



Mr. Japheth Katto (age 63)
Independent Non-Executive Director,
Ugandan

Appointed to the Board in February 2014.

Mr. Japheth Katto is the former CEO of the Capital Markets Authority Uganda, a position he held from inception in 1998 to 2013, and former Chairman of the East African Securities Regulatory Authorities. He has a wealth of experience in both the private and public sector having held various accounting, auditing and financial services regulation roles in East Africa and the UK.

Mr. Katto holds a Bachelor of Commerce Degree from Makerere University and is also a member of the Association of Chartered Certified Accountants and the Instituted of Certified Public Accountants of Uganda. He was recently appointed as Non-Executive Chairman of Stanbic Bank Uganda Limited and is also Chairman of the Duke of Edinburgh International Award Uganda.



Mrs. Susan Githuku (age 54)

Independent Non-Executive Director,
Kenyan

Appointed to the Board in February 2012.

Mrs. Susan Githuku is the Founder and CEO of Human Performance Dynamics (HPD) Africa, a boutique Organizational Development & Human Resources consulting firm. She previously served as the Coca-Cola Africa Group HR Director.

Mrs. Githuku is also the Founder of Footprints Press Limited, a publishing house that seeks to tell positive stories of Africa.

She holds a Masters Degree in Development Economics from Strathclyde University, Glasgow, Scotland and a Bachelor's Degrees in Economics and Psychology from St. Lawrence University, New York, USA. Mrs. Githuku is currently a Non-Executive Director on the Board of UAP insurance.

Appointed to the Board in February 2014.

Mr. Andy Fennell is the President and Chief Operating Officer, Diageo Africa. He has a formidable track record at Diageo. His experience includes working in a cross section of fields as a pioneer of new types of marketing, particularly in the digital sphere, and a champion of creativity. He has also led executive teams at market and global levels for more than a decade in various senior leadership roles in Diageo.

Mr. Fennell holds a Bachelor of Science Degree in Psychology from Cardiff University and is a Non-Executive Director of Guinness Nigeria Plc.



Mr. Andy Fennell (age 47)

Non-Executive Director,
British



Mrs. Jane Karuku (age 52)

Independent Non-Executive Director,
Kenyan

Appointed to the Board in September 2013.

Mrs. Jane Karuku was most recently the President of Alliance for a Green Revolution in Africa (AGRA). She has also held a number of senior positions in various companies including Deputy Chief Executive & Secretary General, Telkom Kenya and Managing Director, Cadbury East & Central Africa.

Mrs. Karuku holds a Bachelor of Science Degree in Food Science and Technology from the University of Nairobi and an MBA in Marketing from the National University of California. She is a Non-Executive Director of the Barclays Bank of Kenya, a Board Member of the Global Sustainability Index and a Trustee of the United States International University, Kenya.

Appointed to the Board in July 2009.

Dr. Alan Shonubi is an advocate and Notary Public and the founding partner of the Ugandan law firm Shonubi, Musoke & Co. Advocates.

He is ranked one of the World's Leading Lawyers in Uganda by Chambers Global. A former President of the East Africa Law Society and Chairman of the National Library of Uganda, Dr Shonubi is a reputable business leader in Uganda and a Director of several private companies including Uganda Baati Limited, Coopers Motors Cooperation, Golf Course Holdings (Garden City), AAR Health Services Limited and Interswitch Uganda Limited.



Dr. Alan Shonubi (age 55)

Independent Non-Executive Director,
Ugandan



Ms. Ruth Ngobi (age 54)

Company Secretary,
Kenyan

Appointed Company Secretary in August 2013.

Ms. Ruth Ngobi is an Advocate of the High Court of Kenya and a Certified Public Secretary.

Ms. Ngobi worked with Unilever Kenya Limited for 15 years as Company Secretary and Legal Counsel before joining British American Tobacco Kenya Ltd in 2002 as Company Secretary and Area Legal Counsel. In 2010, she founded Cosec Solutions which provides company secretarial services and corporate governance solutions to various companies.

Ms. Ngobi holds a Bachelor of Laws Degree from University of Kent at Canterbury and a Masters of Law Degree from the University of Cambridge UK. She is a Non-Executive Director on the Boards of CFC Stanbic Bank Limited, CFC Stanbic Holdings Limited and a member of the Public Procurement Oversight Authority Board.

Brands

People

Performance

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Ninety-Second Annual General Meeting of East African Breweries Limited will be held at Safari Park Hotel, Ruaraka, Nairobi, on 23 October 2014, at 11:00 a.m. for the following purposes:-

Ordinary Business

1. To receive, consider and if approved, adopt the Company's audited financial statements for the year ended 30 June 2014, together with the reports of the Chairman, Directors and Auditors thereon.
2. To confirm the interim dividend of Kshs 1.50 per ordinary share paid on 11 April 2014 and to declare a final dividend of Kshs 4.00 per ordinary share payable, net of Withholding Tax, on or about the 20 January 2015 to Shareholders on the Register at the close of business on 8 September 2014.
3. To elect Directors:
 - (i) Mr. J. Katto retires and being eligible, offers himself for re-election in accordance with Article 108 of the Articles of Association.
 - (ii) Mr. N. Mchechu retires and being eligible, offers himself for re-election in accordance with Article 108 of the Articles of Association.
 - (iii) Mr. A. Fennell retires and being eligible, offers himself for re-election in accordance with Article 108 of the Articles of Association.
 - (iv) Dr. N. Blazquez retires by rotation and being eligible, offers himself for re-election in accordance with Article 109 of the Articles of Association.
 - (v) Mrs. S. Githuku retires by rotation and being eligible, offers herself for re-election in accordance with Article 109 of the Articles of Association.
 - (vi) Ms. T. Barnes retires by rotation and being eligible, offers herself for re-election in accordance with Article 109 of the Articles of Association.
4. To note that the Directors are not seeking any increase in their remuneration which, accordingly, remains as stated in the financial statements.
5. To note that Messrs KPMG continue in office as the auditor under Section 159(2) of the Companies Act and to authorise the Directors to fix their remuneration.

By Order of the Board
R. T. Ngobi (Ms.)
Company Secretary
P O Box 30161-00100 Nairobi
7 August 2014

NOTES:

1. Any Member who is entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the company. A form of proxy will be sent to all members and may be obtained from the Company's website www.eabl.com/investor-relations
2. In the case of a member being a corporate, the proxy form must be completed under its Common seal or under the hand of an officer or attorney duly authorized in writing.
3. Shareholders who do not propose to be at the Annual General Meeting are requested to complete and return the proxy form not later than 2:30 p.m. on 21 October 2014, being not less than 48 hours before the time appointed for the meeting.
4. All proxy forms should be sent by post to Custody & Registrar Services Limited, Bruce House, 6th Floor, Standard Street, P. O. Box 8484-00100, Nairobi Alternatively, duly signed proxy forms can be scanned and emailed to proxy@candrgroup.co.ke in PDF format.
5. In accordance with Article 166 of the Company's Articles of Association, a copy of the entire Annual Report and Accounts may be viewed and/or downloaded from the Company's website (www.eabl.com). An abridged set of the Income Statement, Statement of Financial Position, Statement of Cash Flows and Statement of Changes in Equity for year ended 30th June 2014 has been published in two daily newspapers with nationwide circulation.

Ilani ya Mkutano wa Mwaka

ILANI IMETOLEWA kwamba Mkutano Mkuu wa Tisini na Mbili wa Kampuni ya East African Breweries Limited utafanyika katika uga wa Hoteli ya Safari Park, Ruaraka, Nairobi tarehe 23 Oktoba mwaka 2014, saa tano asubuhi kwa madhumuni yafuatayo:-

Shughuli za Kawaida

1. Kupokea, kudhukuru na kupitisha taarifa za kifedha za Kampuni zilizokaguliwa baada ya kudhibitishwa kwa mwaka ulioisha 30 Juni 2014, pamoja na ripoti za Mwenyekiti, Wakurugenzi na Wakaguzi.
2. Kuidhinisha mgao wa muda wa shilingi 1.50 kwa kila hisa ya kawaida kulipwa tarehe 11 Aprili 2014 na kutangaza mgao wa mwisho wa shilingi 4.00 kwa kila hisa ya kawaida itakayolipwa baada ya kodi ya zuiu kuondolewa, mnamo au tarehe 20 Januari 2015 kwa wanahisa kwenye daftari wakati wa kufunga biashara tarehe 8 Septemba 2014.
3. Kuwachagua Wakurugenzi:
 - (i) Bw J. Katto anastaafu na kwa kuwa anahitimu, anajiwasilisha kuchaguliwa tena kwa mujibu wa Kifungo cha 108 cha Kanuni za Kampuni.

- (ii) Bw N. Mchechu anastaafu na kwa kuwa anahitimu, anajiwasilisha kuchaguliwa tena kwa mujibu wa Kifungo cha 108 cha Kanuni za Kampuni.
- (iii) Bw A. Fennell anastaafu na kwa kuwa anahitimu, anajiwasilisha kuchaguliwa tena kwa mujibu wa Kifungo cha 108 cha Kanuni za Kampuni.
- (iv) Dk N. Blazquez anastaafu kwa zamu, na kwa kuwa anahitimu, anajiwasilisha kuchaguliwa tena kwa mujibu wa Kifungo cha 109 cha Kanuni za Kampuni.
- (v) Bi S. Githuku anastaafu kwa zamu, na kwa kuwa anahitimu, anajiwasilisha kuchaguliwa tena kwa mujibu wa Kifungo cha 109 cha Kanuni za Kampuni.

- (vi) Bi T. Barnes anastaafu kwa zamu, na kwa kuwa anahitimu, anajiwasilisha kuchaguliwa tena kwa mujibu wa Kifungo cha 109 cha Kanuni za Kampuni.

4. Kufahamu kwamba Wakurugenzi hawatazamii kuongezwa kwa Ada yao, ambayo itabaki ilivyo kulingana na taarifa za kifedha.

5. Kufahamu kwamba KPMG wataendelea kuwa Wakaguzi wa Kampuni kwa mujibu wa Sehemu ya 159(2) ya Sheria zinazosimamia Makampuni na kuidhinisha Wakurugenzi kuamua malipo yao.

Kwa Amri ya Bodi

R. T. Ngobi (Ms.)

Katibu wa Kampuni

**Sanduku la posta 30161-00100
Nairobi**

7 August 2014

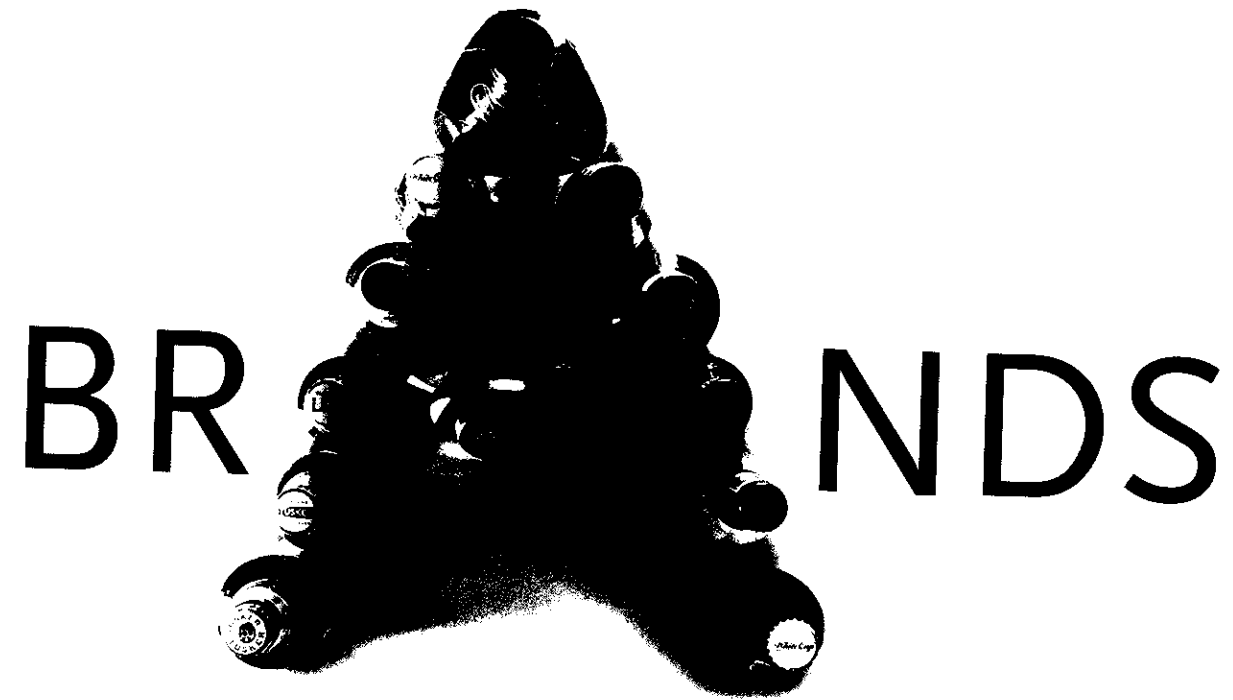
MAELEZO:

1. Mwanachama yeyote ambaye ana haki ya kuhudhuria na kupiga kura katika Mkutano Mkuu ana haki ya kumteua mwakilishi mmoja au zaidi kuhudhuria na kupiga kura kwa niaba yake. Mwakilishi sio lazima awe mwanachama wa kampuni. Fomu ya uwakilishi itatumiwa wanachama wote na pia inaweza kupatikana kutoka tovuti ya Kampuni www.eabl.com/investor-relations
2. Iwapo mwanachama ni Shirika, fomu ya uwakilishi ni lazima ijazwe kikamilifu na kuidhinishwa chini ya muhuri wa Shirika hilo, afisa au wakili aliyeidhinishwa katika maandishi.
3. Wanahisa ambao hawatarajii kuhudhuria Mkutano Mkuu wa Mwaka wanaombwa kukamilisha na kurudisha fomu kabla ya saa nane na nusu alasiri 21 Oktoba 2014, hii ikiwa masaa arobaini na nane kabla ya wakati uliopitishwa kwa mkutano kuanza.
4. Fomu zote za uwakilishi ni lazima zitumwe kwa njia ya posta kwa Custody & Registrar Services Limited, Bruce House, 6th Floor, Standard Street, PO Box 8484-00100, Nairobi. Vile vile, fomu zilizotibiwa sahihi kikamilifu zinaweza kupigwa chapa ya picha na kutumwa kwa njia ya barua pepe katika hali ya PDF kwenye anwani ya proxy@candrgroup.co.ke.
5. Kwa mujibu wa Kifungo cha 166 cha Kanuni za Kampuni, nakala ya Ripoti nzima ya Mwaka na Hesabu inaweza kutazamwa na kupatikana kutoka tovuti ya Kampuni (www.eabl.com). Sehemu fupi ya taarifa ya Mapato, Taarifa ya hali ya Kifedha, Taarifa ya mtiririko wa fedha na Taarifa ya Mabadiliko ya Umiliki wa mwaka uliomalizika Juni 30, 2014 imechapishwa katika magazeti mawili yanayo enea kote nchini.

Brands

People

Performance



GREAT

PEOPLE | **BRANDS** | PERFORMANCE

"We want to be the best and are passionate about ensuring our products are consistently of the highest quality. Our consumers should be able to trust in the quality, safety and purity of our beverages."

Strengthening and Accelerating Our Beer Brands

TUSKER LAGER



Our iconic flagship brand in Kenya has unveiled some of the most brilliant consumer engagement initiatives over the last year. In December 2013, the TUSKER brand announced a new TV reality show under the 'Twende Kazi' thematic that brought together 50 contestants for 50 days and showcased the true resilient East African spirit! In November 2013 the brand was named the seventh most admired and valued brand in Africa in a survey carried out by TMS and Brand Finance Plc (International research firms). According to the survey which began three years ago, our endeared TUSKER Lager has gained in brand value by 561% becoming one of Africa's leading local beers.

BELL LAGER

Our Uganda flagship brand Bell Lager, first brewed in 1950, has grown to become one of the most reputable brands in the market. The brand was once again recognized as one of country's top brands in the annual "Top 50 Brands" awards hosted by the Private Sector Foundation Uganda (PSFU). The awards were held to recognize and reward top Ugandan companies that have consistently remained in the hearts and minds of the consumer. Part of the brand equity building activities in the last year included running of a consumer campaign 'Welcome to the Bell Nation' and the sponsorship of one of the biggest parties in Uganda - the Kampala City Festival.



SERENGETI PREMIUM LAGER



Serengeti Premium Lager was once again recognized for its high quality scooping a Gold Award in the 2014 Monde Selection. The brand's connection with consumers was enhanced through the award winning 'Serengeti Fiesta' musical festival for the second year in a row. The annual event runs throughout Tanzania culminating in a grand musical extravaganza throughout the year.

GUINNESS

In March this year, Guinness unveiled its latest innovation in design in Africa and other selected markets. This aimed at enhancing the experience associated with a premium quality stout for the consumers. Kenya and Uganda were fourth and fifth markets respectively to embrace the new pack. The contemporary and sophisticated style that has more pronounced features, which include the signature harp, the 1759 logo, Arthur Guinness signature and a foil cover lives to reflect the adventurous character of Guinness. The bottle also has great details like the new artistic indentations and various packaging elements. As the leading beer in the stout category, this move plays an important role in the brand's growth stage to assert its compelling and outstanding attributes in the East African market. Despite these changes, the content remains the same quality world-stout.



"Our robust Spirits portfolio covering the spectrum of price points across seven of East Africa's fast-growing consumer economies delivered strong performance across board."

Growing Faster with Spirits

THE LOVE WHISKY FESTIVAL

The exciting 'Love Whisky Festival' was another first by EABL depicting a journey through the world of our prestigious reserve portfolio. The festival, that ran in high end venues around Nairobi was Kenya's largest and most exciting whisky tasting event of its kind. The event showcased EABL's rich portfolio of premium whiskies that included a variety of Single Malts from the four corners of Scotland, the Johnnie Walker range, J&B and Bushmills the Irish Whiskey from one of the oldest distilleries in the world.

"Regardless of where it is you find yourself, or whom you are with, we believe we have a whisky for you and way for you to enjoy it,"



JOHNNIE WALKER

The world's leading Scotch Whisky brand, Johnnie Walker, unveiled the 'Johnnie Ginger' / 'Johnnie Tangawizi' execution across East Africa.

In Uganda, Johnnie Walker sponsored the exclusive Johnnie Walker Liquid Silk lounge, the first of its kind in Kampala.



