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FINANCIAL STATEMENTS
30 JUNE 1996

Ag AM (MS)
Let these be analysed.

15/11

Chemtoi

Please analyse as usual.

14/11/96

UNGA GROUP LIMITED

FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 1996

UNGA GROUP LIMITED

Contents

Unga Group Headquarters,
Unga House, Westlands.

MISSION STATEMENT

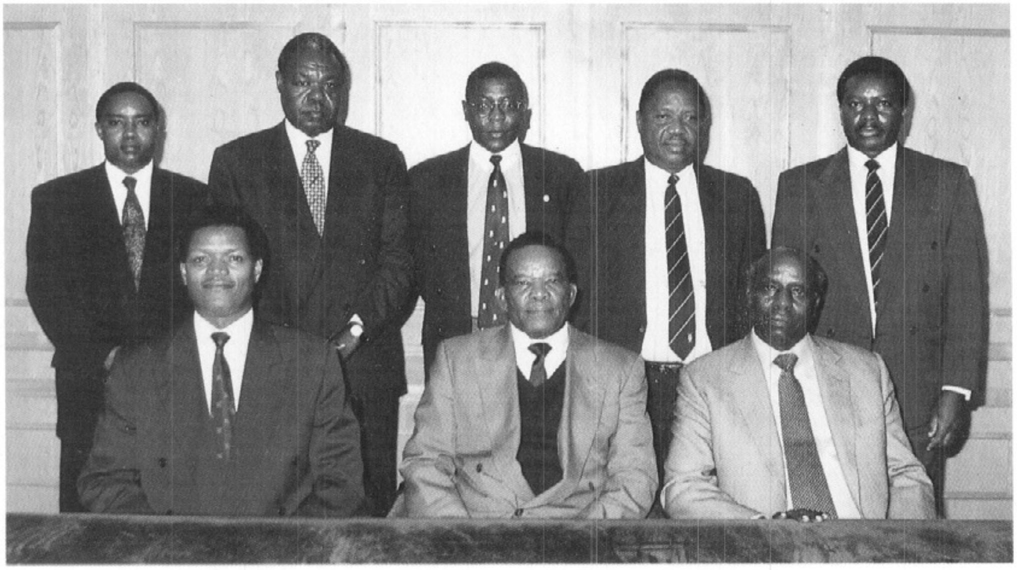
The Unga Group aims to supply high quality products and services at affordable prices, providing the customer with unbeatable value for money and investors with a fair return on investment.

49
8
543
996

1. Unga group limited -- periodicals
2. Corn Industry -- Kenya -- periodicals

UNGA GROUP LIMITED

Corporate Information



Seated (from left): F W Wanganju, D N Ndegwa, J G Kiereini,
Standing (from left): J M Muia, R Kemoli, K Kiplagat, J J Mvoyi, J P G Gachoya

Directors
D N Ndegwa, CBS, FCIB, MA (Chairman)
F W Wanganju, B Comm., CPA(K), FKIM (Group Managing)
J G Kiereini, EGH, EBS, SS
R Kemoli
J J Mvoyi
K Kiplagat, LL B, JSD
J M Muia, B Comm., MBA, CPA(K), CPS(K) (Group Finance)

Secretary
J P G Gachoya, B Comm., FCIS, CPS(K)

Registered Office
Unga House, Muthithi Road
Westlands, P O Box 30096
Nairobi, Kenya
Telephone: 748080 Fax: 745780
Telegrams: "MERTAC" Kenya

Registrars
Livingstone Registrars Limited
P O Box 30029
Nairobi, Kenya

Auditors
Gill & Johnson
P O Box 40092
Nairobi, Kenya

2007/1163

Bankers
Barclays Bank of Kenya Limited
P O Box 30011
Nairobi, Kenya

Financial Calendar
Period ended 30 June 1996

Financial Results Announced
20 September 1996

69th Annual General Meeting
To be held on 6 December 1996

Financial Statements
Issued 13 November 1996

Interim Dividend
Announced: 13 March 1996
Share Register closed from
3 to 17 May 1996
Paid: 17 May 1996

