaguliwa.


Dr. Nick Blazquez

Jeremiah G. Kiereini EGH, EBS, SS - Group Chairman (77)

Mr. Kierieni was appointed Chairman of the Board in 1988. He worked with the Kenya Civil Service for 30 years where he held various senior positions culminating in his appointment as Chief Secretary, Head of Civil Service and Secretary to the Cabinet. After retirement, he ventured into commercial life and is now a member of many boards, the main ones being Unga Group Limited, CMC Holdings group of companies, CFC Bank Limited and Heritage/ All Insurance Company.

Dr. Nick Blazquez (British) - Group Deputy Chairman (45)

Dr Blazquez was appointed as a director and Deputy Chairman of the company in August 2005. He holds a Bachelor of Science from the University of Aberdeen and a Ph. D from the University of Bristol. He is the Managing Director of Diageo Africa.

Gerald K. Mahinda MBS - Group Managing Director (47)

Mr. Mahinda was appointed Group Managing Director in January 2004. He served a one-year assignment at Guinness Nigeria Plc as the Strategy and Change Director in 2003. Between 1999 and 2002 he served as the EABL Group Finance and Strategy Director. Before joining EABL he worked for Standard Chartered Bank Kenya Limited as the Executive Director, Finance with responsibilities for Kenya, Uganda and Tanzania. He holds a Bachelor of Commerce Degree from the University of Nairobi and is a Certified Public Accountant.

Christopher P. Caldwell (British) - Group Commercial Director (40)

Mr. Caldwell was appointed Group Commercial Director in October 2005 having just completed a three-year assignment in South Africa where he led the formation of a joint venture between Diageo, Heineken & Nambian Breweries, and then served as Finance & Strategy Director. Prior to this, he was based in the Middle East with Diageo as Finance & Strategy Director of the Dubai Hub and also General Manager North Africa. He has also worked extensively in Eastern Europe on mergers & acquistions projects prior to joining Diageo in 1998 from Dulux Paints where he was UK Marketing Manager and has held a number of roles in the Guinness Business including Group Risk Director. He is a chemistry graduate and also a Chartered Management Accountant.

Richard Kemoli HSC, MBE - Non Executive Director (71)

Mr. Kemoli has been a member of the Board since 1996. He has over 35 years of experience both locally and internationally. He had a long and successful career with Commonwealth Development Corporation where he worked for 33 years before retiring. In recognition of the contributions he has made over the years, he was made a Member of the Order of the British Empire (MBE) in 1995. He has held directorships in several private and public sector institutions and is currently Chariman of Lafarge Bamburi Cement Limited, Unga Group Ltd., Kenya Open Golf Ltd., and is a director of CMC Holdings Limited, Kakuzi Limited and Johnson Wax (EA) Limited, among others.

Dr. William S. Kalema (Ugandan) - Non Executive Director (54)

Dr. Kalema is an engineer by profession. He joined the Board in 2000. He is the chairman of Uganda Investment Authority and the DFCU Group, a financial institution in Uganda. He is also a member of the boards of Multichoice Uganda, United Assurance Company and Mweya Safari Lodge. He is Chairman of the Uganda Gatsby Trust and the Kilimo Trust. Dr. Kalema holds a Ph.D Degree in Chemical Engineering from California Institute of Technology and Bachelor and

Babatunde A Salvage

Masters degrees in Chemical Engineering from Cambridge University, England.

Evanson Mwaniki - Non Executive Director (68)

Mr. Mwaniki joined the Board in 2000. He is a reputable business leader in Kenya and has had extensive experience both locally and internationally. He is the chairman of British American Tobacco (Kenya) Limited, Kenya Airways and a director of Lion of Kenya Insurance Company and East African Packaging Industries Limited. He holds a Bachelor of Arts Degree from the University of London.

Babatunde A Savage- (Nigerian) - Non Executive Director (52)

Mr. Savage joined the board in 2002. He holds an honours degree in Physiology from the University of Ibadan. He had his accountancy training with Coopers & Lybrand (now PricewaterhouseCoopers) from 1978 to 1983. Mr. Savage has attended various overseas management training including a stint at Cranfield Institute of Management. He is a Fellow of both the Institute of Chartered Accountants of Nigeria (ICAN) and the Chartered Institute of Taxation of Nigeria (CITN). Mr. Savage joined the Board of Guinness Nigeria Plc in 1996. He was the company's Director of Finance and later Corporate Planning Director. He is currently the Company's Deputy Managing Director.

He is a member of Council of the Lagos Chamber of Commerce and Industry and Treasurer, Manufacturers' Association of Nigeria, Ikeja. He is also a director of Jos International Breweries Plc.

Wanjiku Mugane MBS - Non Executive Director (42)

Ms Mugane joined the Board in 2001. She is an investment banker by profession and holds an LLM (Georgetown) and an LLB (UON) and various accounting and finance credits. She is an Attorney & Counsellor at Law of New York State and an Advocate of the High Court of Kenya. She previously worked with SG Warburg in London and Johannesburg and is the co-founder of the First Africa Group a leading Sub-Saharan Africa investment banking advisory services firm with offices in Johannesburg and Nairobi, which group is part owned by Standard Chartered Bank. She is the managing director of its East African operations.

Andrew S. Ndegwa- Non Executive Director (38)

Mr. Ndegwa joined the Board in August 2004. He graduated from the University of Oxford with a Bachelor of Arts in Philosophy, Politics and Economics. He is currently an executive director of First Chartered Securities Limited (FCS), a Kenyan investment holding company. Prior to joining FCS in 1994, he worked in the banking industry for four years, firstly with Citibank and then with the African Mercantile Banking Company. He holds several directorships among which are NIC Bank Limited and Unga Group Limited.

Wilfred Kiboro - Non Executive Director (62)

Mr Kiboro is the Group Chief Executive of the Nation Media Group. He holds a Bachelor of Science degree in Civil Engineering from the University College of Nairobi. Prior to joining the media, he worked with Rank Xerox and in various capacities within Shell and Esso. He serves on a number of boards and is currently the Chairman of the International Press Institute; Kenya Business Council and the East African Business Summit.

Madren N Oluoch-Olunya - Group Legal Advisor and Company Secretary (34)

Mrs Oluoch - Olunya is a lawyer by profession and holds a Master of Law Degree from the London School of Economics and Political Science as well as an ACCA Certified Diploma in Accounting and Finance. She began her career with Agricultural Finance Corporation before moving on to join Serena Hotels in 1998. She is a member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya.

Corporate Governance Statement

The Company continues in its commitment to comply with relevant legal requirements and the highest standards of corporate governance and business ethics.

Board of Directors

The Board continues to maintain effective control over strategic, financial, operational and policy issues and meets at least four times a year. Nine out of eleven of the Directors are non-executive, including the Chairman. The Board is assisted in the discharge of its responsibilities by the Committees below, which meet quarterly or as required.

During the year an ad hoc committee known as the Strategy committee was established by the Board to oversee proposed strategic initiatives and provide guidance on implementation thereof.

Board Corporate Governance Committee

Committee members are Ms. Wanjiku Mugane (Chairperson), Mr. Richard Kemoli and Mr. Evanson Mwaniki.

During the year, the Committee organised two Board Awareness Sessions. The sessions were tailor made for the Board so as to ensure they were relevant to business needs. The broad themes of the sessions were "Corporate Governance - taking EABL to the next level" and "Benchmarking EABL". The purpose of the sessions was to sensitize directors on current world trends. The Board also commenced its first ever self-evaluation exercise in 2006.

Board Audit and Risk Management Committee

The Committee is made up of Mr. Richard Kemoli (Chairman), Dr. Nick Blazquez, Mr. Andrew Ndegwa and Mr. Babatunde Savage.

The external auditors continue to have unrestricted access to the Committee Chairman.

During the past year, the Committee oversaw the undertaking of risk assessments, and inclusion of mitigation plans in the objectives of all functions across the Group and the implementation of the audit program.

Board Remuneration Committee

The Committee's members are Dr. Nick Blazquez (Chairman), Mr. Evanson Mwaniki and Dr. William Kalema.

The Committee oversaw the review of the organizational structure across the EABL group and implementation of various staff incentive schemes.

Board Nominations Committee

The Committee's members are Dr. Nick Blazquez (Chairman), Dr. William Kalema, Mr. Richard Kemoli and Ms. Wanjiku Mugane.

The Committee is responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise and in particular to give consideration to succession planning.

Coporate Social Responsibility

The EABL Foundation, which was launched in June 2005, continues to help communities in need, through the key areas of access to clean water, health, education and environment.