We also redoubled focus on the brand through the 'Step up to Johnnie Walker Red Label' initiative

Johnnie Walker Blue Label sponsored the annual All Africa Business Leaders Awards.

SMIRNOFF

No.1 spirit brand in the world by volume (Impact Databank 2013).

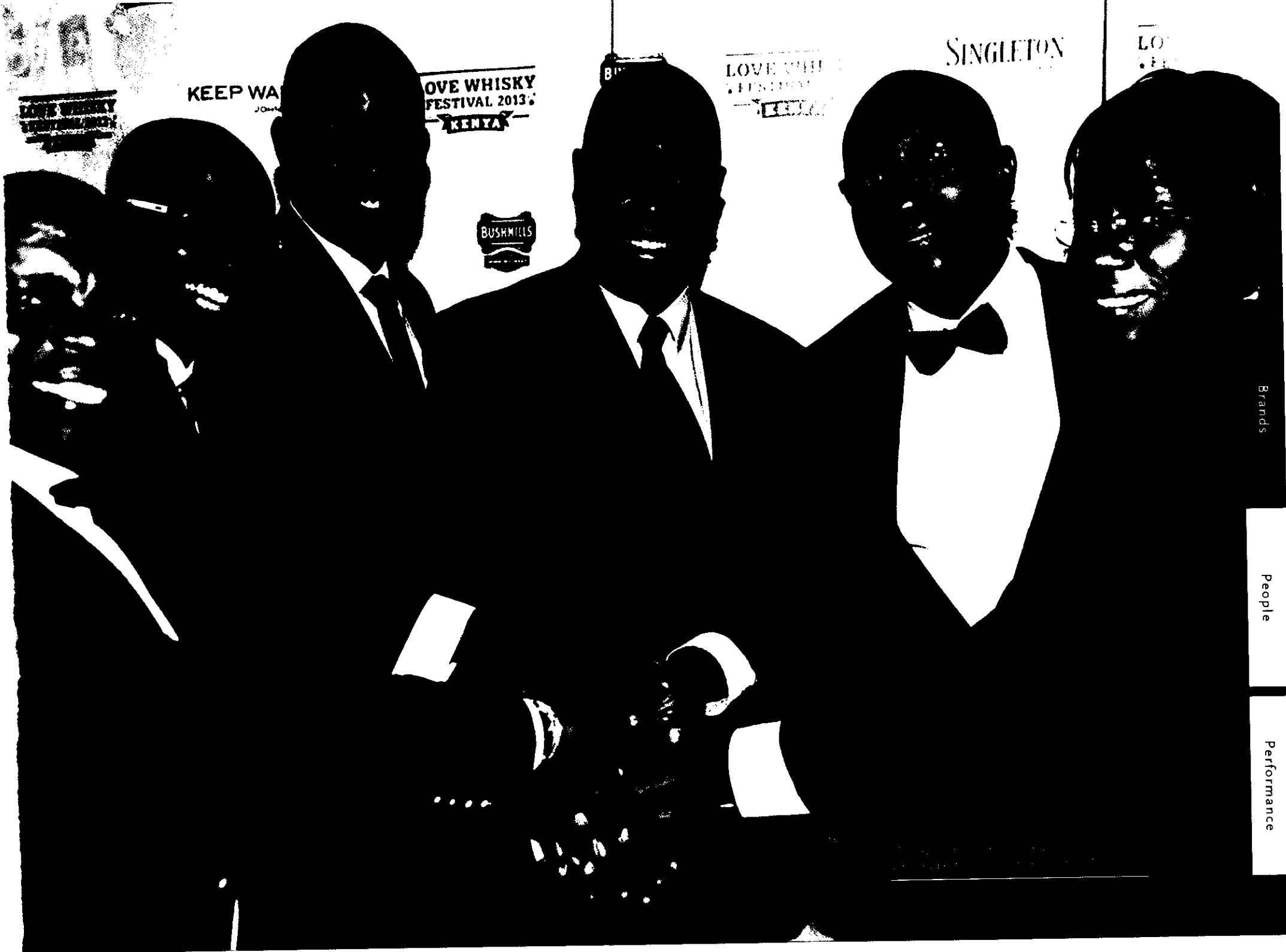
Smirnoff vodka, the world's bestselling premium distilled spirit, is known for extraordinary drinks and extraordinary nights. To bring this to life, we launched the signature Smirnoff events dubbed 'The Night - Smirnoff Night Life Experience' during the year. These experiential events brought to life the brand through delivery of an original drinking experience, original entertainment, original environment and original social interactions launched across major towns in East Africa. Smirnoff was the official sponsor of the 2013 Sepetuka Festival in Kenya.



UGANDA WARAGI

Uganda Waragi continues to define its position as a truly authentic Ugandan brand evidenced from its high score as a truly Ugandan currently at 90%. Key activities for the brand during the year included execution of two exciting phases of the "Omudigido Gulumbye", campaign and a series of sales storms carried out in major towns across the country culminating in Vibe Parties over the weekends that featured performances by leading local artistes.





LOVE WHISKY
FESTIVAL 2013
KENYA

KEEP WA
JOMO

LOVE WHISKY
FESTIVAL 2013
KENYA

BUSHMILLS
ESTD 1759

LOVE WHISKY
FESTIVAL
KENYA

SINGLETON

LOVE WHISKY
FESTIVAL
KENYA

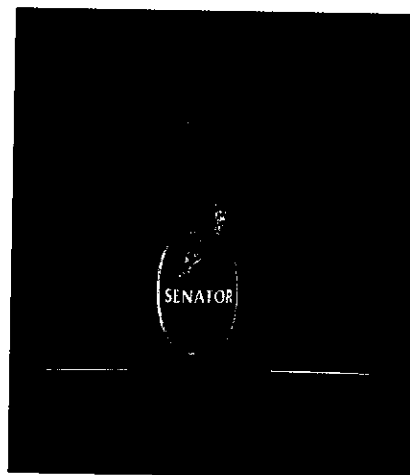
Brands

People

Performance

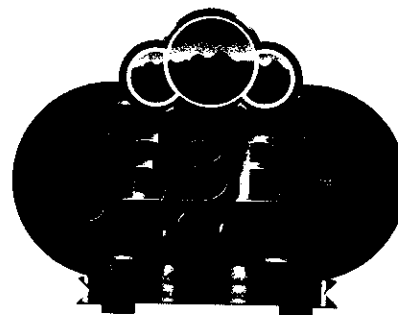
“Innovation was a key pillar of growth in F14 delivering double NSV contribution to the overall business from 6% the previous year to 12%. This was realised through growing existing Innovations as well as the roll-out of three new brands to tap into new consumer opportunities in the market.”

Innovation to meet New Consumer Needs



SENATOR STOUT

Senator Stout is the newest addition to our beer brands portfolio in Uganda and the market's first ever value stout. The brand was launched in May 2014 to create connections with the value consumer in a way that will strongly position it competitively in this sector.



JEBEL GOLD

Jebel is an exciting new Innovation that combines a high quality liquid, packaging and format innovation targeted to the older male lower-end consumers with a guarantee of a high quality, safe and affordable alternative in a segment full of suspect quality brands. Jebel Gold is a smooth tasting brown spirit packed in 30 litre barrel and dispensed through a unique pump format.

SERENGETI PLATINUM LAGER

Serengeti Platinum is a new variant of Serengeti Premium Lager (SPL) launched in May 2014 in Tanzania.

Inspired by the vibrant culture of Tanzania's outgoing young adults. The brand celebrates the choices we make to stand out and move forward. Serengeti Platinum comes in a crisp long neck 500ml and 330ml pack, a new distinctive and fresh label.



A crisp, refreshing, premium lager, for an upbeat occasion!

OW' AMAANYI

TUKWANJULIRA **SENATOR STOUT**
OW EDDEKENE **ELYANAMADDALA**
N'AKAWOOWO AKAKALIRIRE.
NYUMIRWA N'EMIKWANO



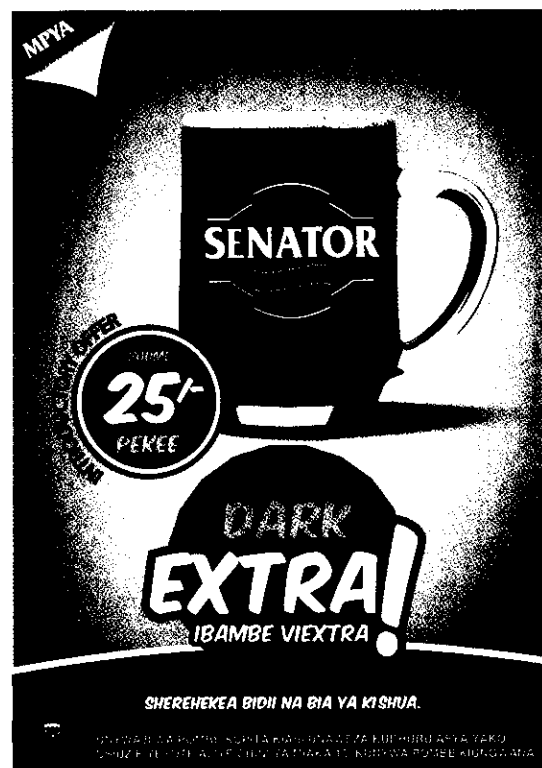
SENATOR

“The young male consumers in Kenya today are looking for brands that represent their lifestyle and personality. It’s all about having the guts to make the less obvious choice, being different and remaining confident about it.”

SENATOR DARK EXTRA

Senator Dark Extra is a high quality, safe and affordable alternative drink which is an extension of Senator Brand.

Senator Dark Extra was introduced to energize KBL’s portfolio targeting the value consumer. Launched in September 2013, Senator Dark Extra has been positively received by consumers due to its great taste, differentiated proposition and undeniable value and will be a key driver of performance in the future as we get the Senator Business back to growth following the challenges in F14.



LIBERTY

Liberty is another of our newest Spirit brands launched to commemorate 50 years of independence in Kenya and is targeted at the value consumer. Since its launch in April 2014 the brand has elicited positive consumer reception and has continued to register impressive month on month performance.



SMIRNOFF ICE DOUBLE BLACK WITH GUARANA

The new Smirnoff Ice Double Black with Guarana combines the refreshing and invigorating taste of the world's number one vodka Smirnoff and blended with Guarana and Soda. Targeted at the male consumers, the brand is available in an ultra-modern slim 330ml can format that fits into the target consumer's lifestyle.



Launched in June 2014, the brand is already creating a positive buzz in the market.

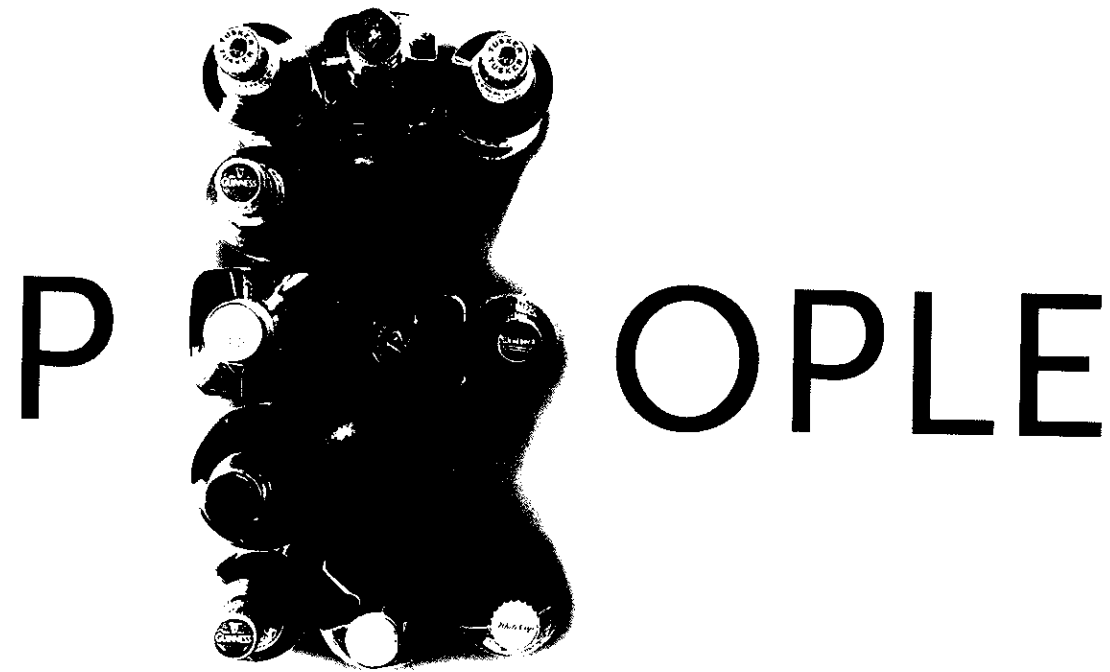
SMIRNOFF

TRY THE

NEW SMIRNOFF ICE GUARANA

MADE WITH THE WORLD'S NO. 1 VODKA

THE SMIRNOFF ICE, DOUBLE BLACK WORDS AND ASSOCIATED LOGOS ARE TRADE MARKS © THE SMIRNOFF CO. 2011



GREAT
PEOPLE | BRANDS | PERFORMANCE

“We are committed to enhancing and protecting our brands through application of the highest quality standards.”

Growing Our Supply and Value Chain Together

The New Face of Safety at EABL

Safety is at the core of our operations and there is a deliberate push to ensure everybody goes home safely everyday.

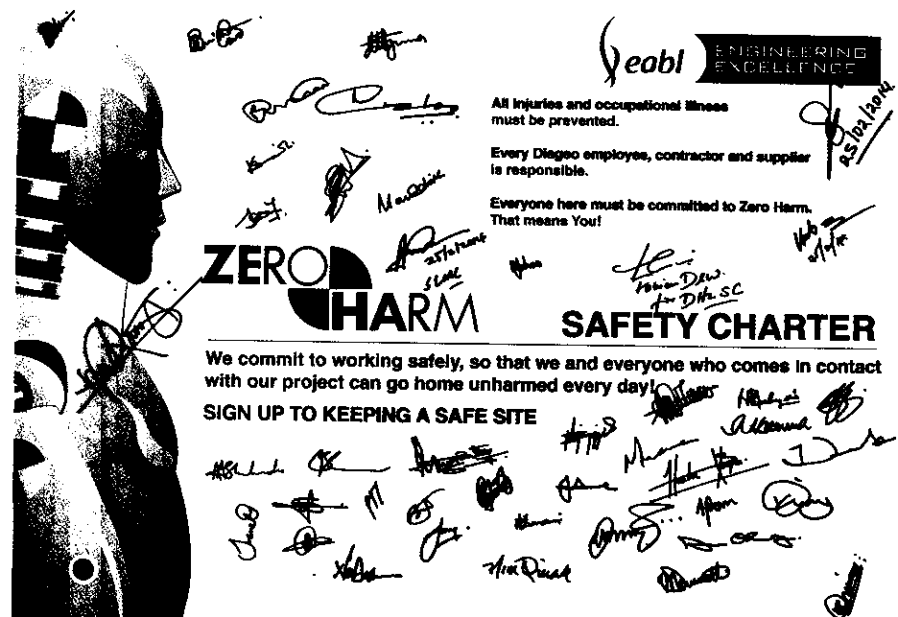
In keeping with this, a new communications campaign was rolled out across EABL markets in support of the safety agenda.

The campaign emphasises the need for diligence in upholding a zero tolerance attitude when it comes to safety. Hence the slogan ‘My Safety is no Accident’.

Central Glass gets a new shine!

Central Glass Industries (CGI) is polishing up some of its structures and workings in line with the business objective of achieving supply excellence.

One of the key projects involves the refurbishment of the furnace, forming machines and associated equipment which are key elements in the mixing, melting and forming of glass bottles. The revamp will support better efficiencies in operations, quality and cost by adopting new technology and expertise in our processes. Additionally, the project will include a hardstand area to cater for shrink wrapped and empty bottles.



“We are committed to enhancing and protecting our brands through application of the highest quality standards.”

Promoting Sustainability in Agriculture and Connecting with our Farmers

Over the past year we have marked significant milestones in our Local Raw Material (LRM) sourcing agenda for Sorghum and Barley across our markets in East Africa.

In Kenya, our EAML Agriculture team hosted the inaugural Best Practice Tour for South Rift Barley Farmers that saw 33 lead farmers from the South Rift region taken through an exciting exchange tour to expand their knowledge in the latest barley farming technology.

The Barley Farmers Tour initiative went a long way in enhancing relationships with the farmers as critical stakeholders for raw materials supply for our business and exposed them to some of the leading best-practice farming technology in Narok, Nakuru, Olkalao, Solio, NaruMoru, Timau, and Nanyuki.

During the year we also launched a massive sorghum farming venture in

Tharaka Nithi County. The project dubbed ‘Pesa na Mtama’ (Swahili for reap ‘Cash with Sorghum’) successfully mobilized over 10,000 local farmers to take up sorghum farming as an income generating activity.

In Uganda our Sorghum and Barley farmers have continued to reap significant benefits as UBL’s demand for Local Raw Material (LRM) increased over the year. This is partly attributed to the UBL Mash Filter commissioned in 2012 that has seen the plant’s capacity for LRM significantly increase. Sorghum farmers have managed to double their volumes with deliveries growing from 1.5 kilo tonnes in F11 to 10 kilo tonnes in F14.

There has also been increased interest in Barley farming with significant mobilisation for the crop in new areas such as Rwenzoris, Kigezi, Zombo and Agoro (Kitgum).

Agribusiness also made a big splash in Tanzania in F14, where we trippled the number of SBL contracted farmers in the last year successfully doubling our annual intake of locally sourced barley.

We invested an estimated Tsh.5.5 billion into financing local barley farming and hosted an ‘agribusiness workshop’ that brought together key stakeholder partners.



Forging sustainable partnerships with our farmers and the Agribusiness community

“We are consistently transforming our reputation in every market through enduring stakeholder partnerships and exemplary conduct. This demonstrates our commitment to being one of the world’s most trusted and respected companies.”