Business Ethics

The staff of EABL continue to commit themselves annually to adherence to the Company's Code of Business Conduct. The Code sets out the Company's commitment to conducting business in accordance with all relevant laws and regulations and high standards of ethical values. In addition, there are other detailed policies and procedures in place across the Group, of particular importance being a strict marketing code to ensure that the business continues to market its products responsibly.

Directors' Shareholding as at 30th June 2006

	Name	Shares
1	Jeremiah Kiereini	1,209,600
2	Gerald Mahinda	37,880*
3	Evanson Mwaniki	1,500
4	Babatunde Savage	12,000
5	William Kalema (Dr)	18,515
6.	Richard Kemoli	35,400
	Totals	**1,314,895**

* excludes entitlement of 302,035 units under the EABL Employee share option program.

Taarifa ya Uongozi wa Kampuni

Kampuni inaendelea katika kujitolea kwake kufuata mahitaji muhimu ya kisheria na viwango vya juu vya uongozi wa kampuni na maadili ya kibiashara.

Halmashauri ya Wakurugenzi

Halmashauri inaendelea kudumisha uthibiti mzuri juu ya maswala ya mkakati, kifedha, utendaji na sera na hupatana mara nne kwa mwaka. Tisa kati ya Wakurugenzi si watendaji, ikijumuisha Mwenyekiti. Halmashauri Inasaidiwa kutoa majukumu yake na Kamati zilizo hapo chini, ambazo hupatana kila robo mwaka au kama inavyohitajikana.

Mwaka huu kamati ya dharura ijulikanayo kama Kamati ya mbinu ilianzishwa na Halmashauri ili kusimamia uvumbuzi wa mikakati uliopendekezwa na kupeana uongozi baada ya kutekelezwa kwake.

Kamati ya Halmashauri ya Uongozi wa Kampuni

Wanakamati ni Bi. Wanjiku Mugane (Mwenyekiti), Bw. Richard Kemoli na Bw. Evanson Mwaniki.

Mwaka huu, Kamati hii iliandaa Vikao viwili vya Utambuzi kwa Halmashauri. Vikao hivi viliundwa kwa ajili ya Halmashauri ili kuhakikisha kwamba ziliambatana na mahitaji ya shughuli. Dhamira pana za vikao hivi ni kama Uongozi Bora – kuipeleka EABL kwa kitengo kingine na Kupima EABL. Madhumuni ya vikao hivi ilikuwa ni kuwahamasisha wakurugenzi juu ya mielekeo ya kisasa ulimwenguni. Halmashauri Pia iliendelea shughuli yake ya kwanza kabisa ya kujichunguza mwenyewe katika mwaka wa 2006.

Kamati ya Uchunguzi ya Halmashauri ya Uongozi dhidi ya Hatari

Kamati hii inaye Bw. Richard Kemoli (mwenyekiti), Dkt. Nick Blazquez, Bw. Andrew Ndegwa na Bw. Babatunde Savage.

Wakaguzi wa hesabu wa nje wanaendelea kuwa na nafasi isiyo na mipaka ya kuweza kukutana na Mwenyekiti wa kamati.

Mwaka uliopita, kamati ilisimamia kuanzishwa kwa makadirio dhidi ya hatari na kujumlishwa kwa mipango inayopunguza uzito wa makosa katika malengo ya shughuli zote za kampuni na kutekelezwa kwa mpango wa uchunguzi

Kamati ya Halmashauri ya Ajira

Wanakamati ni Dkt. Nick Blazquez (Mwenyekiti), Bw. Evanson mwaniki na Dkt. William Kalema. Kamati hii ilisimamia kuhakikiwa kwa muundo wa shirikisho la kampuni ya EABL na kutekelezwa kwa mipango kadhaa ya kuwashawishi wafanyikazi.

Kamati ya Uteuzi wa Halmashauri

Wanakamati ni Dkt. Nick Blazquez (Mwenyekiti), Dkt. William Kalema, Bw. Richard Kemoli na Bi. Wanjiku Mugane.

Kamati hii ina jukumu la kuteua na kupendekeza mtu ili akubaliwe na Halmashauri, wagombeaji ili wajaze nafasi za Halmashauri zinapotokea na sanasana kupeana upendeleo wa mpango wa urithi.

Jukumu la Kampuni katika Jamii

Wakfu wa EABL, ambayo ilizinduliwa mnamo Juni 2005, Inaendelea kusaidia jamii zilizo na mahitaji, kufikia maeneo muhimu ya kufikia maji safi, afya, elimu na ustadi.

Maadili ya Kibiashara

Wafanyakazi wa EABL wanaendelea kujitolea kila mwaka kwa kufuata Kanuni ya Maadili Mema ya Kampuni. Kanuni hii inathibitisha kujitolea kwa Kampuni Ili kuendeleza biashara kulingana na sheria na kanuni zote zinazohusika na viwango vya juu vya maadili. Zaidi ya hayo kuna sera na utaratibu unaotumika katika Kampuni, zenye umuhimu maalum kutokana na kanuni yenye kina juu ya uuzaji, ili kuhakikisha kwamba biashara inaendelea kuuza bidhaa zake kwa njia iliyowajibika.

Ushikajihisa wa Wakurugenzi hadi tarehe 30 Juni 2006

	Jina	Hisa
1	Jeremiah Kiereini	1,209,600
2	Gerald Mahinda	37,880*
3	Evanson Mwaniki	1,500
4	Babatunde Savage	12,000
5	William Kalema (Dr)	18,515
6.	Richard Kemoli	35,400
	Jumla	**1,314,895**

*Haijumuishi haki ya kupewa vizio 302, 035 chini ya mpango wa EABL wa hiari ya wafanyakazi.

Report of the Directors

for the year ended 30 June 2006

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 30 June 2006, which disclose the state of affairs of the group and company.

1 Activities

East African Breweries Limited remains a holding company with subsidiaries involved in the marketing,brewing/manufacturing and selling of drinks, glass containers, malt and barley.

2 Results

The results for the year are set out on page 33.

3 Dividend

The directors recommend a final dividend of KShs 4.15 per ordinary share to be paid on or about 3 November 2006 to those members on the register at the close of business on 16 October 2006. This, together with the interim dividend of KShs 1.75 per ordinary share paid on or about 15 March 2006, brings the dividend for the year to KShs 5.90 per issued ordinary share (2005 – dividend per share KShs 4.50).

The directors who served since 1 July 2005 are set out on page 26 and 27.

The auditors, KPMG Kenya, have indicated their willingness to continue in office in accordance with Section 159(2) of the Kenyan Companies Act (Cap. 486).

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

The financial statements were approved at a meeting of the directors held on 24 August 2006.

BY ORDER OF THE BOARD

M N Oluoch-Olunya (Mrs)

Secretary

Date: 24 August 2006

Ripoti ya Wakurugenzi kwa

Mwaka Uliopita Tarehe 30 Juni 2006

Wakurugenzi wana furaha ya kuwaletea ripoti yao pamoja na taarifa za kifedha ambazo zimekaguliwa, kwa mwaka uliomalizika tarehe 30 Juni 2006, ambayo inaonyesha wazi shughuli za kampuni ilivyo ikiwa na makampuni yake tanzu.

1 Shughuli

East African Breweries Limited bado inaendelea kumiliki makampuni mengine yanayoshughulikia upikaji na uuzaji wa vinywaji, vyombo vya asili ya chupa, kimea cha pombe na shayiri.

2 Matokeo

Matokeo ya mwaka huu yamewekwa kwenye ukurasa wa 33.

3 Mgawo wa faida

Wakurugenzi wanapendekeza mgawo wa mwisho wa shilingi 4.15 za Kenya kwa kila hisa ya kawaida, utakaolipwa mnamo au kabla ya tarehe 3 Novemba 2006 kwa wanahisa walio kwenye rejesta kufikia wakati wa shughuli kukamilika tarehe 16 Octoba 2006. Hii, pamoja na mgawo wa muda wa shilingi 1.75 kwa kila hisa ya kawaida utakaolipwa mnamo au kabla ya tarehe 15 Machi 2006, unafanya jumla ya mgawo wa shilingi 5.90 kwa kila hisa ya kawaida iliyopeanwa (2005 – mgawo kwa kila hisa ulikuwa shilingi 4.50 za Kenya).

Wakurugenzi waliotumikia kampuni kwanzia tarehe 1 Julai 2005 wameonyeshwa kwenye ukurasa wa 26 na 27.

Wakaguzi wa hesabu, KPMG Kenya, wameonyesha kutaka kwao kuendelea mamlakani kulingana na Sehemu ya 159 (2) ya Sheria zinazosimamia makampuni nchini Kenya (Kif. 486).

Wakurugenzi wana furaha, mara nyingine, kurekodi shukrani zao kwa bidii ya wafanyakazi wote wasiochoka wa kampuni na makampuni yake tanzu.

Taarifa za kifedha ziliidhinishwa katika mkutano wa wakurugenzi uliofanyika mnamo tarehe 24 Agosti 2006.

KWA AMRI YA HALMASHAURI

M N Oluoch-Olunya (Bi)

Katibu

Tarehe: 24 Agosti 2006

Statement of Directors' Responsibilities

The Kenyan 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 Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and the company and of the group's operating results. The directors further accept responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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: G. K. Mahinda **Director: C. P. Caldwell**

Date: 24 August 2006

Taarifa Kuhusu Majukumu ya Wakurugenzi

Sheria zinazoyasimamia Makampuni nchini Kenya, zinawahitaji wakurugenzi kutayarisha taarifa za kifedha ambazo zinapeana picha ya kweli na sahihi ya hali ya shughuli za kampuni 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 wanaweka kumbukumbu za uhasibu zilizo sawa na ambazo zinaonyesha kwa usahihi wa kutosha hali ya kifedha ya kampuni na makampuni yake tanzu ilivyo. Pia wanawajibika kulinda 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 Sheria zinazosimamia Makampuni. Wakurugenzi wanaonelea kwamba taarifa hizi za kifedha zinaonyesha kwa ukweli hali ya shughuli za kifedha ya kampuni na matokeo ya utendakazi wa makampuni yake tanzu. Wakurugenzi pia wanakubali kuchukua jukumu la kudumisha kumbukumbu za uhasibu, ambazo zinaweza kutegemewa katika kuandaa taarifa za kifedha, pamoja na mifumo inayofaa ya uthabiti wa kifedha wa kindani.

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

Mkurugenzi: G. K. Mahinda **Mkurugenzi: C. P. Caldwell**

Tarehe: 24 Agosti 2006

Report of the independent auditors

We have audited the financial statements set out on pages 33 to 56 for the year ended 30 June 2006. 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. The balance sheet of the Company is in agreement with the books of account.

Respective responsibilities of directors and independent auditors

As stated on page 31, the directors are responsible for the preparation of financial statements that give a true and fair view of the state of affairs of the group and the company and of the group's operating results. Our responsibility is to express an opinion on the financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies used and significant estimates made by the directors, as well as evaluating 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 group and company's financial position at 30 June 2006 and of the group's operating results and cash flows for the year then ended and comply with International Financial Reporting Standards and the Kenyan Companies Act.

KPMG Kenya
Certified Public Accountants
P O Box 40612 - 00100, Nairobi

Date: 24 August 2006

Ripoti ya Wakaguzi Huru

Tumekagua taarifa za kifedha zilizo kwenye ukurasa wa 33 hadi 56 wa mwaka uliomalizika tarehe 30 Juni 2006. Tumepata habari zote na maelezo ambayo kwa kadiri ya ujuzi wetu kamili na maarifa yetu, yalihitajika kwa minajili ya ukaguzi wetu. Mizani ya hesabu za kampuni inakubaliana na vitabu vya hesabu.

Majukumu mbali mbali ya wakurugenzi na ya waguzi huru wa hesabu

Kama ilivyoelezwa kwenye ukurasa wa 31, ni wajibu wa wakurugenzi kutayarisha taarifa za kifedha zinazopeana picha ya kweli na sahihi ya hali ya shughuli za kampuni na matokeo ya utendakazi wa kampuni na kampuni zake tanzu. Jukumu letu ni kuwaeleza maoni yetu juu ya taarifa za kifedha msingi wake ukiwa ukaguzi wetu.

Msingi wa maoni

Tulitekeleza ukaguzi wetu kuambatana na viwango vya Kimataifa vya ukaguzi. Viwango hivyo vinahitaji tupange na kutekeleza uchunguzi wetu ili tupate thibitisho tosha kuwa taarifa za kifedha hazina upotofu wa aina yoyote. Ukaguzi unahusisha kutathmini, kwa msingi wa majaribio, kwa ushahidi unaothibitisha kiasi na matangazo yanayotolewa kwenye taarifa za kifedha. Pia, ukaguzi unahusisha kutathmini sera zinazotumiwa za uhasibu na makadirio muhimu yaliyofanywa na wakurugenzi, na hata pia kuchunguza uwasilishaji jumla wa taarifa za kifedha. Tuna imani kwamba ukaguzi 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 na makampuni yote yanayohusika, ilivyokuwa kufikia tarehe 30 Juni, 2006 na fedha zilivyopokelewa na kutumika kwa mwaka uliomalizika hapo, na zinakubaliana na viwango vya Uhasibu vya Kimataifa na Sheria zinazosimamia Makampuni.

KPMG Kenya
Certified Public Accountants
P O Box 40612 - 00100, Nairobi

Tarehe: 24 Agosti 2006

Consolidated Profit and Loss Account
for the year ended 30 June 2006

	Notes	2006 Shs'000	2005 Shs'000
Net revenue	4	20,906,885	19,186,425
Cost of sales		(7,895,833)	(6,296,140)
Gross profit		**13,011,052**	**12,890,285**
Other operating income	5	391,485	485,682
Distribution costs		(1,364,209)	(1,073,885)
Administrative expenses		(4,105,638)	(4,805,842)
Operating profit	**6**	**7,932,690**	**7,496,240**
Finance income	8	379,389	260,703
Finance costs	8	(37,499)	(231,262)
Share of associate's profit after tax		762,826	697,690
Profit before reorganisation costs		**9,037,406**	**8,223,371**
Reorganisation Costs		(460,357)	-
Profit before income tax		**8,577,049**	**8,223,371**
Income tax expense	9	(2,167,007)	(2,447,143)
Profit after income tax		**6,410,042**	**5,776,228**
Minority interest		(1,017,554)	(1,006,316)
Net profit attributable to the shareholders		**5,392,488**	**4,769,912**
Earnings per share:			
– basic (Kshs)		8.18	7.24
– diluted (Kshs)		8.18	7.24

The notes set out on pages 40 to 56 form an integral part of these financial statements.

Consolidated Balance Sheet
at 30 June 2006

	Notes	2006 Shs'000	2005 Restated Shs'000
CAPITAL EMPLOYED (Pages 36 and 37)			
Share capital	11	1,317,957	1,317,957
Share premium	11	1,959,100	1,959,100
Revaluation surplus	12	1,573,221	2,037,402
Retained earnings		8,967,173	7,298,201
Proposed dividends	10	2,734,762	1,976,937
Translation reserve		339,317	666,575
Total equity attributable to equity holders of the parent		16,891,530	15,256,172
Minority interest		1,694,040	1,636,044
Total equity		18,585,570	16,892,216
Non-current liabilities			
Deferred income tax	13	1,830,466	1,493,842
Provision for staff gratuity		75,234	196,770
		1,905,700	1,690,612
		20,491,270	**18,582,828**
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	14(a)	9,134,222	8,204,283
Prepaid operating lease rentals	15	32,830	33,430
Investment in associate company	16(a)	1,039,516	1,024,595
Other investments	16(c)	10,400	10,400
Goodwill	17(b)	648,664	648,664
Deferred income tax asset	13	43,054	2,215
		10,908,686	9,923,587
Current assets			
Inventories	19	4,048,068	3,335,227
Receivables and prepayments	20(a)	2,356,436	2,193,590
Income tax recoverable		562,333	35,946
Term deposits		6,101,583	6,357,252
Cash and bank balances		804,591	779,817
		13,873,011	12,701,832
Current liabilities			
Payables and accrued expenses	21(a)	4,116,858	3,615,555
Current income tax payable		52,924	240,345
Dividends payable		120,645	64,736
Bank overdraft		-	121,955
		4,290,427	4,042,591
Net current assets		9,582,584	8,659,241
		20,491,270	18,582,828

The financial statements on pages 33 to 56 were approved by the Board of Directors on 24 August 2006 and were signed on their behalf by:

Director: G. K. Mahinda **Director: C. P. Caldwell**

The notes set out on pages 40 to 56 form an integral part of these financial statements.