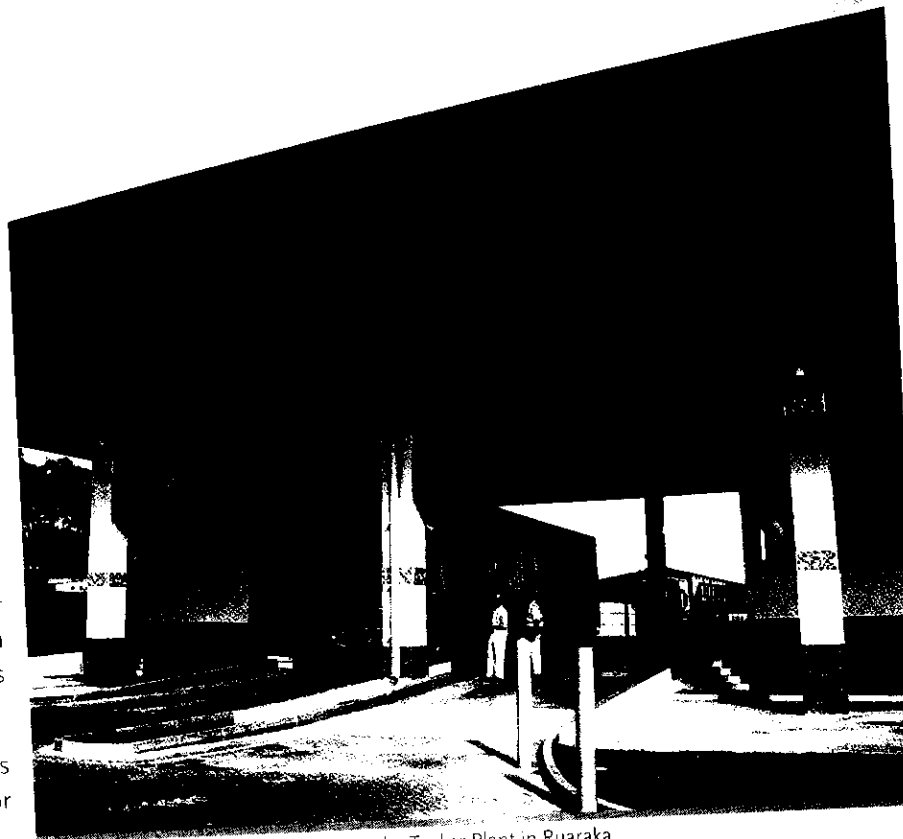
State of the art Warehouse Expansion Project launched

Through the years, Tusker plant in Kenya has experienced tremendous growth in demand, necessitating further investment in the facility’s expansion.

The warehouse expansion project worth Kshs 1.5 billion is driven by the goal of providing superior service to our customers in line with the business’ aspirations to deliver a competitively advantaged supply chain.

The new facility provides a modern working environment for employees, faster and better service to our customers as well as improved health and safety management for our logistics and distribution operations.

With the improved efficiency, operations and logistics our supply chain is set for greater success.



The new state-of-the-art Warehouse at the Tusker Plant in Ruaraka

The Perfect Plant Management System (PPMS) Program enhances efficiencies at EABL

The Program was created to embed a robust and prescriptive management infrastructure in a sustainable way at all our plants and represented a step change in performance.

The program gives great attention to management behaviour where everyone understands their role and accountability in achieving results. It was rolled out in July 2013 in KBL followed by UBL.

The program is already achieving great results as witnessed by an award citing the Tusker factory as the most improved plant in Diageo globally.

“EABL is proud to have once again delivered access to clean and safe water to over One million (1,062,492) people across East Africa through the Water of Life (WoL) program that continues to touch the lives of many communities.”

Transformed Reputation in Every Market

Water of Life (WoL) program

Sixty percent of our water program beneficiaries came from Uganda, mostly from the Mbarara Regional Hospital. The hospital has a rain water harvesting facility which has a capacity of 248,000 litres fully fitted with a pump and filtration system. Other commissioned projects include the Naguru Police Barracks project with a capacity of over 40,000 litres.



Naguru Police Barracks, Uganda

UBL also commissioned a water and sanitation facility in the Busia Sofia Market which attracts more than 1,000 traders on market day and previously had only one pit latrine. Three water tanks were also donated and installed at the Entebbe Hospital and now await commissioning.

In Kenya, we donated Ksh 1 Million towards the conservation of the Ndakaini Dam through the 2013 Ndakaini Half Marathon in which over 100 employees participated. The annual fundraising event seeks to conserve and promote the sustainability of Ndakaini Dam which is the primary supply of water for Nairobi residents and industries situated within the capital. The conservation of the Ndakaini Dam falls in line with Kenya Brewery Limited's water stewardship agenda.

EABL and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), in partnership with the Government of Kenya, Ministry of Environment, Water and Natural Resources, came together to host the inaugural industry roundtable meeting – The Nairobi Water Roundtable - to build collaborative

partnerships which will contribute to addressing the future of water stewardship in the greater Nairobi area. A key outcome of this initiative has been the formation of the Industry Task Force for Sustainable Water in Nairobi.

In Tanzania, we commissioned two water reservoir system projects at the Mletele Dispensary and Tanga in Songea. The two projects will benefit over 50,000 area residents who have suffered perennial water shortage for the last three years.

Last year we also commissioned our inaugural water project in the South Sudan capital of Juba. The Mangala Payam water and sanitation facility has improved access to safe water and sanitation facilities for about 10,000 area residents.

“Our reputation is critical to our long-term commercial success. We all have a responsibility to ensure we strive to do the right thing and in so doing, protect that reputation and fulfil our purpose of celebrating life every day, everywhere.”

Environment Conservation

As part of our ongoing rehabilitation of Kinale Forest, KBL employees joined the local Kijabe community, Kenya Forest Service and Kijabe Environment Volunteers in planting 1,500 seedlings in November 2013. The afforestation project entailing forty thousand seedlings worth Ksh.1.5 million is working to ensure maximum forest cover is reinstated.

In Uganda, we marked the World Environment Day with the signing of a public partnership agreement between Uganda National Forestry Authority, World Wide Fund and the UBL to reclaim 109 hectares of Navugulu forest in Mpigi district. The Uganda green team and partners have planted 2,000 trees to mark the first implementation phase of the three-year project.



Celebrating with our Scholarship Beneficiaries

Skills for Life

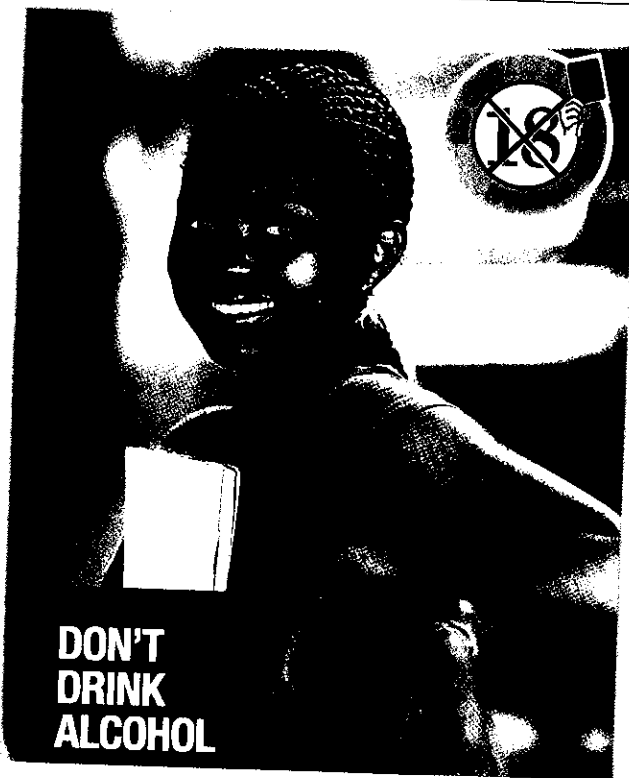
The EABL Foundation has continued to support bright needy students who cannot afford to finance their University studies through its Skills for Life program. During the year, a total of 20 students were selected from various counties through a competitive process and have since been absorbed into various institutions of higher learning. Participating institutions include Strathmore University, Kenyatta University, Jomo Kenyatta University of Agriculture and Technology, Technical University, and the University of Nairobi in Kenya; Makerere and Kyambogo Universities in Uganda and the University of Dar es Salaam and Mzumbe University in Tanzania. The award that constitutes tuition, books, accommodation and a monthly stipend has to date spent over Ksh.250 Million and covered over 220 students across East Africa.

Special Projects

KBL is sponsoring the refurbishment of the Kenya National Theatre as part of the Kenya @50 celebration legacy projects. Built over 60 years ago as the first theatre outside United Kingdom within the Commonwealth, the historical facility is in need of a facelift. The objective of the refurbishment is to restore, enhance and modernize the facility. The project was officially inaugurated by H.E the President in December 2013, is due for completion by end of November 2014.

In Uganda, we responded to an emergency call from the Uganda Red Cross to support refugees displaced from the Democratic Republic of Congo (DRC) who were sheltered at the border district of Kasese.

“EABL has continued to take the lead in advocating for the responsible sale and use of alcohol, through extensive consumer education and Responsible Drinking (RD) public awareness campaigns over the years.”



www.straigtalkfoundation.org | [facebook.com/red card campaign](https://facebook.com/redcardcampaign) | [twitter.com/red card campaign](https://twitter.com/redcardcampaign)

**Straight
TALK**

Alcohol in Society / Responsible Drinking

In December 2013, we unveiled one of the most riveting RD campaigns in Kenya dubbed Life Goes On While You Are Gone that reminded consumers of the ominous impact of drink driving. The campaign was lauded by different stakeholders and went on to achieve global recognition.

Life Goes On While You Are Gone was preceded by an earlier campaign on Know Your Limits. In addition to the public campaigns, KBL works with various public and private sector stakeholders to educate the public on the importance of Road Safety. Such partnerships include working with the Safe Way Right Way, an NGO set up to provide advocacy on road safety issues along the northern corridor in which KBL is an active founding member.

In Uganda, UBL's RED CARD campaign against drink driving was named 'Best CSR campaign in Uganda, 2013' beating entries from over 50 organizations in the country. Following its success we extended and re-launched it in partnership with Straight Talk Foundation (STF) - a health and development communication NGO based in Kampala. The campaign which ran from February 2014 was targeted at teachers, peer leaders, change agents and students in selected schools via workshops, debates and mass media.

In Tanzania, Serengeti Breweries Limited sponsored the annual 'Tanzania Safety Week 2013' for the 4th year in a row. The nationwide event seeks to drive road safety awareness resonating with our Responsible Drinking agenda.

GAMBE JIPYA KITAANI

Muonekano, Kilevi 4.5%, ladha...Kila kitu
#SERENGETIPlatinum #AMINIA



Kunywa Pombe kupita kiasi ni hatari kwa afya yako.
Haiuzwi wala kutumiwa na walio na umri chini ya miaka 18. Tafadhali kunywa kistaarabu

“By establishing a culture that demands the highest integrity from all of employees, we believe that we are making EABL one of the most trusted and respected companies in East Africa.”

Compliance and Ethics in the Way We Work Everyday Everywhere

EABL has a comprehensive corporate governance structure and a robust compliance and ethics program. To help our employees make the right decisions at the work place, we have a comprehensive code, known as the Code of Business Conduct (CoBC).

Doing business with integrity goes beyond having a good corporate governance framework. It is about creating a culture in which each EABL employee behaves with integrity every day, in whatever situation. By establishing a culture that demands the highest integrity from all of employees, we believe that we are making EABL one of the most trusted and respected companies in East Africa.

Every year all our employees across East Africa attend our popular ‘Pathway of Pride’ (PoP) forum which entrenches an ethical culture in our business.

PoP provides employees with a forum for sharing experiences and ideas and address concerns about our Code and policies. Led by senior management, the forums focus on inspiring employees to consistently uphold ethics and integrity at work.

As an inaugural signatory to the Code of Ethics for Business in Kenya, sponsored by the Global Compact Network Kenya, the Kenya Association of Manufacturers and the Kenya Private Sector Alliance, EABL has been recognised for taking the lead in demonstrable commitment to ethics in business and good corporate governance during the year.

The way we work,
every day, everywhere

CODE OF
BUSINESS
CONDUCT



IF YOU DEFEND YOUR TEAM BETTER
THAN THEY DEFEND THEIR GOALS,
YOU'RE PART OF THE BELL NATION.

#BELLNATION  BELL LAGER  @BELL_LAGER

BELL
LIVE EVERY MOMENT

CONSUME RESPONSIBLY. EXCESSIVE CONSUMPTION OF ALCOHOL IS HARMFUL TO YOUR HEALTH. STRICTLY NOT FOR SALE TO PERSONS UNDER 18 YEARS.

Corporate Governance

Overview

East African Breweries Limited is committed to the highest standards of Corporate Governance and business ethics. The company has instituted systems to ensure that high standards of corporate governance are maintained at all levels of the organisation and is in compliance with the Capital Markets Authority Guidelines on Corporate Governance Practices by Public Listed Companies in Kenya ("the Corporate Governance Guidelines") as well as the equivalent guidelines for listed companies in Tanzania and Uganda.

Besides complying with external corporate governance guidelines, the company has committed to embed internal rules of engagement to support corporate governance. These internal guidelines are constituted in the Code of Business Conduct to which every employee makes a commitment to comply. The Code is aligned to globally accepted standards and meets the requirements of local laws as well as internationally applicable laws and regulations.

The Role of the Board

The Board is comprised of nine Non-Executive Directors including the Chairman and two Executive Directors. The Board is collectively responsible to the Company's shareholders for the long-term success of the Company and for its overall strategic direction, its values and governance. It provides the leadership necessary to meet its business objectives within the framework of its internal controls, while also discharging the Company's obligations to its shareholders. Responsibility for implementing strategy and day-to-day operations has been delegated by the Board to the Managing Director and the Company's executive team.

Four standing Committees have been established by the Board namely, the Board Corporate Governance Committee, the Audit and Risk Management Committee, the Board Remuneration Committee and the Board Nomination Committee. The majority of members of the Committees are Independent Non-Executive Directors.

Division of Responsibilities

The Chairman and the Managing Director are responsible for the profitable operations of the Company. Their roles are separate, with each having distinct and clearly defined duties and responsibilities. The Chairman is responsible for leadership of the Board, for ensuring its effectiveness on all aspects of its role and for facilitating productive contribution of all Directors. He is also responsible for ensuring that the interests of the Company's shareholders are safeguarded and that there is effective communication with them.

The Managing Director has overall responsibility for the performance of the business and provides leadership to facilitate successful planning and execution of the objectives and strategies agreed by the Board.

Non-Executive Directors

The Board has nine Non-Executive Directors. The Chairman and six of the Non-Executive Directors are considered to be independent, as defined in the Corporate Governance Guidelines and accordingly over half of the Board is constituted of Independent Non-Executive Directors who have a particular responsibility for ensuring that business strategy and operations are fully discussed and critically reviewed. This enables the Board to promote the success of the Company for the benefit of all its shareholders as a whole. In so doing, the Board has regard to such matters as the interests of the Company's employees, the fostering of business relationships with customers, suppliers and other stakeholders and the impact that the Company has on the environment and communities in which it operates. The Non-Executive Directors do not have service contracts with the Company but instead have letters of appointment which stipulate the terms of their appointment.

The Composition of the Board

The Composition of the Board is as set out on page 38

Attendance at Board and Annual General meetings during the Financial Year

Name	Meetings Attended	Meetings Eligible to Attend
Mr. C. Muchene (Group Chairman)	6	6
Mr. C. Ireland (Group Managing Director)	6	6
Ms. T. Barnes (Group Finance Director)	6	6
Dr. N. Blazquez	5	6
Mr. E. Mwaniki	6	6
Dr. A. Shonubi	6	6
Mrs. S. Githuku	3	6
Mrs. J. Karuku	3	4
Mr. J. Katto ¹	2	2
Mr. N. Mchechu ²	2	2
Mr. A. Fennell ³	2	2
Ms. C. Gakonyo ⁴	2	4
Mr. M. Bomani ⁵	3	4
Ms. S. Moriarty ⁶	4	4

¹ Mr. J. Katto was appointed to the Board with effect from 12 February 2014

² Mr. N. Mchechu was appointed to the Board with effect from 12 February 2014

³ Mr. A. Fennell was appointed to the Board with effect from 12 February 2014

⁴ Ms. C. Gakonyo resigned from the Board on 11 February 2014

⁵ Mr. M. Bomani resigned from the Board on 11 February 2014

⁶ Ms. S. Moriarty resigned from the Board on 11 February 2014

Board Corporate Governance Committee

The Board Corporate Governance Committee has oversight on the adherence and compliance by the Company to the principles and requirements of good corporate governance and business ethics. All members of the Committee are Non-Executive Directors.

Current Members:

Mr. E. Mwaniki* (Chairman)

Dr. A. Shonubi*

Mr. J. Katto*

Mr. A. Fennell

Ms. R. T. Ngobi (Company Secretary)

*Independent Non-Executive Directors

Attendance at Board Corporate Governance Committee meetings during the Financial Year

Name	Meetings Attended	Meetings Eligible to Attend
Mr. E. Mwaniki	2	2
Dr. A. Shonubi	2	2
Mr. J. Katto ¹	1	1
Mr. A. Fennell ²	1	1
Mr. M. Bomani ³	1	1
Ms. S. Moriarty ⁴	1	1

¹ Mr. J. Katto was appointed to the Committee with effect from 12 February 2014

² Mr. A. Fennell was appointed to the Committee with effect from 12 February 2014

³ Mr. M. Bomani resigned from the Committee on 11 February 2014

⁴ Ms. S. Moriarty resigned from the Committee on 11 February 2014

Board Audit and Risk Management Committee

The Audit and Risk Management Committee is responsible for monitoring and reviewing the integrity of the financial statements, the effectiveness of the accounting, internal control and business risk systems of the Group, the efficiency of the Group's procedures for handling whistle blowing allegations. The Committee is also responsible for monitoring and reviewing the performance of the Group's external auditors by keeping under review their independence and objectivity, making recommendations as to their reappointment (or where appropriate, making recommendations for change), and approving their terms of engagement and the level of audit fees payable to them. All members of the Committee are Non-Executive Directors.

KPMG are the Group's auditors. The Committee remains satisfied with their effectiveness. The external auditors are required to rotate the audit partners responsible for the audit at least every seven years.

Current Members:

Mr. N. Mchechu* (Chairman)
Dr. N. Blazquez
Dr. A. Shonubi*
Mrs. J. Karuku*

*Independent Non-Executive Directors

Attendance at Board Audit and Risk Management Committee meetings during the Financial Year

Name	Meetings Attended	Meetings Eligible to Attend
Mr. N. Mchechu ¹	1	1
Dr. N. Blazquez	3	4
Dr. A. Shonubi	4	4
Mrs. J. Karuku ²	2	2
Ms. C. Gakonyo ³	0	2

¹ Mr. N. Mchechu was appointed to the Committee with effect from 12 February 2014

² Mrs. J. Karuku was appointed to the Committee with effect from 12 February 2014

³ Ms. C. Gakonyo resigned from the Committee on 11 February 2014

Board Nomination Committee

The Nomination Committee has the mandate to make recommendations to the Board on the suitability of candidates for appointment to the Board, whilst ensuring that the Board has an appropriate balance of expertise and ability. The Nomination Committee also evaluates and makes recommendations with regard to the composition of all Board Committees. In so doing, it monitors and ensures that appropriate Independent Non-Executive, Non-Executive and Executive Directors' ratios are maintained. All members of the Committee are Non-Executive Directors.

For a number of years, the Company has benefitted from the presence on its Board of female Non-Executive Directors recommended for appointment by the Nomination Committee. The current level of female representation on the Board stands at 3.

Current Members:

Dr. N. Blazquez (Chairman)
Mr. E. Mwaniki*
Dr. A. Shonubi*

*Independent Non-Executive Directors

Attendance at Board Nominations Committee meetings during the Financial Year

Name	Meetings Attended	Meetings Eligible to Attend
Dr. N. Blazquez	2	3
Mr. E. Mwaniki	3	3
Dr. A. Shonubi	3	3
Ms. C. Gakonyo ¹	1	2

¹ Ms. C. Gakonyo resigned from the Committee on 11 February 2014

Board Remuneration Committee

The Remuneration Committee's main responsibility is the review and approval of remuneration for Executive Directors and senior management and staff incentive schemes. It also make recommendations on remuneration of Non-Executive Directors. It ensures that remuneration is appropriately benchmarked against other companies in the region. All members of the Committee are Non-Executive Directors.

Current Members:

Dr. N. Blazquez (Chairman)

Mr. E. Mwaniki*

Mrs. S. Githuku*

Mrs. J. Karuku*

*Independent Non-Executive Directors

Attendance at Board Remunerations Committee meetings during the Financial Year

Name	Meetings Attended	Meetings Eligible to Attend
Dr. N. Blazquez	2	3
Mr. E. Mwaniki	3	3
Mrs. S. Githuku	1	3
Mrs. J. Karuku	1	2
Mr. M. Bomani ¹	2	2

¹ Mr. M. Bomani resigned from the Committee on 11 February 2014

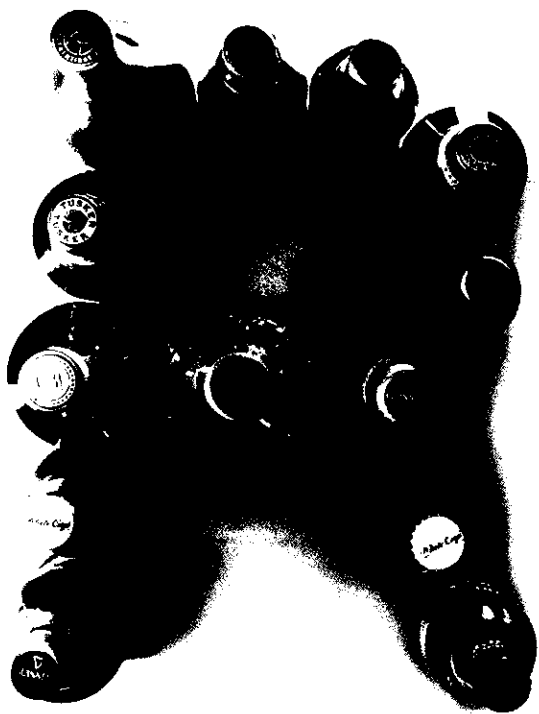
Communication with Shareholders

East African Breweries Limited is committed to ensuring that shareholders, investors and the financial markets are provided with full and timely information about its performance. This is achieved through the release of its half-year and annual results in the local press, distribution of annual reports and holding of investor briefings as appropriate. The Annual General Meeting provides a useful opportunity for shareholder engagement and, in particular, for the Chairman to explain the Company's progress and receive and answer questions from investors. The Board believes that there is an active and regular interaction with shareholders in the absence of a shareholders association. Information is also available on the Company's website.

EABL Corporate Governance Factsheet

Size of Board	11
Number of Non-Executive Directors	9
Number of Independent Directors	7
Number of women on the Board	3
Separate Chairman and CEO	Yes
Terms of Reference for Board Committees	Yes
Independent Audit Committee	Yes
Number of Financial Experts on Audit and Risk Management Committee members	1
Number of Independent Corporate Governance Committee members	3
Number of Independent Audit and Risk Management Committee members	3
Number of Independent Remuneration Committee members	3
Number of Independent Nominations Committee members	2
Number of Board and Annual General Meetings Held in Full Year ended 30 June 2014	6
Re-election of Directors in accordance with Articles of Association	Yes
Corporate Governance Guidelines Approved by Board	Yes
Code of Business Conduct	Yes
Annual Board Evaluation conducted	Yes
Board Induction Programs conducted	Yes

PERFORMANCE



GREAT
PEOPLE | BRANDS | PERFORMANCE

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Corporate Information

Board of Directors

Mr. C. Muchene**	Group Chairman
Dr. N. Blazquez*	Group Deputy Chairman
Mr. C. Ireland	Group Managing Director
Ms. T. Barnes	Group Finance Director
Mr. E. Mwaniki**	
Dr. A. Shonubi**	
Mrs. S. Githuku**	
Mrs. J. Karuku**	
Mr. J. Katto**	(Appointed on 12 February 2014)
Mr. N. Mchechu**	(Appointed on 12 February 2014)
Mr. A. Fennell*	(Appointed on 12 February 2014)
Ms. R. T. Ngobi	(Company Secretary)

Audit Committee

Mr. N. Mchechu **	(Chairman)
Dr. N. Blazquez*	
Mr. A. Shonubi**	
Mrs. J. Karuku**	
Mr. C. Ireland	(permanent invitee)
Ms. T. Barnes	(permanent invitee)
Mr. P. Kioko	(permanent invitee)
Mr. P. Ndeti	(permanent invitee)
Ms. R.T. Ngobi	(Secretary)

Nominations Committee

Dr. N. Blazquez *	(Chairman)
Dr. A. Shonubi**	
Mr. E. Mwaniki**	
Mr. C. Ireland	(permanent invitee)
Ms. R.T. Ngobi	(Secretary)

Corporate Governance Committee

Mr. E. Mwaniki **	(Chairman)
Mr. A. Shonubi**	
Mr. J. Katto **	
Mr. A. Fennell*	
Mr. C. Ireland	(permanent invitee)
Mr. J. Edmunds	(permanent invitee)
Ms R.T. Ngobi	(Secretary)

Remunerations Committee

Dr. N. Blazquez*	(Chairman)
Mr. E Mwaniki**	
Mrs. S. Githuku**	
Mrs. J. Karuku**	
Mr. C. Ireland	(permanent invitee)
Mr. P. Kasimu	(permanent invitee)
Ms R.T. Ngobi	(Secretary)

* Non Executive Directors

** Independent Non-Executive Directors

Auditors

KPMG Kenya, 8th Floor, ABC Towers, Waiyaki Way
P. O. Box 40612-00100, Nairobi

Share Registrars

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

Advocates

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

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

Bankers

Barclays Bank of Kenya Limited
Citibank NA, Standard Chartered Bank Kenya Limited

Secretary and Registered Office

Ms. R.T. Ngobi
(CPS No. 726), Corporate Centre, Ruaraka
P.O. Box 30161-00100, Nairobi

Top 10 Shareholders as at 30 June 2014

Rank	Name	Domicile	No. of shares	%
1	DIAGEO KENYA LIMITED	LC	338,618,340	42.82%
2	DIAGEO HOLDINGS NETHERLANDS B.V.	FC	36,361,290	4.60%
3	GUINNESS OVERSEAS LIMITED	FC	20,628,804	2.61%
4	STANDARD CHARTERED NOMINEES A/C KE13084	FC	15,168,327	1.92%
5	STANDARD CHARTERED NOMINEES NON RES A/C KE9273	FC	14,091,400	1.78%
6	STANDARD CHARTERED NOM A/C KE11916	FC	10,526,072	1.33%
8	CFC STANBIC NOMINEES LTD A/C NR13721	FC	7,979,127	1.01%
7	STANDARD CHARTERED NOMINEE ACCOUNT KE17984	FC	6,612,831	0.84%
9	STANDARD CHARTERED NOMINEES NON-RES. A/C 9866	FC	6,231,100	0.79%
10	STANDARD CHARTERED NOMINEES NON RESIDENT A/C 9318	FC	6,089,500	0.77%
Shares Selected			462,306,791	58.46%
Shares Not Selected - 25675 Shareholders			328,467,565	41.54%
Shares Issued			790,774,356	100.00%
Total No. Of Shareholders			25,705	

EABL Directors' Shareholding as at 30 June 2014

Director's Names	No. of shares
1 Evanson Mwaniki	1,800
2 Alan Shonubi	2,600

Shareholding Status for Diageo and Associate Companies

FULL NAMES	SHARES HELD	% SHARES HELD
(a) Diageo Kenya Limited	338,618,340	42.82%
(b) Guinness Overseas Limited	20,628,804	2.61%
(c) Diageo Holdings Netherlands BV.	35,952,396	4.55%
(d) Diageo Holdings Netherlands BV.	408,894	0.05%
Total for Diageo Netherlands BV (c+d)	36,361,290	4.60%
Total for Diageo & Associate Companies	395,608,434	50.03%
All other shareholders	395,165,922	49.97%
Issued Share Capital	790,774,356	100.00%

Analysis by Domicile

DOMICILE	SHARES	%	HOLDERS
FOREIGN COMPANIES	246,303,480	31.15%	195
FOREIGN INDIVIDUALS	9,908,830	1.25%	618
LOCAL COMPANIES	452,879,420	57.27%	1,160
LOCAL INDIVIDUALS	81,682,626	10.33%	23,732
TOTAL	790,774,356	100.00%	25,705

Directors' Report

The Directors submit their report together with the audited financial statements for the year ended 30 June 2014, which disclose the state of affairs of the Group and of the Company.

Principal activities

East African Breweries Limited is a holding Company with subsidiaries involved in the marketing, manufacture and sale of drinks, glass containers, malt and barley.

Results and Dividend

The Directors recommend a final dividend of Kshs 4.00 per ordinary share payable, net of Withholding Tax, on or about the 20 January 2015 to Shareholders on the Register at the close of business on 8 September 2014.

During the year an interim dividend of Kshs 1.50 per share, amounting to a total of Kshs 1,186,162,000 was paid. The total dividend for the year is therefore Kshs 5.50 per share (2013: Kshs 5.50) amounting to a total of Kshs 4,349,259,000 (2013: Kshs. 4,349,259,000)

Board of Directors

The following changes have taken place in the Board of Directors since the last Annual General Meeting:

- Ms. C. Gakonyo, Ms. S. Moriarty and Mr. M. Bomani resigned from the Board on 11 February 2014.
- Mr. J. Katto, Mr. N. Mchechu and Mr. A. Fennell were appointed as Directors on 12 February 2014 to fill casual vacancies on the Board.
- In accordance with Article 108 Mr. J. Katto, Mr. N. Mchechu and Mr. A. Fennell retire from the Board and being eligible, offer themselves for re-election.
- Dr. N. Blazquez, Mrs. S. Githuku and Ms. T. Barnes retire by rotation and being eligible, offer themselves for re-election in accordance with Article 109 of the Articles of Association.

Auditors

The Company's auditors, KPMG Kenya, continue in office in accordance with section 159(2) of the Companies Act of Kenya.

Approval of financial statements

The financial statements were approved at a meeting of the Directors held on 7 August 2014.

By order of the Board
R.T. Ngobi (Ms.)
Company Secretary
7 August 2014

Taarifa ya Wakurugenzi

Wakurugenzi wanawasilisha taarifa yao pamoja na taarifa za mahesabu kwa mwaka uliomalizika tarehe 30 Juni 2014, ambazo zinaelezea hali halisi ya Kampuni

Shughuli za kimsingi

Kampuni ya East African Breweries ni kampuni inayomiliki hisa ikiwa na idara zinazohusika katika soko ,utengezaji na uuzaji wa vinywaji, chupa, shayiri na maweke.

Matokeo ya mgawo wa hisa

Wakurugenzi wanapendekeza mgawo wa mwisho wa hisa wa shilingi 4 kwa hisa ya kawaida na ushuu wake kufikia tarehe 20 Januari 2015 kwa wenye hisa kufikia mwisho wa mahesabu 8 Septemba 2014.

Wakati wa kipindi cha mwaka mgawo wa hisa wa muda wa shilingi 1.50 kwa hisa ikifikia jumla ya shilingi 1,186,162,000 ulilipwa. Jumla ya mgawo wa hisa kwa kwa hivyo ni shilingi 5.50 kwa hisa (2013: shilingi 5.50) ikifikia jumla ya shilingi 4,349,259,000 (2013: shilingi 4,349,259,000)

Halmashauri ya Wakurugenzi

Mabadiliko yafuatayo yamefanywa katika Halmashauri ya Wakurugenzi tangu mkutano mkuu wa mwisho wa mwaka jana.

- Bi C. Gakonyo, Bi. S. Moriarty na Bwana. M. Bomani walijiuzulu kutoka kwa Halmashauri tarehe 11 February 2014.
- Bwana J. Katto, Bwana N. Mchechu na Bwana A. Fennell walichaguliwa kuwa wakurugenzi tarehe 12 February 2014 kuchukua nafasi hizo katika Halmashauri .
- Kwa mujibu wa kifungu 108 Bwana J. Katto, Bwana N. Mchechu na Bwana A. Fennell wanastaafu kutoka kwa Halmashauri na kwa kuwa wanafuzu wanajiwasilisha kuchaguliwa tena kwa mujibu wa kifungu 109 cha sheria za vyama.
- Dr. N. Blazquez, Bi S. Githuku na Bi T. Barnes wanastaafu kwa zamu na kwa kuwa wanafuzu wanajiwasilisha kuchaguliwa tena kwa mujibu wa kifungu 109 cha sheria

Ukaguzi

Kampuni ya ukaguzi KPMG Kenya, itaendelea na usimamizi wa mahesabu kwa mujibu wa kifungu 159(2) cha sheria za makampuni ya Kenya.

Idhini ya kupitishwa kwa taarifa taarifa za mahesabu

Taarifa za mahesabu zilipitishwa kwa mkutano wa Wakurugenzi tarehe 7 Agosti 2014.

Kwa amri ya Halmashauri
Bi R.T. Ngobi
Katibu wa Kampuni
7 Agosti 2014

Statement of Directors' Responsibilities

The Directors are responsible for the preparation and presentation of the consolidated and separate financial statements of East African Breweries Limited set out on pages 46 to 95 which comprise the consolidated and separate statement of financial position at 30 June 2014, and the consolidated and separate income statements, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

Approval of the financial statements

The financial statements, as indicated above, were approved by the Board of Directors on 7 August 2014 and were signed on its behalf by:

Mr. Charles Ireland
Group Managing Director

Ms. Tracey Barnes
Group Finance Director

Report of the Independent Auditors to the Members of East African Breweries Limited

Report on the financial statements

We have audited the consolidated and separate financial statements of East African Breweries Limited set out on pages 46 to 95. These financial statements comprise the consolidated and separate statements of financial position as at 30 June 2014, the consolidated and separate income statements, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

As stated on page 42, the Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenya Companies Act, and for such internal control as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the consolidated and separate financial position of East African Breweries Limited at 30 June 2014, and the consolidated and separate financial performance and the consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act.

Report on other legal requirements

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

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books; and
- (iii) The company's statement of financial position and income statement are in agreement with the books of account.

The Engagement Partner responsible for the audit resulting in this independent auditors' report is CPA Jacob Maina Gathecha – P/1610.

KPMG Kenya

Certified Public Accountants,
8th Floor, ABC Towers, Waiyaki Way,
P.O. Box 40612-00100 Nairobi, Kenya

Date: 7 August 2014

Consolidated Income Statement

		Year ended 30 June	
	Note	2014 Kshs'000	Restated 2013 Kshs'000
Revenue			
Cost of sales	6(a)	61,292,176	59,061,875
Gross profit	7	(31,098,550)	(31,562,560)
Selling costs	8	30,193,626	27,499,315
Administrative expenses	9(a)	(5,761,488)	(5,085,402)
Other (expenses)/income	10(a)	(9,344,130)	(7,555,030)
Finance income	13(a)	(422,462)	140,540
Finance costs	13(a)	84,942	174,154
Profit before income tax	11	(4,343,869)	(4,058,658)
Income tax expense	14(a)	10,406,619	11,114,919
Profit for the year		(3,548,011)	(4,592,719)
		6,858,608	6,522,200
Profit attributable to:			
Equity holders of the Company		6,498,725	6,763,609
Non controlling interest	18	359,883	(241,409)
Profit for the year		6,858,608	6,522,200
Earnings per share for profit attributable to the equity holders of the Company			
- Basic (Kshs per share)	15	8.22	8.55
- Diluted (Kshs per share)	15	8.21	8.54

The notes set out on pages 58 to 95 form an integral part of these financial statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Year ended 30 June	
		2014 Kshs'000	Restated 2013 Kshs'000
Profit for the year			
Other comprehensive income, net of tax:			
a) Items that may be reclassified to profit or loss		6,858,608	6,522,200
Exchange differences from translation of net foreign operations (Pages 52 & 53)			
b) Items that may not be reclassified to profit or loss		(25,059)	(189,700)
Total comprehensive income for the year		6,833,549	6,332,500
Total comprehensive income for the year attributable to:			
Equity holders of the Company		6,488,000	6,667,909
Non-controlling interest		345,549	(335,409)
Total comprehensive income for the year		6,833,549	6,332,500

The notes set out on pages 58 to 95 form an integral part of these financial statements

Separate Income Statement

Year ended 30 June

		2014	Restated 2013
	Note	Kshs'000	Kshs'000
Revenue		4,922,237	3,726,854
Administrative expenses	6(b)	(3,100,988)	(3,260,841)
Other income/(expense)	9(b)	230,068	(49,694)
Dividend income	10(b)	8,411,677	6,976,175
Finance income		1,020,125	1,109,288
Finance costs		(4,348,675)	(4,157,126)
Profit before income tax	13(b)	7,134,444	4,344,656
Income tax expense/ (credit)	13(b)	(102,265)	169,796
Profit for the year	14(b)	7,032,179	4,514,452

The notes set out on pages 58 to 95 form an integral part of these financial statements