Company Balance Sheet
at 30 June 2006

	Notes	2006 Shs'000	2005 Shs'000
CAPITAL EMPLOYED (Page 38)			
Share capital	11	1,317,957	1,317,957
Share premium	11	1,959,100	1,959,100
Revaluation surplus	12	109,693	118,263
Retained earnings		7,462,757	6,155,473
Proposed dividends	10	2,734,762	1,976,937
Shareholders' funds		13,584,269	11,527,730
Non-current liabilities			
Deferred income tax liability	13	-	8,582
		13,584,269	11,536,312
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	14(b)	226,659	206,858
Prepaid operating lease rentals	15	1,859	1,891
Investment in subsidiaries	17(a)	4,324,783	4,324,783
Investment in associate company	16(b)	3,565,783	3,409,066
Deferred income tax asset	13	9,691	-
Other investments	16(c)	10,400	10,400
		8,139,175	7,952,998
Current assets			
Receivables and prepayments	20(b)	2,097,176	1,952,683
Current income tax recoverable		21,934	-
Term deposits		3,354,812	3,552,882
Cash and bank balances		315,707	48,446
		5,789,629	5,554,011
Current liabilities			
Payables and accrued expenses	21(b)	223,890	1,823,067
Dividends payable		120,645	64,736
Current income tax payable		-	82,894
		344,535	1,970,697
Net current assets		5,445,094	3,583,314
		13,584,269	11,536,312

The financial statements on pages 33 to 56 were approved by the Board of Directors on 24 August 2006 and were signed on their behalf by:

Director: G. K. Mahinda **Director: C. P. Caldwell**

The notes set out on pages 40 to 56 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2005

2005:	Share capital Shs'000	Share premium Shs'000	Revaluation reserve Shs'000	Translation reserves Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Total Shs'000	Minority interest Shs'000	Total equity Shs'000
At 1 July 2004 as previously stated	**1,098,297**	**2,188,534**	**2,311,542**	-	**6,068,049**	**1,878,088**	**13,544,510**	**1,714,110**	**15,258,620**
Prior year adjustment in respect of the defined benefit asset (Note 1)	-	-	-	-	(90,461)	-	(90,461)	(22,614)	(113,075)
Prior year adjustment in respect exchange differences on translation of foreign subsidiaries/associates (Note 2)	-	-	(274,140)	758,034	(483,894)	-	-	-	-
At July 2004 as restated	**1,098,297**	**2,188,534**	**2,037,402**	**758,034**	**5,493,694**	**1,878,088**	**13,454,049**	**1,691,496**	**15,145,545**
Exchange differences on translation of foreign subsidiaries	-	-	-	(27,255)	-	-	(27,255)	(400)	(27,655)
Exchange differences on translation of foreign associate	-	-	-	(64,204)	-	-	(64,204)	-	(64,204)
Net profit for the year	-	-	-	-	4,769,912	-	4,769,912	1,006,316	5,776,228
Additional capital (Note 3)	219,660	(229,434)	-	-	-	-	(9,774)	-	(9,774)
Dividend:									
- 2004 final paid	-	-	-	-	-	(1,878,088)	(1,878,088)	(1,061,368)	(2,939,456)
- 2005 interim declared and paid	-	-	-	-	(988,468)	-	(988,468)	-	(988,468)
- 2005 final proposed	-	-	-	-	(1,976,937)	1,976,937	-	-	-
At 30 June 2005	**1,317,957**	**1,959,100**	**2,037,402**	**666,575**	**7,298,201**	**1,976,937**	**15,256,172**	**1,636,044**	**16,892,216**

Notes:

1. The prior year adjustment in respect of the defined benefit asset relates to the transfer of the defined benefit asset to the defined contribution scheme, per Note 1(m(i)).
2. The translation reserve comprises the transfer of the cumulative foreign exchange differences arising from translation of financial statements of foreign operations.
3. Included in share premium movement above are expenses of Shs 9,774,421 including stamp duty relating to the bonus issue of shares in 2005.

The notes set out on pages 40 to 56 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity
for the year ended 30 June 2006

	Share capital Shs'000	Share premium Shs'000	Revaluation reserve Shs'000	Translation reserves Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Total Shs'000	Minority interest Shs'000	Total equity Shs'000
2006:									
At 1 July 2005 as previously stated	**1,317,957**	**1,959,100**	**2,307,093**	-	**7,785,546**	**1,976,937**	**15,346,633**	**1,658,658**	**17,005,291**
Prior year adjustment in respect of the defined benefit asset (Note 1)	-	-	-	-	(90,461)	-	(90,461)	(22,614)	(113,075)
Prior year adjustment in respect exchange differences on translation of foreign subsidiaries/associates (Note 2)	-	-	(269,691)	666,575	(396,884)	-	-	-	-
At 1 July 2005 as restated	**1,317,957**	**1,959,100**	**2,037,402**	**666,575**	**7,298,201**	**1,976,937**	**15,256,172**	**1,636,044**	**16,892,216**
Exchange differences on translation of foreign subsidiaries	-	-	-	(185,460)	-	-	(185,460)	(3,200)	(188,660)
Net profit for the year	-	-	-	-	5,392,488	-	5,392,488	1,017,554	6,410,042
Exchange differences on translation of foreign associate	-	-	-	(141,798)	-	-	(141,798)	-	(141,798)
Impairment of property, plant and equipment	-	-	(299,722)	-	-	-	(299,722)	(32,026)	(331,748)
Revaluation reserve realised on disposal of assets	-	-	(164,459)	-	164,459	-	-	-	-
Dividends:									
- 2005 final paid	-	-	-	-	-	(1,976,937)	(1,976,937)	(924,332)	(2,901,269)
- 2006 interim declared and paid	-	-	-	-	(1,153,213)	-	(1,153,213)	-	(1,153,213)
- 2006 final proposed	-	-	-	-	(2,734,762)	2,734,762	-	-	-
At 30 June 2006	**1,317,957**	**1,959,100**	**1,573,221**	**339,317**	**8,967,173**	**2,734,762**	**16,891,530**	**1,694,040**	**18,585,570**

Notes:

1. The prior year adjustment in respect of the defined benefit asset relates to the transfer of the defined benefit asset to the defined contribution scheme, per Note 1(m(i)).
2. The translation reserve comprises the transfer of the cumulative foreign exchange differences arising from translation of financial statements of foreign operations.

The notes set out on pages 40 to 56 form an integral part of these financial statements.

Company Statement of Changes in Equity
for the year ended 30 June 2006

	Share capital Shs'000	Share premium Shs'000	Revaluation surplus Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Total Shs'000
At 1 July 2004	1,098,297	2,188,534	118,263	4,668,551	1,878,088	9,951,733
Bonus issue of shares	219,660	(229,434)	-	-	-	(9,774)
Profit for the year	-	-	-	4,452,327	-	4,452,327
Dividends:						
- Final for 2004 paid	-	-	-	-	(1,878,088)	(1,878,088)
- Interim for 2005 declared and paid	-	-	-	(988,468)	-	(988,468)
- Proposed final for 2005	-	-	-	(1,976,937)	1,976,937	-
At 30 June 2005	**1,317,957**	**1,959,100**	**118,263**	**6,155,473**	**1,976,937**	**11,527,730**
Profit for the year	-	-	-	5,186,689	-	5,186,689
Dividends:						
- Final for 2005 paid	-	-	-	-	(1,976,937)	(1,976,937)
- Interim for 2006 declared and paid	-	-	-	(1,153,213)	-	(1,153,213)
- Proposed final for 2006	-	-		(2,734,762)	2,734,762	-
Revaluation surplus realised on disposal of fixed assets	-	-	(8,570)	8,570	-	-
At 30 June 2006	**1,317,957**	**1,959,100**	**109,693**	**7,462,757**	**2,734,762**	**13,584,269**

Included in share premium movement above are expenses of Shs 9,774,421 including stamp duty relating to the bonus issue of shares in 2005.

The notes set out on pages 40 to 56 form an integral part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 30 June 2006

	Notes	2006 Shs'000	2005 Shs'000
Operating activities			
Cash generated from operations	25(a)	7,302,276	7,501,476
Interest received		379,389	260,703
Interest paid		(24,458)	(12,807)
Income tax paid		(2,560,964)	(1,674,227)
Net cash generated from operating activities		**5,096,243**	**6,075,145**
Investing activities			
Purchase of property, plant and equipment	14	(2,105,317)	(1,223,487)
Proceeds from disposal of property, plant and equipment and prepaid operating lease rental		289,185	55,736
Dividends received from associate		609,522	763,231
Pre-acquisition dividends received from subsidiary		-	11,230
Net cash used in investing activities		**(1,206,610)**	**(393,290)**
Financing activities			
Dividends paid to shareholders		(3,074,241)	(2,806,578)
Dividends paid to minority interest		(924,332)	(1,061,368)
Bonus share issue costs		-	(9,774)
Net cash used in financing activities		**(3,998,573)**	**(3,877,720)**
Decrease / Increase in cash and cash equivalents		**(108,940)**	**1,804,135**
Movement in cash and cash equivalents			
At 1 July		7,015,114	5,210,979
Decrease / Increase during the year		(108,940)	1,804,135
At 30 June	25(b)	**6,906,174**	**7,015,114**

The notes set out on pages 40 to 56 form an integral part of these financial statements.

Notes to the Financial Statements
for the year ended 30 June 2006

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 financial statements are prepared in accordance with and comply with International Financial Reporting Standards and under the historical cost convention as modified by the revaluation of certain property, plant and equipment, and financial instruments carried at amortised cost.

All monetary figures appearing in the financial statements, unless otherwise indicated are stated in Kenya shillings (Shs).

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. The estimates and assumptions are based on the Directors' best knowledge of current events, actions historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period, which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(b) Consolidation principles

The consolidated financial statements include the company and its subsidiaries and associate made up to the end of the financial year. A listing of the major subsidiaries is set out on Note 17(a).

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those enterprises controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain the benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Associates

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 accounting basis, from the date that significant influence commences until the date that significant influence ceases. Consolidation adjustments are also made to ensure consistency with the group's accounting policies. At the company level, associates are recognised using the equity method.

(d) Revenue recognition

Sales of goods are recognised in the period in which the company delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.

Revenue represents the fair value of the consideration receivable for sales of goods and services, and is stated net of value-added tax (VAT), rebates and discounts.

Interest income is recognised on a time proportion basis using the effective interest method. Dividends are recognised as income in the period in which the right to receive payment is established.

(e) Foreign currencies

(i) Transactions and balances

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

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(ii) Group companies

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

i. assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

ii. income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

iii. all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a

Notes to the Financial Statements
for the year ended 30 June 2006 (continued)

foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(f) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Property, plant and equipment is subsequently shown at market value, based on periodic valuations by external independent valuers, less subsequent depreciation.

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus reserve in equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to the profit and loss account.

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

Buildings	40 years or the unexpired period of he lease
Plant and machinery	5 – 33 years
Equipment and motor vehicles	4 – 5 years

Freehold land is not depreciated.

The residual value, if not insignificant, is reassessed annually.

Property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit.

(g) Intangible assets

(i) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years). These costs have been included under property, plant and equipment.

(ii) Goodwill

Goodwill arising on acquisition of subsidiaries and associates is stated at cost less accumulated impairment losses (Note (s)). At the balance sheet date, the group assesses the goodwill carried in the books for impairment.

(h) Investment property

Buildings, or part of a building, (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation and which are not occupied by the company are classified as investment property under non-current assets. Investment property is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are included in other operating income in the profit and loss account.

(i) Other investments

The company classifies its investments into available-for-sale investments and originated loans. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designations on a regular basis as follows:

Investments intended to be held for an indefinite period of time, but which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale. These are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital.

Non-equity investments purchased in the primary market (i.e. directly from the issuer) are classified as originated loans.

Purchases and sales of investments are recognised on the trade date, which is the date the company commits to purchase or sell the asset. Cost of purchase includes transaction costs. Available-for-sale investments are subsequently carried at fair value, whilst originated loans are carried at amortised cost using the effective yield method. Realised and unrealised gains and losses arising from changes in the fair value of available-for-sale investments are recorded in the profit and loss account in the year in which they arise and are included in other operating income.

(j) Accounting for leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

Notes to the Financial Statements
for the year ended 30 June 2006 (continued)

(l) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment of receivables is established when there is objective evidence that the company will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is the difference between the carrying amount and the present value of expected cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the profit and loss account.

(m) Employee benefits

(i) Retirement benefit obligations

The group operates defined contribution retirement benefit schemes for some of its employees. The defined benefit scheme that existed in the prior years was transferred to the group defined contribution retirement benefit scheme. The assets of all schemes are held in separate trustee administered funds, which are funded by contributions from both the group and employees. The group and all its employees also contribute to the National Social Security Fund, which is a defined contribution scheme. The group's contributions to the defined contribution schemes are charged to the profit and loss account in the year to which they relate. The company has no further obligation once the contributions have been paid.

For the defined benefit scheme, the pension costs are assessed using the projected unit credit method. Under this method the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance with the advice of actuaries who carry out a full valuation of the plan every three years. The pension obligation is measured as the present value of the estimated future cash outflows. Actuarial gains and losses are recognised over the average remaining service lives of employees.

(ii) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

(iii) Equity compensation benefits

The stock option programme allows Group employees to acquire shares of the company.

(iv) Staff gratuity

On normal retirement after completion of continuous and meritious service with the group, both management and unionisable staff are entitled to 30 days pay for each completed year of service, after first completing 3 years of service, by way of gratuity, based on wage or salary at the time of such resignation or termination of services. A provision for the service gratuity is recognised in the financial statements as it accrues to each employee.

(n) Income tax

Current income tax is the amount of income tax payable on the profit for the year determined in accordance with the existing tax legislation.

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(o) Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared.

(p) Discontinuing operations

A discontinuing operation is a clearly distinguishable component of the group's business that is abandoned or terminated pursuant to a single plan, and which represents a separate major line of business or geographical area of operations.

(q) Segmental reporting

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

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

(r) Provisions

Provisions are recognised when the company and group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

(s) Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right to set-off the recognised amount and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Financial Statements
for the year ended 30 June 2006 (continued)

(t) Impairment

The carrying amounts of the group's assets other than stocks (Note (j)) and deferred tax (Note (m)) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

(i) Calculation of recoverable amount

The recoverable amount of the group's investments in held-to-maturity securities and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a held-to-maturity security or receivable is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

(iii) Reversals of impairment

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

However, an impairment loss on a revalued asset is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus for the same asset.

(u) 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.

(v) Comparatives

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

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Risk management is carried out by the treasury department under policies approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

The company has policies in place to ensure that sales are made to customers with an appropriate credit history.

3. SEGMENTAL REPORTING

	Kenya 2006 Shs'000	Kenya 2005 Shs'000	Uganda 2006 Shs'000	Uganda 2005 Shs'000	Tanzania 2006 Shs'000	Tanzania 2005 Shs'000	Eliminations 2006 Shs'000	Eliminations 2005 Shs'000	Consolidated 2006 Shs'000	Consolidated 2005 Shs'000
External sales	16,499,418	15,431,447	4,407,467	3,754,978	-	-	-	-	20,906,885	19,186,425
Inter segment sales	2,065,183	1,914,858	-	-	-	-	(2,065,183)	(1,914,858)	-	-
Total sales	**18,564,601**	**17,346,305**	**4,407,467**	**3,754,978**	-	-	**(2,065,183)**	**(1,914,858)**	**20,906,885**	**19,186,425**
Segment profit from operations	6,956,613	6,866,155	976,077	630,085	-	-	-	-	7,932,690	7,496,240
Net finance income/costs	309,502	4,587	32,388	24,854	-	-	-	-	341,890	29,441
Share of associate profits	-	-	-	-	762,826	697,690	-	-	762,826	697,690
Profit before reorganisation costs and tax	**7,266,115**	**6,870,742**	**1,008,465**	**654,939**	**762,826**	**697,690**	-	-	**9,037,406**	**8,223,371**
Reorganisation costs	(408,430)	-	(51,927)	-	-	-	-	-	(460,357)	-
Income tax expense	(1,867,329)	(2,094,473)	(299,678)	(352,670)	-	-	-	-	(2,167,007)	(2,447,143)
Segment results	**4,990,356**	**4,776,269**	**656,860**	**302,269**	**762,826**	**697,690**	-	-	**6,410,042**	**5,776,228**
Minority results									(1,017,554)	(1,006,316)
Net profit for the year									**5,392,488**	**4,769,912**
OTHER INFORMATION										
Segment assets	21,942,519	19,630,524	2,839,178	2,994,895	-	-	-	-	24,781,697	22,625,419
Segment liabilities	4,570,885	4,572,960	1,625,242	1,160,243	-	-	-	-	6,196,127	5,733,203
Capital expenditure	1,890,452	811,546	214,865	411,941	-	-	-	-	2,105,317	1,223,487
Depreciation expense	483,824	645,023	143,605	168,830	-	-	-	-	627,429	813,853
Impaired assets written down through reserves and profit and loss	205,475	1,110	-	-	-	-	-	-	205,475	1,110

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.