Separate Statement of Profit or Loss and Other Comprehensive Income

	Year ended 30 June	
	2014 Kshs'000	2013 Kshs'000
Profit for the year	7,032,179	4,514,452
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	7,032,179	4,514,452

The notes set out on pages 58 to 95 form an integral part of these financial statements

Consolidated Statement of Financial Position

	Note	2014 Kshs'000	At 30 June 2013 Restated Kshs'000	2012 Restated Kshs'000
Equity attributable to the owners of Parent				
Share capital	17	1,581,547	1,581,547	1,581,547
Share premium	17	1,691,151	1,691,151	1,691,151
Capital reserve	36(a)	1,285,324	1,281,545	1,281,545
Retained earnings		22,501,939	20,352,473	19,717,366
Share based payment reserve	36(b)	73,387	71,373	67,046
Translation reserve	36(c)	177,666	188,391	284,091
		27,311,014	25,166,480	24,622,746
Non controlling interest	18	81,871	724,157	1,972,126
Other reserves	36(d)	(18,292,037)	(18,292,037)	(18,292,037)
		9,100,848	7,598,600	8,302,835
Total equity				
Non-current liabilities				
Borrowings	34(a)	22,294,103	19,841,923	19,982,236
Deferred tax liabilities	20(a)	4,010,342	3,673,093	3,402,418
		26,304,445	23,515,016	23,384,654
		35,405,293	31,113,616	31,687,489
Total equity and non-current liabilities				
Non-current assets				
Property, plant and equipment	21(a)	37,254,785	33,715,088	31,246,602
Intangible asset – software	22(a)	434,439	424,076	249,649
Intangible asset – Goodwill	23(a)	3,577,191	3,577,191	3,577,191
Intangible asset – Brand	23(b)	563,005	563,005	563,005
Prepaid operating lease rentals	24(a)	10,957	11,248	10,934
Other investments	26	10,000	10,400	10,400
Deferred tax assets	20(a)	1,208,412	826,352	455,717
		43,058,789	39,127,360	36,113,498
Current assets				
Inventories	28	9,703,689	7,470,607	7,957,272
Trade and other receivables	29(a)	7,716,617	9,015,822	8,189,805
Income tax recoverable	14(a)	1,285,448	700,582	912,723
Cash and bank balances	33(c)	1,101,400	1,406,091	997,973
		19,807,154	18,593,102	18,057,773
Current liabilities				
Trade and other payables	30(a)	12,351,560	14,194,970	15,327,378
Dividends payable	16	800,180	717,922	615,420
Income tax payable	14(a)	4,985	449,688	492,442
Borrowings	34(a)	12,545,500	4,951,344	4,856,500
Bank overdraft	34(a)	1,758,425	6,292,922	1,192,042
		27,460,650	26,606,846	22,483,782
		(7,653,496)	(8,013,744)	(4,426,009)
Net current liabilities				
		35,405,293	31,113,616	31,687,489
Net assets				

The financial statements on pages 46 to 95 were approved by the Board of Directors on 7 August 2014 and were signed on their behalf by:

Mr. Charles Ireland, Group Managing Director

Ms. Tracey Barnes, Group Finance Director

The notes set out on pages 58 to 95 form an integral part of these financial statements

Separate Statement of Financial Position

		At 30 June	
	Note	2014 Kshs'000	2013 Kshs'000
Capital and reserves			
Share capital	17	1,581,547	1,581,547
Share premium	17	1,691,151	1,691,151
Capital reserve	36(a)	25,616	21,837
Retained earnings		8,809,458	6,126,536
Share based payment reserve	36(b)	73,387	71,373
Total equity		12,181,159	9,492,444
Non-current liabilities	34(b)	21,181,702	19,469,236
Borrowings		33,362,861	28,961,680
Total equity and non-current liabilities			
Non-current assets			
Property, plant and equipment	21(b)	442,608	312,464
Intangible asset – software	22(b)	188,955	219,302
Prepaid operating lease rentals	24(b)	1,335	1,407
Investment in subsidiaries	25	29,844,237	29,843,965
Other investments	26	10,000	10,400
Receivable from related party	35 (c)	3,923,980	-
Deferred tax asset	20(b)	850,983	954,734
		35,262,098	31,342,272
Current assets			
Trade and other receivables	29(b)	17,466,895	11,237,125
Income tax recoverable	14(b)	466,864	419,624
		17,933,759	11,656,749
Current liabilities			
Trade and other payables	30(b)	5,376,538	5,050,047
Dividends payable	16	800,180	717,922
Borrowings	34(b)	12,545,500	4,765,000
Bank overdraft	34(b)	1,110,778	3,504,372
		19,832,996	14,037,341
Net current liabilities		(1,899,237)	(2,380,592)
Net assets		33,362,861	28,961,680

The financial statements on pages 46 to 95 were approved by the Board of Directors on 7 August 2014 and were signed on their behalf by:

Mr. Charles Ireland, Group Managing Director

Ms. Tracey Barnes, Group Finance Director

The notes set out on pages 58 to 95 form an integral part of these financial statements

Consolidated Statement of Changes in Equity (Continued)

Year ended 30 June 2013	Share capital	Share premium	Capital reserve	Translation reserves	Retained earnings	Share based payment reserve	Other reserves	Total	Non controlling interest	Total Equity
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
As at 1 July 2012										
As previously stated	1,581,547	1,691,151	1,281,545	284,091	19,928,019	67,046	(18,292,037)	6,541,362	2,174,518	8,715,880
Prior period adjustment (Note 37)	-	-	-	-	(210,653)	-	-	(210,653)	(202,392)	(413,045)
At 1 July 2012 – As restated	1,581,547	1,691,151	1,281,545	284,091	19,717,366	67,046	(18,292,037)	6,330,709	1,972,126	8,302,835
Comprehensive income										
Profit for the year - restated	-	-	-	-	6,763,609	-	-	6,763,609	(241,409)	6,522,200
Other comprehensive income	-	-	-	(95,700)	-	-	-	(95,700)	(94,000)	(189,700)
Total comprehensive income for the year	-	-	-	(95,700)	6,763,609	-	-	6,667,909	(335,409)	6,332,500
Transactions with owners										
Share based payment reserve	-	-	-	-	-	4,327	-	4,327	-	4,327
Dividends:										
- 2012 final paid	-	-	-	-	(4,942,340)	-	-	(4,942,340)	(912,560)	(5,854,900)
- 2013 interim paid	-	-	-	-	(1,186,162)	-	-	(1,186,162)	-	(1,186,162)
Total transactions with owners	-	-	-	-	(6,128,502)	4,327	-	(6,124,175)	(912,560)	(7,036,735)
Balance at 30 June 2013	1,581,547	1,691,151	1,281,545	188,391	20,352,473	71,373	(18,292,037)	6,874,443	724,157	7,598,600

The notes set out on pages 58 to 95 form an integral part of these financial statements

Separate Statement of Changes in Equity

Year ended 30 June 2014	Share capital	Share premium	Capital reserve	Retained earnings	Share based payment reserve	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
At 1 July 2013	1,581,547	1,691,151	21,837	6,126,536	71,373	9,192,444
Comprehensive income						
Profit for the year	-	-	-	7,032,179	-	7,032,179
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	7,032,179	-	7,032,179
Prior period adjustment (Note 37)	-	-	3,779	-	-	3,779
Transactions with owners						
Share based payment	-	-	-	-	2,014	2,014
Dividends:						
- Final for 2013 final paid	-	-	-	(3,163,096)	-	(3,163,096)
- Interim for 2014 paid	-	-	-	(1,186,161)	-	(1,186,161)
Total transactions with owners	-	-	3,779	(4,349,257)	2,014	(4,343,464)
Balance at 30 June 2014	1,581,547	1,691,151	25,616	8,809,458	73,387	12,181,159

The notes set out on pages 58 to 95 form an integral part of these financial statements

Separate Statement of Changes in Equity (Continued)

Year ended 30 June 2013	Share capital	Share premium	Capital reserve	Retained earnings	Share based payment reserve	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
At 1 July 2012	1,581,547	1,691,151	21,837	7,740,586	67,046	11,102,167
Comprehensive income						
Profit for the year	-	-	-	4,514,452	-	4,514,452
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	4,514,452	-	4,514,452
Transactions with owners						
Share based payment	-	-	-	-	4,327	4,327
Dividends:						
- Final for 2012 final paid	-	-	-	(4,942,340)	-	(4,942,340)
- Interim for 2013 paid	-	-	-	(1,186,162)	-	(1,186,162)
Total transactions with owners	-	-	-	(6,128,502)	4,327	(6,124,175)
Balance at 30 June 2013	1,581,547	1,691,151	21,837	6,126,536	71,373	9,492,444

The notes set out on pages 58 to 95 form an integral part of these financial statements

Consolidated Statement of Cash Flows

		Year ended 30 June	
	Note	2014 Kshs'000	2013 Kshs'000
Operating activities			
Cash generated from operations	33(a)	15,180,597	16,871,259
Interest received	13(a)	24,072	39,268
Interest paid	13(a)	(4,343,869)	(4,057,989)
Income tax paid	14(a)	(4,667,510)	(4,549,673)
Net cash generated from operating activities		6,193,290	8,302,865
Investing activities			
Purchase of property, plant and equipment	21(a)	(6,940,638)	(6,633,173)
Proceeds from disposal of leasehold land and buildings		-	18,000
Proceeds from disposal of property, plant and equipment		152,507	627,350
Proceeds on disposal of investment	26	50,000	-
Net cash used in investing activities		(6,738,131)	(6,047,823)
Financing activities			
Dividends paid to company's shareholders	16	(4,267,000)	(6,026,000)
Dividends paid to non-controlling interests		(987,835)	(912,560)
Proceeds from borrowings	34(a)	10,605,366	165,000
Loan repayments	34(a)	(575,884)	(174,244)
Net cash generated from/(used in) financing activities		4,774,647	(6,947,804)
Net increase/(decrease) in cash and cash equivalents		4,229,806	(4,692,762)
Movement in cash and cash equivalents			
Cash and cash equivalents at start of year		(4,886,831)	(154,069)
Net increase/(decrease) in cash and cash equivalents		4,229,806	(4,692,762)
Cash and cash equivalents at end of year	33(c)	(657,025)	(4,886,831)

The notes set out on pages 58 to 95 form an integral part of these financial statements

Separate Statement of Cash Flows

		Year ended 30 June	
	Note	2014 Kshs'000	2013 Kshs'000
Operating activities			
Cash utilised in operations	33(b)	(6,355,841)	(6,542,127)
Interest income	13(b)	1,020,125	993,031
Interest expense	13(b)	(4,348,675)	(4,157,126)
Income tax paid	14(b)	(45,754)	(87,915)
Net cash used in operating activities		(9,730,145)	(9,794,137)
Investing activities			
Purchase of property, plant and equipment	21(b)	(175,490)	(39,133)
Proceeds on disposal of property, plant and equipment		80,381	-
Disposal of investment	26	50,000	-
Dividends received from subsidiaries		6,942,882	11,946,175
Net cash used in investing activities		6,897,773	11,907,042
Financing activities			
Dividends paid to company's shareholders	16	(4,267,000)	(6,026,000)
Proceeds from borrowings	34(b)	9,492,966	165,000
Net cash generated from financing activities		5,225,966	(5,861,000)
Net decrease in cash and cash equivalents		2,393,594	(3,748,095)
Movement in cash and cash equivalents			
Cash and cash equivalents at start of year		(3,504,372)	243,723
Net increase/(decrease) in cash and cash equivalents		2,393,594	(3,748,095)
Cash and cash equivalents at end of year	33(c)	(1,110,778)	(3,504,372)

The notes set out on pages 58 to 95 form an integral part of these financial statements

Notes

1 General information

The Company is incorporated as a limited company in Kenya under the Kenyan Companies Act and is domiciled in Kenya. The address of its registered office is as follows:

East African Breweries Limited
Corporate Centre, Ruaraka
P.O Box 30661
00100 Nairobi GPO

The consolidated financial statements for the company as at 30 June 2014 and for the year then ended comprise the company and the subsidiaries (together referred to as the Group and individually as 'Group entities'). The Group is primarily involved in marketing, manufacturing and selling of drinks, glass, containers, malt and barley.

The company's shares are listed on the Nairobi Securities Exchange, Dar es Salaam Stock Exchange and Uganda Stock Exchange. For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the income statement, in these financial statements.

2 Summary of significant accounting policies

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

(a) Basis of preparation

(i) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the Kenyan Companies Act. The financial statements have been prepared under the historical cost convention except where otherwise stated in the accounting policies.

(ii) Functional and presentation currency

The financial statements are presented in Kenya Shillings which is the Company's functional currency. All financial information presented in Kenya shillings have been rounded to the nearest thousand except when otherwise indicated. Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates 'the functional currency' except where otherwise indicated.

(iii) Use of judgement and estimates

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

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

New standard or amendments	Effective for annual periods beginning on or after
• IAS 1: Presentation of Financial Statements	1 January 2013
• Amendments to IFRS 7 - Disclosures Offsetting Financial Assets and Financial Liabilities.	1 January 2013
• IFRS 10-Consolidated Financial Statements	1 January 2013
• IFRS 11-Joint Arrangements	1 January 2013
• IFRS 12-Disclosure of Interests in Other Entities	1 January 2013
• IFRS 13-Fair value measurement	1 January 2013
• IAS 19-Employee Benefits (2011)	1 January 2013
• IAS 27-Separate Financial Statements (2011)	1 January 2013
• IAS 28-Investments in Associates and Joint Ventures (2011)	1 January 2013

Impact of relevant new and amended standards and interpretations on the financial statements for the year ended 30 June 2014 are as follows:

(i) IFRS 10: Consolidated Financial Statements

IFRS 10 requires an entity (the parent) that controls one or more other entities (subsidiaries) to present consolidated financial statements. The IFRS replaces the requirements previously in IAS 27 'Consolidated and Separate Financial Statements' and SIC-12 Consolidation-Special Purpose Entities.

The Standard defines the principle of control and establishes control as a basis of consolidation. It sets out how to apply the principle of control to identify whether an

Notes (Continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

(i) IFRS 10: Consolidated Financial Statements (continued)

investor controls an investee and therefore must consolidate the investee, sets out the accounting treatment for the preparation of consolidated financial statements and defines an investment entity and sets out an exception to consolidating particular subsidiaries of an entity. An investor controls an investee if and only if the investor has all of the following:

- power over the investee
- exposure, or rights to variable returns from its involvement with the investee
- the ability to use its power over the investee to affect the amount of the investor's returns

The Group reassessed its control conclusions as of 1 July 2013. Following the reassessment, there was no impact on the Group Financial Statements.

(ii) IFRS 12: Disclosure of Interests in Other Entities

IFRS 12 requires an entity to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

To meet the disclosure requirements, the IFRS requires an entity to present information relating to:

- Significant judgments and assumptions it has made in determining the nature of its interests in another entity or arrangement,
- Information about interests in subsidiaries, joint arrangements and associates and structured entities that are not controlled by the entity (unconsolidated structured entities).

The Group has made adequate disclosures about its interests in subsidiaries in line with IFRS 12.

(iii) IFRS 13: Fair Value Measurements

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). That definition of fair value emphasises that fair value is a market-based measurement, not an entity-specific measurement.

When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfill a liability is not relevant when measuring fair value.

The IFRS explains that a fair value measurement requires an entity to determine the following:

- the particular asset or liability being measured;
- for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis;
- the market in which an orderly transaction would take place for the asset or liability; and
- the appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximise the use of relevant observable inputs and minimise unobservable inputs. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability.

Some IFRSs require or permit entities to measure or disclose fair value of assets, liabilities or their own equity instruments. Because those IFRS were developed over many years, the requirement for measuring fair value and for disclosing information about fair value measurements were dispersed and in many cases did not articulate a clear measurement or disclosure objective. There was hence not always consistent guidance across the IFRSs that refer to fair value hence hampering comparability of information reported in financial statements. IFRS 13 remedies the situation.

In accordance with the transitional provisions of IFRS 13, the Group has applied the new definition of fair value, prospectively. The change had no significant impact on the measurements of the Group's assets and liabilities, but the Group has included new disclosures in the financial statements, which are required under IFRS 13. These new disclosure requirements are not included in the comparative information. However, to the extent that disclosures were required by other standards before the effective date of IFRS 13, the Group has provided the relevant comparative disclosures under those standards.

(iv) Amendments to IFRS 7: Disclosures-Offsetting Financial Assets and Financial Liabilities

Amends the disclosure requirements in IFRS 7 Financial Instruments disclosures to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 Financial Instruments: Presentation.

The amendments also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements of similar agreements even if they are not set off under IAS 32. The IASB believes that these disclosures will allow financial statement users to evaluate the effect or potential effect of netting arrangements, including rights of set off associated with an entity's recognised financial assets and financial liabilities on the entity's financial position.

As a result of the amendments to IFRS 7, the Group has expanded disclosures about offsetting financial assets and financial liabilities.

Notes (Continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

(v) *IAS 1: Presentation of Financial Statements*

As a result of amendment to IAS 1, the group has modified the presentation of items of Other Comprehensive Income (OCI) in its statement of profit and loss and OCI to present separately items that would be reclassified to profit and loss from those that would never be. Comparative information has been re-presented accordingly.

(vi) *IAS 27: Separate Financial Statements*

The amended IAS 27-Separate Financial Statements now only deals with requirements for separate financial statements which have been carried over largely unamended from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated Financial Statements are now contained in IFRS 10-Consolidated Financial Statements.

The Standard requires that when an entity prepares separate financial statements, investments in subsidiaries, associates and jointly controlled entities are accounted for either at cost or in accordance with IFRS 9, Financial Instruments.

The Standard also deals with the recognition of dividends, certain group reorganisations, and includes a number of disclosure requirements.

(v) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group*

New standard or amendments	Effective for annual periods beginning on or after
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• IFRS 9 -Financial Instruments (2010)	1 January 2018
• Amendments to IAS 32-Offsetting Financial Assets and Financial Liabilities (2011)	1 January 2014
• Investment Entities -Amendments to IFRS 10, IFRS 12, and IAS 27- (2012)	1 January 2014
• Amendments to IAS 36-Recoverable Amount: Disclosures for Non-Financial Assets (2013)	1 January 2014
• FRIC 21 Levies (2013)	1 January 2014
• IFRS 15 Revenue from Contracts with Customers	1 January 2014

The Group is currently in the process of evaluating the potential effect of these standards.

The following are new standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted by the Group.