	2006 Shs'000	2005 Shs'000
4. ANALYSIS OF REVENUE		
Gross sales	37,449,324	34,677,779
Indirect taxes	(16,542,439)	(15,491,354)
	20,906,885	19,186,425
5. OTHER OPERATING INCOME		
Gain on disposal of property, plant and equipment	105,605	12,890
Royalty income from associate	62,067	75,639
Rental income	17,542	22,200
Sale of by products and scrap items	135,082	49,930
Other	71,189	325,023
	391,485	485,682
6. OPERATING PROFIT		
The following items have been charged/(credited) in arriving at operating profit:		
Depreciation on property, plant and equipment (Note 14)	627,429	813,853
Profit on disposal of property, plant and equipment	(105,605)	(12,890)
Operating lease rentals	389	386
Staff costs (Note 7)	2,176,287	2,058,289
Auditors' remuneration	12,471	11,991
7. STAFF COSTS		
The following items are included within staff costs:		
Salaries and wages	1,792,535	1,611,744
Defined contribution scheme	26,961	38,754
Defined benefit scheme	19	19,713
National Social Security Fund	29,384	26,989
Staff gratuity	-	100,822
Other	327,388	260,267
	2,176,287	2,058,289
8. FINANCE INCOME/(COSTS)		
Interest income	379,389	260,703
Net foreign exchange (losses)/gains	(13,041)	(218,455)
Interest expense	(24,458)	(12,807)
	(37,499)	(231,262)
Net finance income	341,890	29,441
9. INCOME TAX		
Income tax		
Current income tax	1,902,331	2,061,144
Prior year (over)/under provision	(55,175)	98,362
	1,847,156	2,159,506
Deferred tax		
Current year	425,832	286,213
Prior year (over)/under provision	(105,981)	1,424
	319,851	287,637
Income tax expense	2,167,007	2,447,143

9. INCOME TAX (continued)

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

	2006 Shs'000	2005 Shs'000
Profit before income tax	**8,577,049**	**8,223,371**
Tax calculated at the statutory income tax rate of 30% (2005 - 30%)	2,573,115	2,467,011
Tax effect of:		
Expenses not deductible for tax purposes/income not taxable	(16,113)	89,653
Effect of share of associate profit	(228,839)	(209,307)
(Over)/under provision in prior year – income tax	(55,175)	98,362
(Over)/under provision in prior year – deferred tax	(105,981)	1,424
Income tax expense	**2,167,007**	**2,447,143**

10. DIVIDENDS PER SHARE

Proposed dividends are accounted for as a separate component of equity until they have been ratified at an annual general meeting.

A final dividend in respect of the year ended 30 June 2006 of Shs 4.15 per share amounting to a total of Shs 2,734,761,314.50 has been proposed. During the year an interim dividend of Shs 1.75 per share, amounting to a total of Shs 1,153,212,602.50 was paid. The total dividend for the year is therefore Shs 5.90 per share (2005: Shs 4.50), amounting to a total of Shs 3,887,973,917.00 (2005: Shs 2,965,423,000).

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

11. SHARE CAPITAL

	Number of shares (Thousands)	Ordinary shares Shs'000	Share premium Shs'000
Balance at 1 July 2005 and 30 June 2006	658,979	1,317,957	1,959,100

The total authorised number of ordinary shares is 1,000,000,000 with a par value of Shs 2 per share. All issued shares are fully paid.

12. REVALUATION SURPLUS

The revaluation surplus represents the surplus on the revaluation of plant, property and equipment, freehold land and buildings net of deferred income tax and is non-distributable.

13. DEFERRED INCOME TAX

Deferred income tax is calculated using the enacted income tax rate of 30% (2005: 30%). The movement in the deferred income tax account is as follows:

Group	2006 Shs'000	2005 Shs'000
At 1 July 2005 and 2004	1,491,627	1,197,412
Charge to profit and loss account (Note 9)		
- Current year	425,832	286,213

DEFERRED INCOME TAX (Continued)

	2006 Shs'000	2005 Shs'000
- Prior year (over)/under provision	(105,981)	1,424
Currency changes	(24,066)	6,578
At 30 June	1,787,412	1,491,627
Made up of:		
Deferred income tax assets	(43,054)	(2,215)
Deferred income tax liabilities	1,830,466	1,493,842
Company		
At 1 July 2005 and 2004	8,582	49,217
Credit to profit and loss account	(18,273)	(40,635)
At 30 June	(9,691)	8,582

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

Group	1.7.2005 Shs'000	Prior year under/(over) provision Shs'000	Charged/ (credited) to P/L Shs'000	Currency changes Shs'000	30.6.2006 Shs'000
Deferred income tax liabilities					
Property, plant and equipment	1,658,130	22,861	352,400	-	2,033,391
Unrealised exchange gain	(64,901)	-	64,984	-	83
Tax losses carried forward	(51,397)	-	-	-	(51,397)
Provisions	(47,990)	(89,355)	(14,266)	-	(151,611)
	1,493,842	(66,494)	403,118	-	1,830,466
Deferred income tax assets					
Property, plant and equipment:	66,501	36,309	121,468	(24,066)	200,212
Tax losses carried forward	(48,264)	(29,639)	(78,291)	-	(156,194)
Unrealised exchange gain	3,323	-	(212)	-	3,111
Provisions	(23,775)	(46,157)	(20,251)	-	(90,183)
	(2,215)	(39,487)	22,714	(24,066)	(43,054)
Net deferred income tax liability	**1,491,627**	**(105,981)**	**425,832**	**(24,066)**	**1,787,412**

A deferred tax asset of Shs 376,746,963 (2005 - Shs 375,002,000) associated with a subsidiary, Castle Brewing Kenya Limited, has not been recognised in the balance sheet as the directors do not expect the temporary difference to reverse in the foreseeable future.

Company	1.7.2005 Shs'000	Prior year over provision Shs'000	Charged/ (credited) to P/L Shs'000	Currency changes Shs'000	30.6.2006 Shs'000
Deferred income tax liabilities/(assets)					
Property, plant and equipment	40,969	(199)	(8,875)	-	31,895
Provisions	(4,051)	-	19,137	-	15,086
Unrealised exchange loses	(28,336)	-	(28,336)	-	(56,672)
Net deferred income tax liabilities/(assets)	**8,582**	**(199)**	**(18,074)**	-	**(9,691)**

14. PROPERTY, PLANT AND EQUIPMENT

(a) Group

	Freehold property Shs'000	Leasehold buildings Shs'000	Plant & equipment Shs'000	Motor vehicles Shs'000	Capital work in progress Shs'000	Total Shs'000
Cost or valuation						
At 1 July 2005	1,713,278	1,393,080	9,034,580	368,082	381,155	12,890,175
Exchange differences	-	(45,480)	(192,695)	-	(4,396)	(242,571)
Additions	-	568	81,773	-	2,022,976	2,105,317
Transfers	-	29,693	2,044,870	-	(2,074,563)	-
Disposals	(148,800)	(24,478)	(35,638)	(113,653)	-	(322,569)
Eliminated on impairment	(188,326)	(9,699)	(200,918)	-	-	(398,943)
At 30 June 2006	**1,376,152**	**1,343,684**	**10,731,972**	**254,429**	**325,172**	**14,031,409**
Depreciation						
At 1 July 2005	34,531	114,017	4,236,266	301,078	-	4,685,892
Exchange differences	-	(8,503)	(74,963)	-	-	(83,466)
Charge for the year	43,775	23,858	559,712	84	-	627,429
On disposals	-	(2,993)	(22,558)	(113,649)	-	(139,200)
On impairment	(45,332)	(867)	(147,269)	-	-	(193,468)
At 30 June 2006	**32,974**	**125,512**	**4,551,188**	**187,513**	-	**4,897,187**
Net book amount						
At 30 June 2006	**1,343,178**	**1,218,172**	**6,180,784**	**66,916**	**325,172**	**9,134,222**
At 30 June 2005	**1,678,747**	**1,279,063**	**4,798,314**	**67,004**	**381,155**	**8,204,283**

Management reviewed the useful lives of some of the group's operating assets during the year resulting to minor adjustments in depreciation rates in line with Diageo Plc group depreciation policies.

14. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Company

	Leasehold buildings Shs'000	Plant and equipment Shs'000	Capital work in progress Shs'000	Total Shs'000
Cost or valuation				
At 1 July 2005	165,500	198,838	-	364,338
Intercompany transfers	-	4,941	-	4,941
Additions	-	12,807	54,460	67,267
Disposals	(11,000)	(2,952)	-	(13,952)
At 30 June 2006	154,500	213,634	54,460	422,594
Depreciation				
At 1 July 2005	3,879	153,601	-	157,480
Charge for the year	4,901	32,558	-	37,459
Inter company transfers	-	4,342	-	4,342
Disposals	(395)	(2,951)	-	(3,346)
At 30 June 2006	8,385	187,550	-	195,935
Net book amount				
At 30 June 2006	**146,115**	**26,084**	**54,460**	**226,659**
At 30 June 2005	**161,621**	**45,237**	**-**	**206,858**

(c) In 2004, Knight Frank (Kenya) Limited professionally valued the group's land and buildings in Kenya on the existing use basis. The resulting surplus was credited to a revaluation surplus account in June 2004. The valuations and appraisals were carried out in accordance with RICS Appraisal and Valuation manual ("The Red Book") and were based on expected use. The land and buildings in Uganda is still carried at the professional valuation of 1998 on the open market value for existing use. Other items of property, plant and equipment were revalued by Lloyd and Masika Limited on the basis of open market value for existing use as at 30 June 1996.

As at 30 June 2006, there were no assets pledged by the group to secure liabilities.

In the opinion of the directors, there is no impairment of property, plant and equipment.

If the buildings and freehold land were stated on the historical cost basis, the amounts would be as follows:

Group	Freehold properties Shs'000	Leasehold buildings Shs'000	Plant and equipment Shs'000	Motor vehicles Shs'000	Total Shs'000
Cost	668,984	817,260	11,260,142	142,392	12,888,778
Accumulated depreciation	(149,354)	(146,897)	(4,565,901)	(142,379)	(5,004,531)
Net book amount					
At 30 June 2006	**519,630**	**670,363**	**6,694,241**	**13**	**7,884,247**
At 30 June 2005	**439,938**	**598,229**	**4,158,843**	**37,170**	**5,234,180**

14. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Continued

Company

	Leasehold buildings Shs'000	Plant and equipment Shs'000	Capital Work in progress Shs'000	Total Shs'000
Cost	1,000	314,645	54,460	370,105
Accumulated depreciation	-	288,562	-	288,562
Net book amount				
At 30 June 2006	**1,000**	**26,083**	**54,460**	**81,543**
At 30 June 2005	**1,000**	**44,796**	-	**45,796**

15. LEASES

Prepaid operating lease rentals

Leases of land have been classified as operating leases.

(a) Group	**2006 Shs'000**	**2005 Shs'000**
Cost		
At 1 July 2005 and 1 July 2004	38,882	38,882
Disposal	(211)	-
	38,671	38,882
Amortisation		
At 1 July 2005 and 2004	(5,452)	(5,066)
Amortisation for the year	(389)	(386)
	(5,841)	(5,452)
At 30 June	**32,830**	**33,430**
(b) Company		
Cost		
At 1 July 2005 and 1 July 2004	2,250	2,250
Amortisation		
At 1 July 2005	(359)	(328)
Amortisation for the year	(32)	(31)
	(391)	(359)
At 30 June	**1,859**	**1,891**

16. INVESTMENTS IN ASSOCIATES

(a) Group

	Effective interest	2006 Shs'000	2005 Shs'000
Tanzania Breweries Limited	20%	1,039,516	1,024,595

The above represents the Group share of net assets of the associated company.

(b) Company

	2006 Shs'000	2005 Shs'000
Tanzania Breweries Limited (58,985,693 ordinary shares of TShs 100 each)	3,565,783	3,409,066

Effective 12 December 2002, the company purchased 20% of the issued share capital of Tanzania Breweries Limited, which has been accounted for on an equity basis.

(c) Other investments (group and company)

	2006	2005
Unquoted: at cost		
4,000 ordinary shares (representing 20%) in Sen-Tech Limited	400	400
20% investment in Challenge Fund Limited who in turn have subscribed to 50% in Central Depository and Settlement Corporation Limited	10,000	10,000
	10,400	10,400

There are no material differences between fair value and cost for these investments.

17. INVESTMENTS IN SUBSIDIARIES

(a) Investments in subsidiaries

	Effective interest	2006 Shs'000	2005 Shs'000
At cost:			
Kenya Breweries Limited	80%	1,806,847	1,806,847
Salopia Limited	100%	200	200
Allsopps (EA) Sales Limited	100%	2	2
East African Breweries (Mauritius) Limited	100%	389	389
Central Glass Industries Limited	100%	790,288	790,288
Uganda Breweries Limited	98.20%	687,647	687,647
International Distillers Uganda Limited	100%	300,000	300,000
East African Maltings Limited (formerly Kenya Maltings Limited)	100%	-	-
UDV (Kenya) Limited	46.32%	589,410	589,410
Castle Brewing Kenya Limited	100%	150,000	150,000
		4,324,783	4,324,783

17. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Goodwill

Cost	UBL Shs'000	CBKL Shs'000	TBL Shs'000	UDV(K) Shs'000	IDU Shs'000	Total Shs'000
At 1 July 2005 and 2004	116,415	334,249	2,129,421	461,662	260,324	3,302,071
Amortisation						
At 1 July 2005 and 30 June 2006	116,415	334,249	2,129,421	46,166	27,156	2,653,407
Net book amount						
At 30 June 2005 and 2006	-	-	-	**415,496**	**233,168**	**648,664**

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

18. RETIREMENT BENEFIT OBLIGATIONS

Defined benefit asset

The defined benefit schemes that existed in the prior years have been wound up and transferred to the group defined contribution retirement benefits.

Equity compensation benefits

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

Executive share option scheme

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

	2006 Shs'000	2005 Shs'000
Outstanding at 1 July 2005 and 2004	1,219,705	256,871
Bonus issue of shares	-	51,374
	1,219,705	308,245
Additional shares as a result of share split	-	1,232,980
	1,219,705	1,541,225
Granted during the year	136,988	128,760
Lapsed	(9,185)	-
Exercised	(288,495)	(450,280)
Outstanding at 30 June	**1,059,013**	**1,219,705**
Exercise price per share – KShs	**20.03**	**12.63**

Options may be exercised at prices ranging between KShs 12.63 and KShs 148.60

18. RETIREMENT BENEFIT OBLIGATIONS (continued)

Employee Share Save Scheme

As at 30 June 2006, the Trust's obligation to members under the employee share save scheme stood at 1,594,345 shares (2005 – 1,637,900). During the year 31,550 (2005 – 50,415) shares were exercised by employees. The exercise price per share is Shs 12.13 (2005 – Shs 12.13).

	2006 Shs' 000	2005 Shs' 000
19. INVENTORIES		
Group		
Raw materials	1,645,025	1,278,403
Consumables	1,587,555	1,267,622
Finished goods	635,794	753,454
Goods in transit	179,694	35,748
	4,048,068	**3,335,227**
20. RECEIVABLES AND PREPAYMENTS		
(a) Group		
Trade receivables	1,058,381	1,303,183
Barley advances	74,121	174,508
Other receivables	1,011,883	487,924
Receivable from related parties (Note 26)	212,051	227,975
	2,356,436	**2,193,590**
(b) Company		
Other receivables	66,581	22,628
Receivable from related parties (Note 26)	2,030,595	1,930,055
	2,097,176	**1,952,683**
21. PAYABLES AND ACCRUED EXPENSES		
(a) Group		
Trade payables	1,262,168	789,832
VAT and excise duty payable	1,287,422	1,152,289
Other creditors	1,049,885	1,092,891
Payable to related parties (Note 26)	517,383	580,543
	4,116,858	**3,615,555**
(b) Company		
Other payables	92,225	457,672
Payable to related parties (Note 26)	131,665	1,365,395
	223,890	**1,823,067**

22. CONTINGENT LIABILITIES – Group

Contingent liabilities incurred in the ordinary course of business:	2006 Shs'000	2005 Shs'000
Guarantees in respect of bank advances to barley farmers	283,384	150,000
Pending legal cases	52,192	303,615
Other liabilities	98,892	143,819
	434,468	597,434

23. COMMITMENTS

Capital commitments – Group

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

	2006 Shs'000	2005 Shs'000
Contracted but not provided for	432,054	2,161,960
Authorised but not contracted for	1,427,286	-

24. OPERATING LEASE COMMITMENTS

(a) Group leases as lessee

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

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

	2006 Shs'000	2005 Shs'000
Not later than 1 year	393,573	197,587
Later than 1 year and not later than 5 years	877,353	548,707
	1,270,926	746,294

(b) Group leases as lessor

The group has entered into operating lease agreements for leasing part of its properties.