(a) *Investment entities (Amendments to IFRS 10, IFRS 12 and IAS 27)*

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27), issued in October 2012, introduced an exception to the principle that all subsidiaries shall be consolidated. The amendments define an investment entity and require a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss in accordance with IFRS 9 Financial Instruments instead of consolidating those subsidiaries in its consolidated and separate financial statements. In addition, the amendments introduce new disclosure requirements related to investment entities in IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements. These amendments will become effective for financial year commencing on 1st January 2014.

The parent company does not qualify to be classified as an Investment Entity as defined in the new amendments. These amendments will therefore have no effect on the Group's financial statements or the separate financial statements of the company.

(b) *Financial Assets and Financial Liabilities (Amendments to IAS 32)*

Offsetting Financial Assets and Financial Liabilities (amendments to IAS 32 Financial Instruments: Presentation) — These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

Disclosures — Offsetting Financial Assets and Financial liabilities (amendments to IFRS 7 Financial Instruments: Disclosures) — These disclosures, would provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on an entity's financial position and analysing and comparing financial statements prepared in accordance with IFRSs and US GAAP.

These amendments will become effective for financial year commencing on 1st January 2014. The Group's policy is to offset financial assets and financial liabilities when there is a legally enforceable right to offset the recognised amount and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The clarification contained in these amendments reinforces the Group's policy and would not alter the manner in which offsetting arrangements are accounted for. The additional disclosure requirements in IFRS 7 would require the Group to disclose gross amounts before any offsetting arrangement.

Notes (Continued)

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(v) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

(c) *Recoverable amount disclosures for Non-Financial assets (Amendments to IAS 36)*

The amendments eliminate the requirement to disclose the recoverable amount of each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit is significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. The amendments require the disclosure of the recoverable amount of an asset (including goodwill) or cash-generating unit when a material impairment loss is recognized or reversed during the period for that asset or unit.

These amendments will become effective for financial year commencing on 1st January 2014.

(d) *Novation of Derivatives and continuation of Hedge Accounting (Amendments to IAS 39)*

IAS 39 requires hedge accounting to be discontinued when the hedging instrument expires or is sold, terminated or exercised, unless the replacement or rollover of a hedging instrument into another hedging instrument is part of the entity's documented hedging strategy. The amendments clarify that an entity is required to discontinue the hedge accounting for a derivative that has been designated as a hedging instrument in an existing hedging relationship if the derivative is novated to a Central Counter Party.

These amendments will become effective for financial year commencing on 1st January 2014.

The Group does not have any derivatives and is currently not employing hedge accounting. Consequently these changes would have no impact of the Group's financial statements.

(e) *IFRIC 21 Levies*

The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognised before the specified minimum threshold is reached.

These interpretations will become effective for annual periods commencing on 1st January 2014.

The legislation regarding levies in the jurisdictions where the Group operates provide for specific dates when these levies are due and payable. There is no ambiguity when the liability arises. The Group therefore complies with the interpretations proposed in IFRIC 21.

(f) *Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)*

The amendments clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the number of years of service.

The amendments are effective for annual periods beginning on or after 1 July 2014, with earlier application being permitted.

The adoption of these changes would not affect the amounts and disclosures of the Group's defined benefits obligations.

(g) *IFRS 15 Revenue from Contracts with Customers (Effective 31 December 2017)*

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

(h) *IFRS 9 Financial Instruments*

IFRS 9 introduces new requirements for the classification and measurement of financial assets and financial liabilities. Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. In addition IFRS 9 has introduced new requirements on accounting for impairment based on expected credit losses on an entity's financial assets and commitments to extend credit. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. IASB has also issued a new general hedge accounting standard which aligns hedge accounting more closely with risk management, and establishes a more principle based approach to hedge accounting.

The standard is effective for annual period beginning on or after 1 January 2018. Management is still evaluating the impact of the new standard to the group

Notes (Continued)

2 Summary of significant accounting policies (continued)

(b) Basis of Consolidation

The Group accounts for business combinations using the acquisition method when the control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred except if related to the issue of debt or equity securities.

(i) Subsidiaries

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

(ii) Non-controlling interest (NCI)

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

(iii) Transactions eliminated at consolidation

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

(c) Revenue recognition

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

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

Revenue is recognised as follows:

- i) Sales of goods are recognised in the period in which the Group delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) Dividend income is recognised as income in the period in which the right to receive payment is established.
- iii) Royalty income is recognised based on agreed rates applied on net sales value of the related products.
- iv) Management fees are recognised based on actual costs plus an agreed mark up.

(d) Finance income and expenses

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

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

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

(e) Foreign currency translation

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

Consolidation of group entities

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

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

Notes (Continued)

2 Summary of significant accounting policies (continued)

(e) Foreign currency translation (continued)

Consolidation of group entities (continued)

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

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

(f) Property, plant and equipment

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

Expenditure on Assets under Construction is charged to work in progress until the asset is brought into use. Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Depreciation is recognised in profit or loss account on a straight-line basis to write down the cost of each asset, to its residual value over its estimated useful life as follows:

Buildings	25 years or the unexpired period of the lease if less than 25 years
Plant and machinery	5 – 33 years
Equipment and motor vehicles	4 – 5 years
Returnable packaging (bottles and crates)	5 – 15 years

Freehold land is not depreciated.

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

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

(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 of intangible asset from the date that they are available for use. The estimated useful life is three to five years.

(ii) Goodwill

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

(iii) Brands

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

Notes (Continued)

2 Summary of significant accounting policies (continued)

(h) Financial instruments

(i) Classification

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

Loans and receivables

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

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

Other financial liabilities

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

(ii) Recognition

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

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

(iii) Measurement

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

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

(iv) De-recognition

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

(v) Offsetting of financial assets and liabilities

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

(i) Leases

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

The leased assets are not recognised in the Group's statement of financial position.

(j) 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). Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(k) Employee benefits

(i) Retirement benefit obligations

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

Notes (Continued)

2 Summary of significant accounting policies (continued)

(k) Employee benefits (continued)

(i) Retirement benefit obligations (continued)

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

(ii) Share-based payment transactions

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

(iii) Termination benefits

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

(iv) Short-term employee benefits

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

(l) Current and deferred tax

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the

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

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

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

(m) Dividends

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

(n) Segmental reporting

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

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

Notes (Continued)

2 Summary of significant accounting policies (continued)

(o) Impairment

(i) Impairment of financial assets

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

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

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

(ii) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

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

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

(p) Cash and cash equivalents

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

(q) Earnings per share

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

(r) Share capital

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

(s) Comparative information

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year, and to correct errors in prior years. Deferred tax has been restated. Refer to Note 20 and Note 37.

(t) Other investments

Other investments are measured at cost.

Notes (Continued)

3 Critical accounting estimates and judgements

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

Critical accounting estimates and assumptions

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

Fair value estimation

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

Impairment of goodwill and other indefinite lived intangible assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(g). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations as stated in Note 23.

Income taxes

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

Property, plant and equipment

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

Receivables

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

Critical judgements in applying Group's accounting policies in determining:

- i. the classification of financial assets and leases;
- ii. whether assets are impaired.

4 Financial risk management objectives and policies

Overview

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

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

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

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

(a) Credit risk

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

Trade and other receivables

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

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

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

Notes (Continued)

4 Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

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

Investments

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

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

	2014	2013
Group	Kshs'000	Kshs'000
Trade receivables (Note 29(a))	5,027,035	4,832,776
Other receivables (Note 29(a))	1,321,108	3,391,585
Receivables from related parties (Note 29(a))	25,184	177,701
Cash and bank balances (Note 33(c))	1,101,400	1,406,091
	7,474,727	9,808,153

	2014	2013
Company	Kshs'000	Kshs'000
Trade and other receivables	21,390,875	11,237,125

Group

The ageing of trade and other receivables at the reporting date was:

2014	Gross Kshs'000	Impairment Kshs'000	Net Kshs'000
Current	4,826,193	-	4,826,193
Past Due			
0-30 days	640,284	-	640,284
31-120 days	429,333	(35,312)	394,021
120 days and above	1,195,878	(683,049)	512,829
	7,091,688	(718,361)	6,373,327

2013	Gross Kshs'000	Impairment Kshs'000	Net Kshs'000
Current	6,458,270	-	6,458,270
Past Due			
0-30 days	657,649	(27,179)	630,470
31-120 days	130,754	(2,087)	128,667
120 days and above	1,789,170	(603,604)	1,185,566
	9,035,937	(633,875)	8,402,062

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

	2014 Kshs'000	2013 Kshs'000
At start of year	633,875	501,981
Impairment loss recognised in profit or loss account	(163,976)	33,172
At end of year	718,361	633,875

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

Notes (Continued)

4 Financial risk management objectives and policies (continued) (a) Credit risk (continued)

Company

The ageing of trade and other receivables at the reporting date was:

	Gross	Impairment	Net
	Kshs'000	Kshs'000	Kshs'000
2014			
Current (Note 29(b))	17,466,895	-	17,466,895
120 days and above (Note 35(c))	3,923,980	-	3,923,980
	21,390,875	-	21,390,875
2013			
Current	11,237,125	-	11,237,125

(b) Liquidity risk

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

The Group had credit facility arrangements with both a related party and banks as at 30 June 2014. The facilities include up to Kshs 43 billion (2013: Kshs 32 billion) in intercompany facilities, commercial paper, bank overdrafts and short term loans with various banks across East Africa.

Group

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

2014	Total amount	Current	0 – 30 days	31 – 120 days	121 + days
Financial liabilities	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Trade and other payables (Note 30(a))	12,351,560	8,211,030	3,113,239	1,027,291	-
Dividends payable	800,180	-	-	-	800,180
Borrowings (Note 34(a))	36,598,028	-	-	-	36,598,028
	49,749,768	8,211,030	3,113,239	1,027,291	37,398,208
2013	Total amount	Current	0 – 30 days	31 – 120 days	121 + days
Financial liabilities	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Trade and other payables (Note 30(a))	14,194,970	13,446,664	458,602	289,704	-
Dividends payable	717,922	-	-	-	717,922
Borrowings (Note 34(a))	31,086,189	-	-	-	31,086,189
	45,999,081	13,446,664	458,602	289,704	31,804,111

Notes (Continued)

4 Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

Company

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

2014	Total amount	Current	0 – 30 days	31 – 120 days	121 + days
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Financial liabilities					
Trade and other payables (Note 30(b))	5,376,538	4,721,808	654,104	626	-
Dividends payable	800,180	-	-	-	800,180
Borrowings (Note 34(b))	34,837,980	1,110,778	-	-	33,727,202
	41,014,698	5,832,586	654,104	626	34,527,382

2013	Total amount	Current	0 – 30 days	31 and above
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Financial liabilities				
Trade and other payables (Note 30(b))	5,050,047	4,847,020	136,527	66,500
Dividends payable	717,922	-	-	717,922
Borrowings (Note 34(b))	27,738,608	-	-	27,738,608
	33,506,577	4,847,020	136,527	28,523,030

(c) Market risk

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

(i) Foreign currency risk

Foreign currency risk arises on sales, purchases and borrowings denominated in currencies other than the functional currency of the entities in the group. Repayments of foreign currency denominated borrowings are financed by receipts of foreign currency debtors, thereby managing the risk.

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

2014: Group	EUR	GBP	TZS	UGX	USD	SSP
	'000	'000	'000	'000	'000	'000
Monetary assets						
Cash and bank balances	43	122	-	1,731,479	2,896	18,160
Trade and other receivables	64	5,859	20,487,476	11,826,647	21,587	3,466
	107	5,981	20,487,476	13,558,126	24,483	21,626
Monetary liabilities						
Trade and other payables	(1,794)	(5,290)	(25,245,764)	(8,992,418)	(5,402)	(1,201)
Borrowings	(794)	(2,661)	(11,930,807)	-	-	-
	(2,588)	(7,951)	(37,176,571)	(8,992,418)	(5,402)	(1,201)
Net open position	(2,481)	(1,970)	(16,689,095)	4,565,708	19,081	20,425

Notes (Continued)

4 Financial risk management objectives and policies (continued)

(c) Market risk (continued)

(i) Foreign currency risk (continued)

2013: Group	EUR	GBP	TZS	UGX	USD	ZAR
	'000	'000	'000	'000	'000	'000
Monetary assets						
Cash and bank balances				4,013,620	73	
Trade and other receivables	543	2,689	75,180,775	13,236,126	26,262	
	543	2,689	75,180,775	17,249,746	26,335	
Monetary liabilities						
Trade and other payables	(11,924)	(30,794)	(13,896,907)	(11,225,080)	(11,720)	(3,900)
Borrowings		(7,677)	(52,719,048)	(559,031)		
	(11,924)	(38,471)	(66,615,955)	(11,784,111)	(11,720)	(3,900)
Net open position	(11,381)	(35,782)	8,564,820	5,465,635	14,615	(3,900)

2014: Company	EUR	GBP	SSP	TZS	UGX	USD	ZAR
	'000	'000	'000	'000	'000	'000	'000
Monetary assets							
Cash and bank balances						2,801	
Trade and other receivables	12	5,402	3,052	234,775	6,713,880	10,477	
Monetary liabilities							
Borrowings	(794)	(2,661)					
Trade and other payables	(2)	(1,161)				(199)	(1,013)
Net open position	(784)	1,580	3,052	234,775	6,713,880	13,079	(1,013)

2013: Company	EUR	GBP	TZS	UGX	USD	ZAR
	'000	'000	'000	'000	'000	'000
Monetary assets						
Trade and other receivables	88	1,007		3,307,894	52	
Monetary liabilities						
Trade and other payables	(66)	(1887)	(3,059,696)	(308,103)	(473)	
Net open position	22	(880)	(3,059,696)	2,999,791	(421)	-

The following exchange rates were applied during the year:

Currency	Average rate		Closing rates	
	2014	2013	2014	2013
EUR - KSHS	118.12	110.7	119.85	111.69
GBP - KSHS	142.07	133.86	149.81	130.68
SSP - KSHS	27.90		29.67	28.04
TZS - KSHS	0.05	0.05	0.05	0.05
UGX - KSHS	0.03	85.26	0.03	85.97
USD - KSHS	86.72	30.44	87.61	30.18
ZAR - KSHS	8.33	9.59	8.24	8.69

Sensitivity analysis on foreign currency rates

A 5 percent strengthening of the Kenya shilling against the following currencies as at 30 June 2014 would have increased/ (decreased) profit before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remains constant. The analysis is performed on the same basis as for 2013.

Notes (Continued)

4 Financial risk management objectives and policies (continued)

(c) Market Risk (continued)

(i) Foreign currency risk (continued)

Group:		Income statement	
Effect in Kenya shillings thousands		2014	2013
As at 30 June		Kshs'000	Kshs'000
		14,867	63,557
EUR		14,756	233,800
GBP		41,723	(22,634)
TZS		(6,849)	(9,055)
UGX		(83,584)	(62,823)
USD		(30,286)	-
SSP		-	1,695
ZAR		-	-
		(49,373)	204,540

Company:		Income statement	
Effect in Kenya shillings thousands		2014	2013
As at 30 June		Kshs'000	Kshs'000
		178	-
AUD		(177)	-
CAD		(4,696)	-
EUR		11,835	-
GBP		4,527	-
SSP		623	(12,344)
TZS		11,310	(12,103)
UGX		57,291	-
USD		(417)	-
ZAR		80,474	3,061

A 5 percent weakening of the Kenya shilling against the above currencies at 30 June 2014 could have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk

The Group's interest bearing financial assets and financial liabilities include bank loans and overdrafts. These are at variable rates, on which they are therefore exposed to cash flow interest rate risk. The Group regularly monitors financing options available to ensure optimum interest rates are obtained. At 30 June 2014, an increase/decrease of 1 percentage point would have resulted in a decrease/increase in consolidated post tax profit of Kshs 256,186,000 (2013: Kshs 217,603,000), mainly as a result of higher/lower interest charges on variable rate borrowings. The impact on the company's profit would have been Kshs 243,866,000 (2013: Kshs 194,170,000) higher/lower if the interest rates increased/decreased by 1 percentage point.

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

Group - As at 30 June	Effective interest rate	Total	On demand	Due between three and twelve months	Due in over twelve months
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	
2014					
Borrowings	11.91%	36,598,028	1,758,425	-	-
2013					
Borrowings	12.27%	31,086,189	6,292,927	4,951,344	-
Company - As at 30 June					
2014					
Bank and related party borrowings	11.67%	34,837,980	1,110,778	12,545,500	21,181,702
2013					
Bank and related party borrowings	-	-	-	4,165,000	22,973,608

(iii) Equity price risk

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

(d) Capital management

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

Notes (Continued)

4 Financial risk management objectives and policies (continued)

(e) Fair value

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

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

	Carrying amount			Fair value			Fair value Kshs '000
	Loans and receivables Kshs '000	Other amortized costs Kshs '000	Total carrying amount Kshs '000	Level 1 Kshs '000	Level 2 Kshs '000	Level 3 Kshs '000	
2014-Group							
Assets							
Financial assets							
Cash and bank balances	1,101,400	-	1,101,400	-	-	-	-
Trade and other receivables	6,373,327	-	6,373,327	-	-	-	-
Other investments	10,000	-	10,000	-	-	10,000	10,000
Total financial assets	7,484,727	-	7,484,727	-	-	10,000	10,000
Liabilities							
Borrowings	-	36,598,028	36,598,028	-	-	-	-
Trade and other payables	-	11,925,409	11,925,409	-	-	-	-
Dividends payable	-	800,180	800,180	-	-	-	-
Total financial liabilities	-	49,323,617	49,323,617	-	-	-	-
2013-Group							
Assets							
Financial assets							
Cash and bank balances	1,406,091	-	1,406,091	-	-	-	-
Trade and other receivables	8,402,062	-	8,402,062	-	-	-	-
Other investments	10,400	-	10,400	-	-	10,400	10,400
Total financial assets	9,818,553	-	9,818,553	-	-	10,400	10,400
Liabilities							
Borrowings	-	31,086,189	31,086,189	-	-	-	-
Trade and other payables	-	14,194,970	14,194,970	-	-	-	-
Dividends payable	-	717,922	717,922	-	-	-	-
Total financial liabilities	-	45,999,081	45,999,081	-	-	-	-

Notes (Continued)

4 Financial risk management objectives and policies (continued)

(e) Fair value (continued)

2014- Company	Carrying amount			Fair value			
	Loans and receivables	Other amortized costs	Total carrying amount	Level 1	Level 2	Level 3	Fair value
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Assets							
Financial assets							
Cash and bank balances	466,864	-	466,864	-	-	-	-
Trade and other receivables	11,237,125	-	11,237,125	-	-	-	-
Other investments	10,000	-	10,000	-	-	10,000	10,000
Total financial assets	11,713,989	-	11,713,989	-	-	10,000	10,000
Liabilities							
Borrowings	-	34,837,980	36,598,028	-	-	-	-
Trade and other payables	-	5,376,538	11,925,409	-	-	-	-
Dividends payable	-	800,180	800,180	-	-	-	-
Total financial liabilities	-	41,014,698	49,323,617	-	-	-	-
2013-Company							
Assets							
Financial assets							
Cash and bank balances	419,624	-	419,624	-	-	-	-
Trade and other receivables	17,466,895	-	17,466,895	-	-	-	-
Other investments	10,400	-	10,400	-	-	10,400	10,400
Total financial assets	17,896,919	-	17,896,919	-	-	10,400	10,400
Liabilities							
Borrowings	-	27,738,608	27,738,608	-	-	-	-
Trade and other payables	-	5,050,047	5,050,047	-	-	-	-
Dividends payable	-	717,922	717,922	-	-	-	-
Total financial liabilities	-	33,506,577	33,506,577	-	-	-	-

Notes (Continued)

5 Segmental reporting

Management has determined the operating segments based on the reports reviewed by the Group executive committee that are used to make strategic decisions. The committee considers the business from a geographical perspective. Geographically, management considers the performance of the business in Kenya, Uganda and Tanzania. The reportable operating segments derive their revenue primarily from brewing, marketing and selling of drinks, glass containers, malt and barley. The executive committee assesses the performance of the operating segments based on a measure of profit before income tax.

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

	Kenya and South Sudan		Uganda		Tanzania		Eliminations		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
External sales	43,157,783	42,184,290	11,086,372	9,771,053	7,048,021	7,106,532	-	-	61,292,176	59,061,875
Inter segment sales	7,362,905	7,696,139	667,966	695,233	63,186	381,594	(8,094,057)	(8,772,966)	-	-
Total sales	50,520,688	49,880,429	11,754,338	10,466,286	7,111,207	7,488,126	(8,094,057)	(8,772,966)	61,292,176	59,061,875

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

OTHER INFORMATION	Kenya and South Sudan		Uganda		Tanzania Restated		Eliminations Restated		Consolidated Restated	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Segment assets	89,724,907	79,246,994	7,976,653	7,701,616	13,479,779	14,379,764	(48,315,396)	(43,607,912)	62,865,943	57,720,462
Segment liabilities	54,745,494	48,480,176	6,292,749	4,569,923	11,505,439	14,647,258	(18,778,098)	(17,575,496)	53,765,094	50,121,861
Capital expenditure	5,186,578	4,712,723	774,383	720,422	979,677	1,260,028	-	-	6,940,638	6,693,173
Depreciation expense and amortisation	1,968,043	1,840,852	507,287	385,049	762,059	750,729	-	-	3,237,389	2,976,630

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. Sales between segments are carried out at arm's length. The revenue from external parties reported to the executive committee is measured in a manner consistent with that in the income statement. There is no reliance on individually significant customers by the group. The amounts provided to the executive committee in respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements.

Notes (Continued)

10 Other (expenses)/income (Continued)

	2014 Kshs '000	2013 Kshs '000
b) Company		
Profit on disposal of investment (Note 26)	49,600	-
Profit on disposal of property, plant and equipment	75,475	-
Transactional foreign exchange losses	123,055	36,816
Sundry income/(expenses)	383,536	(86,510)
Withholding tax irrecoverable	(401,598)	-
Other operating income/ (expenses) (net)	230,068	(49,694)

11 Profit before tax

The following items have been charged in arriving at the profit before income tax

	2014 Kshs '000	2013 Kshs '000
Depreciation on property, plant and equipment (Note 21(a))	3,183,114	2,945,976
Amortisation of intangible asset – software (Note 22(a))	53,969	30,347
Amortisation of prepared operating lease (Note 24(a))	306	307
Staff costs (Note 12(a))	4,757,206	5,598,101
Auditors' remuneration – current year	29,150	32,919
Prior year under provision	-	1,109

12 Staff costs

a) Group		
Salaries and wages	3,155,946	3,487,533
Defined contribution scheme	302,828	253,960
National Social Security Funds	90,666	116,982
Share based payments expense	33,980	7,385
Other staff costs	1,173,786	1,732,241
	4,757,206	5,598,101

b) Company

	2014 Kshs '000	2013 Kshs '000
Salaries and wages	1,043,105	1,163,521
Defined contribution scheme	45,490	8,477
National Social Security Funds	15,887	4,327
Share based payments expense	2,014	4,327
Other staff costs	499,397	274,338
	1,605,893	1,454,990

13 Net finance cost

a) Group

Finance income

	2014 Kshs '000	2013 Kshs '000
Interest income	24,072	39,268
Foreign exchange gains on cash and cash equivalents	60,870	134,886
	84,942	174,154

Finance cost

	2014 Kshs '000	2013 Kshs '000
Interest expense	(4,343,869)	(4,057,989)
Foreign exchange losses on cash and cash equivalents	-	(669)
	(4,343,869)	(4,058,658)
	(4,258,927)	(3,884,504)

b) Company

Finance income

	2014 Kshs '000	2013 Kshs '000
Interest income	1,020,125	993,031
Foreign exchange gains on cash and cash equivalents	-	116,257
	1,020,125	1,109,288

Finance cost

	2014 Kshs '000	2013 Kshs '000
Interest expense	(4,218,239)	(4,157,126)
Foreign exchange losses on cash and cash equivalents	(130,436)	-
	(4,348,675)	(4,157,126)
	(3,328,550)	(3,047,838)

Notes (Continued)

14 Income tax

a) Group	Restated	
	2014	2013
	Kshs '000	Kshs '000
i) Income tax expense		
Current income tax		
• Charge for the year	3,695,714	4,610,604
• (Over)/under provision of current tax in prior year	(52,647)	109,458
Current tax expense	3,642,467	4,720,062
Deferred tax (Note 20(a))		
• Credit for the year	(53,908)	(244,295)
• (Over)/under provision of deferred tax in prior year	(40,548)	116,952
Deferred tax charge/(credit)	94,456	(127,343)
	3,548,011	4,592,719

The prior year tax expense was restated due to an adjustment in the deferred tax balance. The adjustment was as a result of an overstatement of the deferred tax asset in one of the subsidiaries. Refer to Note 37. 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:

Profit before income tax	10,406,619	12,114,919
Tax calculated at the domestic statutory income tax rates of 30% (2013 – 30%)	3,121,986	3,334,476
Tax effects of:		
Expenses not deductible for tax purposes	650,256	1,056,238
Income not subject to tax	(131,036)	(24,405)
(Over)/Under provision in prior year – income tax	(52,647)	109,458
(Over)/Under provision in prior year – deferred tax	(40,548)	116,952
Income tax expense	3,548,011	4,592,719

(ii) Income tax recoverable	2014	2013
	Kshs'000	Kshs'000
Opening balance	250,894	420,281
Tax paid during the year	4,667,510	4,549,673
Current tax charge	(3,695,114)	(4,610,604)
Prior year over/(under) provision	52,647	(109,458)
Translation difference	4,526	1,002
	1,280,463	250,894
Analysed as follows		
Income tax recoverable	1,285,448	700,582
Income tax payable	(4,985)	(449,688)
	1,280,463	250,894

(b) Company

Income tax expense/(credit)		
• Current income tax		
• (Under)/over provision of current tax in prior year	(1,486)	58,280
	(1,486)	58,280
Deferred tax (Note 20(b))		
• Charge (Credit for the year)	124,809	(228,076)
• (Under)/over provision of deferred tax in prior year	(21,058)	
	103,751	(228,076)
Income tax expense/(credit)	102,265	(169,796)

Notes (Continued)

14 Income tax (continued)

(b) Company (continued)

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

	2014	2013
	Kshs'000	Kshs'000
Profit before income tax	7,134,444	4,344,656
Tax calculated at the domestic statutory income tax rates of 30% (2013 – 30%)	2,140,333	1,303,397
Tax effects of:		
Expenses not deductible for tax purposes	546,252	538,633
Income not subject to tax	(2,561,776)	(2,070,106)
Under provision in prior year – current tax	(1,486)	58,280
Under provision in prior year – deferred tax	(21,058)	
Income tax expense/(credit)	102,265	(169,796)

(ii) Income tax recoverable	2014	2013
	Kshs'000	Kshs'000
Opening balance	419,624	389,989
Tax paid during the year	45,754	87,915
Prior year under/(over) provision	1,486	(58,280)
Income tax recoverable	466,864	419,624

15 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2014 was based on profit attributable to ordinary shareholders of Kshs 6,498,725,000 (2013: Kshs 6,763,609,000) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2014 of 790,785,034 (2013 – 790,975,950) as the effect of share options exercised is immaterial.

	2014	2013
Issued ordinary shares at 1 July (Note 17)	790,774,356	790,774,356
Effects of share options exercised (Note 27)	10,678	201,594
	790,785,034	790,975,950

Diluted earnings per share

The calculation of diluted earnings per share as at 30 June 2014 was based on profit attributable to ordinary shareholders of Kshs 6,498,725,000 (2013: Kshs 6,763,609,000) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2014 of 791,530,463 (2013 – 791,551,087).

	2014	2013
Weighted number of ordinary shares	790,785,004	790,794,950
Effects of share options on issue (Note 27)	745,459	756,137
	791,530,463	791,551,087

16 Dividends per share

A final dividend in respect of the year ended 30 June 2014 of Kshs 4.00 per share (2013: Kshs 4.00) amounting to a total of Kshs 3,163,097,000 (2013: Kshs 3,163,097,000) has been proposed. During the year an interim dividend of Kshs 1.50 per share amounting to a total of Kshs 1,186,162,000 was paid. The total dividend for the year is therefore Kshs 5.50 per share (2013: Kshs 5.50), amounting to a total of Kshs 4,349,259,000 (2013: Kshs 4,349,259,000).

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

The following is the movement in dividends during the year:

Group and Company	2014	2013
	Kshs'000	Kshs'000
Opening balance	717,922	615,420
Dividend declared during the year	4,349,258	6,128,502
Dividends paid	(4,267,000)	(6,026,000)
Closing balance	800,180	717,922

Notes (Continued)

17 Share capital and share premium

	Number of shares (Thousands)	Ordinary shares Kshs'000	Share premium Kshs'000
Issued and fully paid up - Balance at 30 June 2013 and 30 June 2014	190,774	1,581,547	1,691,151

The total authorised number of ordinary shares is 1,000,000,000 with a par value of Kshs 2 per share. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the company. All shares rank equally with regard to the company assets.

18 Non controlling interest

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

30 June 2014	UDV (Kenya) Limited	Serengeti Breweries Limited	Other Subsidiaries with imma- terial NCI	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Non controlling interest percentage	53.68%	49%	1% - 1.8%	
Non-current assets	742,189	10,770,316	5,193,259	
Current assets	2,696,103	2,670,602	3,423,073	
Non-current liabilities	-	12,035,644	1,246,126	
Current liabilities	1,675,589	3,239,831	5,462,630	
Net assets/(liabilities)	1,762,703	(1,834,557)	1,907,576	
Carrying amount of Non controlling interest	946,219	(898,933)	34,585	81,871
Revenue	7,815,186	7,111,205	13,244,093	
Profit/(loss)	1,686,324	(1,155,624)	1,238,928	
Total comprehensive income	1,686,324	(1,155,624)	1,238,928	
In respect of Non controlling interest	905,219	(566,256)	20,920	359,883
Cash flows generated / (used in) from operating activities	2,245,5199	(1,690,177)	1,744,962	
Cash flows used in investment activities	(510,021)	(967,867)	(783,278)	
Cash flows (used in)/generated from financing activities	(1,760,099)	4,823,490	(568,519)	
Net (decrease) / increase in cash and cash equivalents	(24,601)	2,165,446	393,165	

30 June 2013	UDV (Ken- ya) Limited	Serengeti Breweries Limited	Other Subsidiaries with imma- terial NCI	Total
	KShs'000	KShs'000	KShs'000	KShs'000
NCI percentage	53.68%	49%	1% - 1.8%	
Non-current assets	292,151	10,938,009	4,887,950	
Current assets	3,128,252	3,826,392	2,522,003	
Non-current liabilities	-	1,176,932	1,382,568	
Current liabilities	1,583,925	6,939,712	2,930,896	
Net assets	1,836,478	(647,757)	3,096,489	
Carrying amount of Non controlling interest	985,821	(317,401)	55,737	724,157
Revenue	6,342,090	7,488,125	10,043,709	
Profit/(loss)	1,759,993	(2,441,647)	568,519	
Total comprehensive income	1,759,993	(2,441,647)	(568,519)	
In respect of Non controlling interest	944,765	(1,196,407)	10,233	(241,409)
Cash flows generated / (used in) from operating activities	1,922,531	(1,701,789)	787,698	
Cash flows used in investment activities	(510,021)	(974,517)	(720,528)	
Cash flows (used in)/generated from financing activities	(1,760,099)	4,856,632	(184,790)	
Net increase/(decrease) in cash and cash equivalents	(347,589)	2,174,326	(117,620)	

Notes (Continued)

19 Unconsolidated structured entities

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

20 Deferred tax

Deferred tax is calculated using the enacted domestic income tax rate of 30% (2013: 30%). The movement on the deferred tax account is as follows:

Net deferred tax	30 June 2014 Kshs '000	Restated 30 June 2013 Kshs '000
(a) Group		
At 1 July	2,846,741	2,926,701
Credit to income statement (Note 14(a))	(53,908)	(244,295)
(Over)/under provision of deferred tax in prior year	(40,548)	116,952
Effect of exchange rate changes	49,645	27,383
At end of year	2,801,930	2,846,741
Presented in the statement of financial position as follows:		
Deferred tax liabilities	4,010,342	3,673,093
Deferred tax assets	(1,208,412)	(826,352)
At end of year	2,801,930	2,846,741
(b) Company		
At start of year		
- As stated	(954,734)	(726,658)
- Prior year over / (under) provision	(21,058)	-
As restated	(975,792)	(726,658)
Credit / (charge) to the income statement	124,809	(228,076)
At end of year	(850,983)	(954,734)
Presented in the statement of financial position as follows:		
Deferred tax assets	850,983	954,734

Notes (Continued)

20 Deferred tax (continued)

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

(a) Group Year ended 30 June 2014	Restated Balance at 1.7.2013	Prior year over / (under) provision	Charged/ (credited) to profit or Loss	Effect of exchange rate Changes	Balance at 30.06.2014
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Deferred tax liabilities					
Property, plant and equipment on historical cost basis	3,551,867	-	386,616	16,159	3,954,642
Intangible assets	168,901	-	-	-	168,901
Unrealised exchange gain/(losses)	52,783	-	(24,613)	(579)	27,591
Tax losses carried forward	(21,029)	-	(29,215)	(570)	(50,814)
Provisions	(79,429)	-	(9,891)	(658)	(89,978)
Deferred tax liability	3,673,093	-	322,897	14,352	4,010,342
Deferred tax assets					
Property, plant and equipment on historical cost basis	1,773,053	-	(204,155)	50,213	1,619,111
Unrealised exchange gain/(losses)	(548)	-	27,388	(583)	26,257
Tax losses carried forward	(2,500,360)	-	(245,339)	(13,670)	(2,759,369)
Provisions	(98,497)	-	4,754	(668)	94,411
Deferred tax assets	(826,352)	-	(417,352)	35,292	(1,208,412)
Year ended 30 June 2013	Restated Opening Balance 30.6.2012	Restatement in 2013	Charged/ (credited) to profit or loss	Effect of exchange rate changes	Balance at 30.6.2013
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Deferred tax liabilities					
Property, plant and equipment	3,367,286	-	163,013	21,568	3,551,867
Intangible asset	168,901	-	-	-	168,901
Unrealised exchange gain	14,270	-	38,631	(118)	52,783
Tax losses carried forward	1,309	-	(22,215)	(123)	(21,029)
Provisions	(149,348)	-	68,580	1,339	(79,429)
Deferred tax liability	3,402,418	-	248,009	22,666	3,673,093
Deferred tax assets					
Property, plant and equipment	350,349	413,045	1,023,487	(13,828)	1,773,053
Unrealised exchange gain	(25,271)	-	24,808	(84)	(547)
Tax losses carried forward	(709,106)	-	(1,808,494)	17,240	(2,500,360)
Provisions	(71,689)	-	(28,198)	1,389	(98,498)
Deferred tax asset	(455,717)	413,045	(788,397)	4,717	(826,352)

Notes (Continued)

21 Property, plant and equipment (continued)

(a) Group Year ended 30 June 2013:	Freehold Property	Leasehold buildings	Plant & equipment	Motor vehicles	Returnable packag- ing materials	Capital work in progress	Total
	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Cost							
At 1 July 2012	2,026,329	3,200,192	31,396,676	98,580	8,359,138	3,395,338	48,476,253
Additions	-	7,825	179,339	-	3,413,249	3,092,760	6,693,173
Transfers from work in progress	151,156	15,406	2,521,605	-	-	(2,688,167)	-
Disposals	(2,620)	-	(43,620)	-	(1,009,481)	(388,422)	(1,444,144)
Assets written off	(164,510)	(5,571)	(933,233)	(8,371)	-	(56,840)	(1,168,525)
Transfers to operating lease (Note 24(a))	-	(840)	-	-	-	-	(840)
Transfers to software (Note 22(a))	-	-	-	-	-	(205,923)	(205,923)
Effect of exchange rate changes	-	(47,460)	(240,133)	(29)	(62,900)	(58,345)	(408,868)
At 30 June 2013	2,010,355	3,169,552	32,880,634	90,180	10,700,006	3,090,401	51,941,127
Depreciation and impairment							
At 1 July 2012	781,599	494,411	12,002,265	66,059	3,885,317	-	17,229,651
Charge for the year	90,173	102,496	1,442,137	1,052	1,310,118	-	2,945,976
On assets disposed	(2,620)	-	(122,613)	-	(755,129)	-	(880,362)
On assets written off	(100,775)	(3,340)	(838,466)	(8,367)	-	-	(950,948)
Transfers to operating lease (Note 24(a))	-	(8)	-	-	-	-	(8)
Effect of exchange rate changes	-	(7,515)	(83,669)	-	(27,086)	-	(118,270)
At 30 June 2013	768,377	586,044	12,399,654	58,744	4,413,220	-	18,226,039
Carrying amount as at 30 June 2013	1,241,978	2,583,508	20,480,980	31,436	6,286,785	3,090,401	33,715,088

During the year a physical asset verification of assets exercise was conducted by a third party which led to assets write offs. There are no assets pledged by the Group to secure liabilities other than as disclosed under Note 34. Collateralised borrowings are secured by land, industrial property and bank guarantee.