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

	2006 Shs'000	2005 Shs'000
Not later than 1 year	14,329	8,052
Later than 1 year and not later than 5 years	21,494	13,795
	35,823	21,847

Shareholding

Summary of Shareholders as at 30th June 2006

	Category	Shareholders	Shares	Percentage (%)
1	Kenyan Individual Investors	22,110	131,362,863	19.93
2	Kenyan Institutional Investors	1,000	424,479,781	64.41
3	East African Individual Investors	1,613	3,888,900	0.59
4	East African Institutional Investors	32	1,813,550	0.28
5	Foreign Individual Investors	538	9,203,990	1.40
6	Foreign Institutional Investors	34	88,229,546	13.39
	Totals	**25,327**	**658,978,630**	**100.00**

Largest 10 Shareholders as at 30th June 2006

	Name	Shares	Percentage (%)
1	Diageo Kenya Limited	282,181,950	42.82
2	Board of Trustees National Social Secucurity Fund	31,803,847	4.B2
3	Diageo Holdings Netherlands B V	30,301,075	4.60
4	Barclays (Kenya) Nominees Limited A/c 9011	20,229,777	3.06
5	Guinness Overseas Limited	17,190,670	2.61
6	Kanaksinh Karsandas Babla & Sandip Kanaksinh Babla	13,193,091	2.00
7	Barclays (Kenya) Nominees Limited Non-Resident A/c 9057	10,568,865	1.60
8	Barclays (Kenya) Nominees Limited A/c 9326	10,540,295	1.59
9	Kenya Reinsurance Corporation Limited	9,126,740	1.38
10	Kanaksinh Karsandas Babla & Kusum Kanaksinh Babla	7,133,994	1.08
	Sub-totals	**432,270,304**	**65.56**
	Other Shareholders	**226,708,326**	**34.44**
		658,978,630	**100.00**

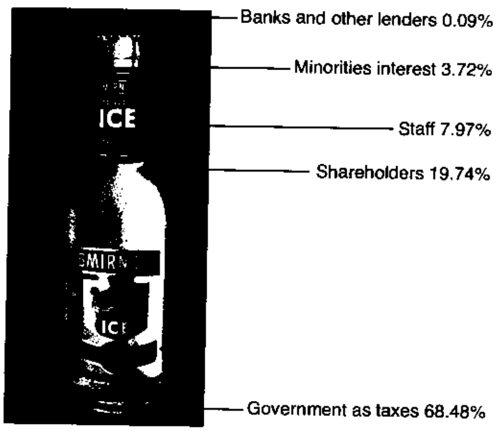
Statement of value added

Value generated	2006 Kshs '000	2005 Kshs '000
Derived from turnover	37,449,324	34,677,779
Bought in materials and services	(10,891,918)	(9,589,649)
Value Added	**26,557,406**	**25,088,130**
Share of associate profit	762,825	697,691
Total Funds available for allocation	**27,320,231**	**25,785,821**

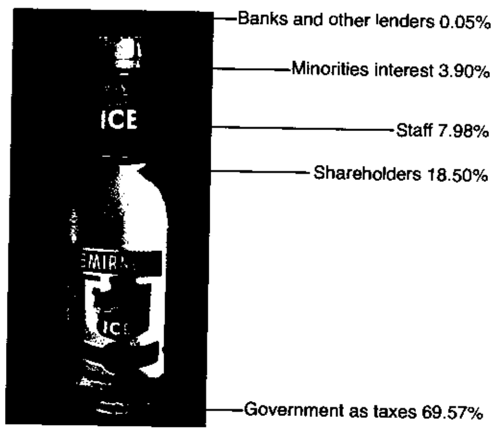
This was shared as follows

	2006 Kshs '000	%	2005 Kshs '000	%
Staff	2,176,287	7.97%	2,058,289	7.98%
Government as taxes	18,709,446	68.48%	17,938,497	69.57%
Banks and other lenders	24,458	0.09%	12,807	0.05%
Minority interests	1,017,554	3.72%	1,006,316	3.90%
Shareholders	5,392,488	19.74%	4,769,912	18.50%
	27,320,231	**100.00%**	25,785,821	100.00%

2006



2005



26. RELATED PARTY TRANSACTIONS (continued)

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

	2006 Shs'000	2005 Shs'000
(i) Group		
Receivables from related parties	**212,051**	227,975
Payable to related parties	**517,383**	580,543
(ii) Company		
Receivables from subsidiaries	1,882,701	1,902,822
Receivables from related parties	147,894	27,233
Receivables from related parties	**2,030,595**	1,930,055
Payables to related parties	**131,665**	1,365,395

(d) Directors' remuneration

	2006 Shs'000	2005 Shs'000
(i) Group		
Fees for services as a director	11,984	15,504
Other emoluments	203,985	172,818
	215,969	188,322
(ii) Company		
Fees for services as a director	11,066	13,357
Other emoluments	84,086	52,184
	95,152	65,721

25. CASH GENERATED FROM OPERATIONS

(a) Reconciliation of profit before income tax to cash generated from operations	2006 Shs'000	2005 Shs'000
Profit before income tax	8,577,049	8,223,371
Adjustments for:		
Interest income (Note 8)	(379,389)	(260,703)
Income from associates	(762,826)	(697,690)
Interest expense (Note 8)	24,458	12,807
Depreciation (Note 14)	627,429	813,853
Amortisation of prepaid operating lease rentals	389	386
Exchange differences	(57,036)	2,264
Profit on sale of property, plant and equipment and Prepaid operating lease rentals	(105,605)	(12,890)
Prior year reversal of impairment loss on property, plant and equipment	(188,754)	-
Loss on impairment of property, plant and equipment	62,481	1,110
Write back of unclaimed dividends	-	(189,029)
Net decrease in gratuity provisions	(121,536)	(196,852)
Changes in working capital:		
- receivables and prepayments	(162,846)	(189,250)
- inventories	(712,841)	68,822
- payables and accrued expenses	501,303	(74,723)
Cash generated from operations	**7,302,276**	**7,501,476**

(b) Cash and cash equivalents		
Term deposit	6,101,583	6,357,252
Cash and bank balances	804,591	779,817
Bank overdraft	-	(121,955)
	6,906,174	**7,015,114**

26. RELATED PARTY TRANSACTIONS

The company is controlled by Diageo plc incorporated in the United Kingdom. There are other companies that are related to East African Breweries Limited through common shareholdings or common directorships.

The following transactions were carried out with related parties:

	2006 Shs'000	2005 Shs'000
(a) Sale of goods and services		
Other related parties	**65,319**	**38,558**
(b) Purchase of goods and services		
Parent company	1,501,843	39,760
Other related parties	213,164	739,146
	1,715,007	**778,906**

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

PROXY

I/We ______________________________

____

Share A/c No. ______________________________

of (address) ______________________________

____

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

____

or failing him the duly appointed Chairman of the meeting to be my/our proxy, to vote on my/our behalf at the 84th Annual General Meeting of the Company to be held on 2 November 2006 at 11.00 a.m. or at any adjournment thereof.

As witness to my/our hands

This ____________day of October 2006

Signature(s) ______________________________

Notes:

1. This proxy is to be delivered to the Company Secretary not later than 11.00 a.m. on 31October 2006 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/tutamteu Mwenyekiti wa mkutano kama mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/yetu kwenye Mkutano Mkuu wa mwaka wa Themanini na Nne wa Kampuni utakaofanyika tarehe 2 Novemba 2006 saa tano za asubuhi ama siku yoyote ile endapo mkutano huo utaa-hirishwa.

Sahihi ______________________________

Sahihi hii/hizi imewekwa/zimewekwa tarehe ________ Oktoba 2006

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 tano za asubuhi, tarehe 31Oktoba 2006 na isipofikia wakati huo, uteuzi wako/wenu wa uwakilishi ha tafaa.

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 Safari Park Hotel, Ruaraka, Nairobi on 2 November 2006 at 11.00 a.m.

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

M N Oluoch-Olunya (Mrs.)
Company Secretary

____

Name of Shareholder

____

Address of shareholder

Number of shares held ______________

Fold 2
Pili Kunja Hapa

Fold 1
Kwanza Kunja Hapa

Company Secretary
East African Breweries Limited
P.O. Box 30161
00100 Nairobi
Kenya

Fold 3
Halafu Kunja Hapa