Notes (Continued)

22 Intangible asset – Software

(a) Group	2014 Kshs'000	2013 Kshs'000
Cost		
At 1 July	1,469,814	1,265,040
Transferred from property, plant and equipment (Note 21(a))	73,034	205,924
Effect of exchange rate changes	392	(1,150)
Carrying amount as 30 June	1,543,240	1,469,814
Amortisation		
At start of year	(1,045,738)	(1,015,391)
Amortisation during the year	(53,969)	(30,347)
Transferred from property, plant and equipment (Note 21(a))	(9,319)	-
Effect of exchange rate changes	225	-
Carrying amount as 30 June	(1,108,801)	(1,045,738)
Carrying amount as 30 June	434,439	424,076

(b) Company	2014 Kshs'000	2013 Kshs'000
Cost		
At 1 July and 30 June	1,265,040	1,265,040
Amortisation		
At 1 July	(1,045,738)	(1,015,391)
Amortisation during the year	(30,347)	(30,347)
At 30 June	(1,076,085)	(1,045,738)
Carrying amount as 30 June	188,955	219,302

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

23 (a) Goodwill

	At 1 July	Cumulative impairment	Carrying amount at 30 June
Year ended 30 June 2014	Kshs'000		Kshs'000
UDV (Kenya) Limited (UDV)	415,496	-	415,496
International Distillers (Uganda) Limited (IDU)	233,168	-	233,168
Serengeti Breweries Limited (SBL)	2,928,527	-	2,928,527
Total	3,577,191	-	3,577,191
Year ended 30 June 2013			
UDV (Kenya) Limited (UDV)	415,496	-	415,496
International Distillers (Uganda) Limited (IDU)	233,168	-	233,168
Serengeti Breweries Limited (SBL)	2,928,527	-	2,928,527
Total	3,577,191	-	3,577,191

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

Impairment testing for cash-generating units containing goodwill

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

(b) Brand

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

	2014 Kshs'000	2013 Kshs'000
On acquisition of subsidiary	563,005	563,005
Deferred tax thereon	(168,901)	(168,901)

Notes (Continued)

24 Prepaid operating lease rentals

Leases of land have been classified as operating leases.

	2014	2013
(a) Group	Kshs'000	Kshs'000
Cost		
At start of year	16,969	16,382
Transferred from property, plant and equipment (Note 21(a))	-	840
Disposal	-	(259)
Effect of exchange rate changes	(123)	6
	16,846	16,969
Amortisation and impairment		
At start of year	(5,721)	(5,448)
Amortisation for the year	(306)	(307)
Transferred from property, plant and equipment (Note 21(a))	-	(8)
Eliminated on disposal	-	42
Effect of exchange rate changes	138	-
	(5,889)	(5,721)
Carrying Amount At 30 June	10,957	11,248

	2014	2013
(b) Company	Kshs'000	Kshs'000
Cost		
At start and end of year	2,250	2,250
Amortisation		
At start of year	(843)	(773)
Amortisation for the year	(72)	(70)
At end of year	(915)	(843)
Carrying Amount at 30 June	1,335	1,407

25 Investments in subsidiaries

	Country of incorporation	Effective ownership interest	30 June 2014 Kshs'000	30 June 2013 Kshs'000
Kenya Breweries Limited	Kenya	100%	22,377,809	22,377,809
Salopia Limited	Kenya	100%	200	200
Allsopps (EA) Sales Limited	Kenya	100%	2	2
East African Breweries (Mauritius) Limited	Mauritius	100%	-	-
Central Glass Industries Limited	Kenya	100%	790,288	790,288
Uganda Breweries Limited	Uganda	98.20%	687,648	687,648
International Distillers Uganda Limited	Uganda	100%	300,000	300,000
East African Maltings (Kenya) Limited	Kenya	100%	-	-
East African Maltings (Uganda) Limited	Uganda	100%	-	-
UDV (Kenya) Limited	Kenya	46.32%	589,410	589,410
EABL International Limited	Kenya	100%	150,000	150,000
EABL Tanzania Limited	Tanzania	100%	5,610	5,610
Serengeti Breweries Limited	Tanzania	51%	4,942,998	4,942,998
East African Beverages (South Sudan) Limited	South Sudan	99%	272	-
Kenya Liquor Distributors Limited	Kenya	46.32%	-	-
Harp Distributors Limited	Kenya	46.32%	-	-
International Distillers Kenya Limited	Kenya	46.30%	-	-
Kenya Distillers Limited	Kenya	45.86%	-	-
Gilbeys East Africa Limited	Kenya	45.86%	-	-
			29,844,237	29,843,965

Notes (Continued)

32 Commitments

i) Capital commitments – Group

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

	2014 Kshs'000	2013 Kshs'000
Contracted but not provided for	5,104,726	3,260,400
Authorised but not contracted for	1,906,190	1,601,600

ii) Operating lease commitments

(a) Group leases as lessee

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

	2014 Kshs'000	2013 Kshs'000
Not later than 1 year	915,723	1,380,761
Later than 1 year and not later than 5 years	720,136	2,784,164
	1,635,859	4,164,925

(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:

	2014 Kshs'000	2013 Kshs'000
Not later than 1 year		1,811
Later than 1 year and not later than 5 years	25,158	21,952
	25,158	23,763

(c) Company leases as lessee

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

	2014 Kshs'000	2013 Kshs'000
Not later than 1 year	25,631	25,631
Later than 1 year and not later than 5 years	33,193	102,525
	58,824	128,156

33 Cash generated from operations

(a) Reconciliation of profit before income tax to cash generated from operations

Group	2014 Kshs'000	2013 Kshs'000
Profit before income tax	10,406,619	11,114,919
Adjustments for:		
Interest income	(24,072)	(39,268)
Interest expense	4,343,869	4,057,989
Depreciation (Note 21 (a))	3,183,114	2,945,976
Employee Share Ownership Plan reserve	2,014	4,327
Amortisation of intangible asset – software (Note 22)	53,969	30,347
Amortisation of prepaid operating lease rentals (Note 24(a))	306	307
Gain on disposal of leasehold land and buildings	-	(17,783)
Gain on disposal of property, plant and equipment	(41,604)	(63,568)
Gain on disposal of investment	(49,600)	
Impairment of property, plant and equipment	154,330	217,577
Exchange differences	(71,061)	92,197
Changes in working capital:		
– trade and other receivables	1,299,205	(826,017)
– inventories	(2,233,082)	486,665
– trade and other payables	(1,843,410)	(1,132,409)
Cash generated from operations	15,180,597	16,871,259

Notes (Continued)

33 Cash generated from operations (continued)

(b) Reconciliation of profit before income tax to cash generated from operations

Company	2014 Kshs'000	2013 Kshs'000
Profit before income tax	7,134,444	4,344,656
Adjustments for:		
Interest income	(1,020,125)	(993,031)
Interest expense	4,348,675	4,157,126
Depreciation (Note 21 (b))	46,854	41,271
Employee Share Ownership Scheme expense	2,014	4,327
Amortisation of intangible asset - software (Note 22)	30,347	30,347
Amortisation of prepaid operating lease rentals (Note 24(b))	72	70
Dividend Income receivable	(6,942,884)	(6,976,175)
Write off of investment in EABL Mauritius	-	389
Loss/(profit) on disposal of property, plant and equipment	(78,109)	7
Profit on disposal of business	(49,600)	-
Receivable from subsidiary	(3,923,980)	-
Changes in working capital:		
- receivables and prepayments	(6,229,768)	(2,326,307)
- payables and accrued expenses	326,219	(4,824,807)
Cash used in from operations	(6,355,841)	(6,542,127)

(c) Cash and cash equivalents

Group	2014 Kshs'000	2013 Kshs'000
Cash and bank balances	1,101,400	1,406,091
Bank overdraft (Note 34 (a))	(1,758,425)	(5,292,922)
	(657,025)	(4,886,831)
Company		
Bank overdraft (Note 34 (b))	(1,110,778)	(3,504,372)

(d) Company

	2014 Kshs'000	2013 Kshs'000
Movement in receivables and prepayments		
Movement per statement of financial position	(8,684,953)	2,643,693
Dividends receivable (under dividend income in cash flow)	-	(4,970,000)
Movement under working capital in cash flow	(8,684,953)	(2,326,307)

34 Borrowings

	2014 Kshs'000	2013 Kshs'000
(a) Group		
The borrowings are made up as follows:		
Non-current		
Bank borrowings	-	372,687
Related party borrowings	22,294,103	19,469,236
	22,294,103	19,841,923
Current		
Bank overdraft	1,758,425	5,292,922
Other Borrowings	12,545,500	4,951,344
	14,303,925	11,244,266
Total borrowings	36,598,028	31,086,189

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

	2014 Kshs'000	2013 Kshs'000
At start of year	31,086,189	26,020,778
Advanced in the year	10,605,366	65,000
Repayments	(575,884)	(174,244)
Movement in bank overdrafts	(4,534,497)	5,100,880
Effect of exchange rate changes	16,854	(35,225)
At the end of the year	36,598,028	31,086,189

Notes (Continued)

34 Borrowings (continued)

Bank borrowings mature between June 2013 and June 2015 and at average annual interest rates of 12.19% (2013: 15.58%).

Total borrowings include commercial papers of Kshs 4,665,500,000 (2013: Nil) and secured liabilities (bank and collateralised borrowings) of Kshs 980,459,000 (2013: Kshs 588,614,000). Collateralised borrowings are secured by land, industrial property and bank guarantee. The commercial paper matures in January 2015 and at a weighted average annual interest rate of 11.52%.

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

(b) Company

	2014 Kshs'000	2013 Kshs'000
The borrowings are made up as follows:		
Non-current		
Related party borrowings	21,181,702	19,469,236
Current		
Other borrowings	12,545,500	4,765,000
Bank overdraft	1,110,778	3,504,372
	13,656,278	8,269,372
Total borrowings	34,837,980	27,738,608

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

The movement in borrowings is as follows:

	2014 Kshs'000	2013 Kshs'000
At start of year	27,738,608	24,069,236
Advanced in the year	9,492,966	165,000
Movement in bank overdrafts	(2,393,594)	3,504,372
At the end of the year	34,837,980	27,738,608

Bank borrowings mature between June 2013 and June 2015 and at average annual interest rates of 11.47% (2013: 11.76%). The company did not have secured liabilities (bank and collateralised borrowings) (2013: Nil). The related party loan attracts variable interest rates at 1.5% above 364 Treasury bill rate. The loan is repayable after a period of five years from the draw down date.

35 Related party transactions

The Company is controlled by Diageo plc incorporated in the United Kingdom which is the ultimate holding company. 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:

	2014 Kshs'000	2013 Kshs'000
(a) Sale of goods and services		
Other related parties	-	-
(b) Purchase of goods and services		
Parent company	1,988,749	11,557
Fellow subsidiaries	2,290,845	2,995,019
	4,279,594	3,006,576

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

Notes (Continued)

35 Related party transactions (continued)

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

	2014 Kshs'000	2013 Kshs'000
Group		
Receivables from related parties	25,184	177,701
Payable to related parties	683,266	3,722,331
Company		
Non current assets Due from related party ^a	3,923,980	-
Current Assets		
Receivables from subsidiaries	12,690,128	10,384,858
Receivables from related parties	2,030,133	138,457
	14,720,261	10,523,315
Payables to subsidiaries	3,187,202	3,524,343
Payables to related parties	627,616	602,483
	3,815,018	4,126,826

^aDuring the course of the year, EABL converted its intercompany debt with Serengeti Breweries Limited to Perpetual Preferential Shares.

(d) Directors' remuneration

	2014 Kshs'000	2013 Kshs'000
Group		
Fees for services as a director	14,313	8,128
Other emoluments included in key management compensation in (e) below	247,427	214,870
	261,740	223,598
Company		
Fees for services as a director	9,557	7,148
Other emoluments included in key management compensation in (e) below	91,639	97,457
	101,196	104,605

(e) Key management compensation

	2014 Kshs'000	2013 Kshs'000
Salaries and other short-term employment benefits	639,975	628,164
Termination benefits	24,150	11,478
Post-employment benefits	30,392	26,066
	694,517	665,708

36 Reserves

(a) Capital reserve

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

(b) Share based payment reserve

Share based payment reserve is the benefit granted to employees arising from equity settled Employee Share Ownership Plan. During the year, a fair value charge of Kshs 2,014,000 (2013: Kshs 4,327,000) was recognised in respect of the employees in the Employee Share Ownership Plan (ESOP).

(c) Translation reserve

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

(d) Other reserves

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

Notes (Continued)

37 Comparative Numbers and Restatements

Certain comparative figures for Group for the years 2013 and 2012 have been restated to correct prior year errors in deferred tax balances for one of the subsidiaries as analysed below. Certain comparative figures for Company for the year 2013 have been restated to reclassify management fees from other income to revenue (Refer to Note 6(b)).

Quantitative Impact

Group

	2013 Kshs'000	2012 Kshs'000
Deferred Tax Assets		
As previously stated	1,661,942	868,762
Restatement adjustment	(835,590)	(413,045)
As restated	826,352	455,717
	2013 Kshs'000	2012 Kshs'000
Retained Earnings		
As previously stated	21,188,063	20,130,411
Restatement adjustment	(835,590)	(413,045)
As restated	20,352,473	19,717,366
Profit after tax		
Profit after tax – before restatement	6,944,745	
Profit after tax – after restatement	6,522,200	

Other restatements

Prior period adjustment of Kshs 3,779,000 relates to an understatement of revaluation surplus passed when the basis for valuation of assets was changed from revaluation model to cost model.

Principal Shareholders and Share Distribution

The ten largest shareholdings in the Company and the respective number of shares held at 30 June 2014 are as follows:

	Name(s) and Address	Number of shares	%
1	Diageo Kenya Limited	338,618,340	42.82%
2	Diageo Holdings Netherlands B.V.	36,361,290	4.60%
3	Guinness Overseas Limited	20,628,804	2.61%
4	Standard Chartered Nominees A/C KE13084	15,168,327	1.92%
5	Standard Chartered Nominees Non Res A/C KE9273	14,091,400	1.78%
6	Standard Chartered Nom A/C KE11916	10,526,072	1.33%
8	CFC Stanbic Nominees Limited A/C NR13721	7,979,127	1.01%
7	Standard Chartered Nominee Account KE17984	6,612,831	0.84%
9	Standard Chartered Nominees Non-Resident A/C 9866	6,231,100	0.79%
10	Standard Chartered Nominees Non-Resident A/C 9318	6,089,500	0.77%
	TOTAL NUMBER OF SHARES	462,306,791	58.47%

Distribution of shareholders

	Number of shares	Number of shareholders	% Shareholding
1 – 500	2,427,365	12,443	0.31%
501 – 5,000 shares	16,650,222	10,211	2.10%
5,001 – 10,000 shares	7,160,550	1,909	0.91%
10,001 – 100,000 shares	40,876,844	1,454	5.17%
100,001 – 1,000,000 shares	98,009,359	308	12.39%
Over 1,000,000 shares	625,669,996	79	79.12%
Total	790,774,356	25,705	100.00%

Fomu Ya Uwakilishi

Mimi/Sisi _____
Anwani _____
Kuwa mwanachama / wanachama wa East African Breweries Limited, namteua/
tunamteua _____ wa _____, au kutohodhuria
kwake _____ wa _____ kama mwakilishi wangu / wetu kupiga kura kwa ajili
yangu / yetu kwa niaba yangu / yetu katika Mkutano Mkuu wa Mwaka tisini na mbili wa Kampuni utakaofanyika tarehe 23 Oktoba 2014 saa tano za asubuhi
ama siku yoyote ile endapo mkutano huo utaahirishwa.

Idadi ya hisa mnazoshikilia _____
Nambari ya Akaunti: _____ (iwapo inajulikana)
Sahihi hii _____ Siku ya _____ 20 _____.

- Maelezo Muhimu:
1. Kama unataka unaweza kuteua mwenyekiti wa mkutano huo kama mwakilishi wako.
 2. Iwapo mteuaji ni shirika, fomu hii ya uwakilishi ni lazima ipigwe muhuri wa kampuni hiyo au kwa idhini ya afisa au wakili aliyeidhinishwa kwa ajili hiyo.
 3. Fomu hii ya uwakilishi ni lazima ijazwe kikamilifu na kurudishwa kwa ofisi iliyosajiliwa ya Kampuni au kwa Custody & Registrar Services Limited, Bruce House, 6th Floor, Standard Street, PO Box 8484-00100, Nairobi. Vile vile, fomu zilizotiwa sahihi kikamilifu zinaweza kupigwa chapa ya picha na kutumwa kwa njia ya barua pepe katika hali ya PDF kwenye anwani ya **proxy@candrgroup.co.ke** kabla ya saa nane na nusu alasiri tarehe 21 Oktoba 2014.

KADI YA KUKUBALIWA

TAFADHALI KUBALI

Kwa Mkutano Mkuu wa Mwaka wa East African Breweries Limited ambao utafanyika katika uga wa Hoteli ya Safari Park, Ruaraka, tarehe 23 Oktoba mwaka wa 2014 saa tano asubuhi. Ni lazima kadi hii itolewe na mwenyehisa au aliyeteuliwa ili kukubaliwa kuingia kwenye Mkutano Mkuu.

R.T. Ngobi (Ms.)
Katibu wa Kampuni

Proxy

I/We

of (address)

Being a member/members of East African Breweries Limited, hereby appoint

of

, or failing him

of

as my/our proxy to vote

for me/us on my/our behalf at the 92nd Annual General Meeting of the Company to be held on the 23 October 2014 at 11.00 a.m. and at any adjournment thereof.

Number of shares held

Account number: (if known)

Signed this day of 20

- Note:
1. A member may appoint the chairman of the meeting as his proxy.
 2. If the appointer is a corporation, this Form of Proxy must be completed under its Common Seal or under the hand of the officer or attorney duly authorized on that behalf.
 3. Proxies must be completed and returned to the Company's Registered Office or to Custody & Registrar Services Limited, Bruce House, 6th Floor, Standard Street and P. O. Box 8484-00100, Nairobi. Alternatively, duly signed proxy forms can be scanned and emailed to **proxy@candrgroup.co.ke** in PDF format, no later than 2:30pm on 21 October 2014.

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 23 October 2014 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.

I.T. Ngobi (Ms.)
Company Secretary