Final Dividend
Announced: 20 September 1996
Share Register closing from
25 December 1996 to 8 January 1997
Payable on: 8 January 1997

Share Price
Market price per share on:
20 September 1996 shs 154.00

Group Companies
Kenya National Mills Limited
- Unga Limited
- Unga Maize Millers Limited
- Unga Feeds Limited
- Elianto Kenya Limited
- Proctor and Allan Limited
- Ufuta Limited

Sofar Investments Limited
Chester House Limited

Notice of Meeting

UNGA GROUP LIMITED

NOTICE IS HEREBY GIVEN that the sixty ninth annual general meeting of the members of UNGA GROUP LIMITED will be held in the Council Chamber of the Professional Centre, Parliament Road, Nairobi on Friday, 6 December 1996 at 11.30 a.m. for the following purposes:

ORDINARY BUSINESS:

1 To consider the financial statements and the reports of the directors and auditors thereon for the period ended 30 June 1996.

2 To approve the final dividend of shs 9.00 per share for the period ended 30 June 1996 on the existing shares.

3 To re-elect retiring directors:

a) Mr R Kemoli and Mr J J Mvoyi retire by rotation in accordance with articles 88 and 89 of the articles of association and, being eligible, offer themselves for re-election.

b) Dr K Kiplagat and Mr J M Muia retire in accordance with article 93 of the articles of association and, being eligible, offer themselves for re-election.

4 To approve the remuneration of the directors.

5 To authorise the directors to fix the remuneration of the auditors.

SPECIAL BUSINESS:

6 To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

a) "THAT the unissued capital of the company comprising 1,800,000 undenominated shares of shs 5 each be converted into ordinary shares of shs 5 each."

b) "THAT it is desirable to capitalise the sum of shs 13,016,320 being part of the amount standing to the credit of revenue reserves and accordingly that such sum be capitalised and that the directors be and they are hereby authorised and directed to appropriate that sum to the holders of ordinary shares registered in the books of the company on 24 December 1996 in proportion to the number of ordinary shares then held by them respectively and to apply such sum on behalf of such holders in paying up in full 2,603,264 of the unissued ordinary shares in the capital of the company, such shares to be allotted and distributed credited as fully paid up to and amongst such holders in the proportion of one new share for every two ordinary shares then held, and that such shares shall rank for all purposes pari passu with the existing issued ordinary shares of the company: fractions of a share to be disregarded."

c) "THAT, should any of the said 2,603,264 shares not be issued by reason of fractions of a share being disregarded, the directors may allot and issue the same to such persons and upon such terms and conditions as they may think fit."

7 To transact any other competent business.

BY ORDER OF THE BOARD

J P G GACHOYA
Secretary
Nairobi
13 November 1996

PROXIES: A member entitled to attend and vote may appoint a proxy to attend and vote on his behalf. A proxy need not also be a member.

NOTES: Shareholders are reminded that all queries concerning shares should be addressed to the company's registrars, Livingstone Registrars Limited, P O Box 30029, Nairobi.

Chairman's Report

It is fitting to commence my statement by sending a message of joy and goodwill in the forthcoming season for Christmas and New Year. To enliven the occasion Unga Group Limited has prepared for early despatch dividend cheques matching in weight of gold those of the previous full year. That constitutes most of the good news.

The sudden passing away of Mr Philip Ndegwa in January 1996 was bad news to the group. No floral tribute would be sufficient for the former Governor of Central Bank. As a director of Unga Group Limited his inspiration and vision was a unique source to our present stability and progress. Equally important on 12 June 1996, I had the pleasure of welcoming Dr Kenneth Kiplagat who took the seat vacated by Mr C N Lagat who resigned earlier. Later, Mr J M Muia also joined the board to become Group Finance Director. Otherwise it was the busiest year ever at board level for which members deserve compliments for unstinted contribution and co-operation.

The same measure can be applied to the combined effort of subsidiaries in Unga Group Limited. Turnover followed the expected trend to reach peak performance at shs 7.4bn in product sales for 11 months ending 30 June 1996. Unga Feeds Limited emerged with the fastest rate of growth and high return on capital employed. To a less extent Unga Maize Millers Limited broke out from the struggler's pace to deliver its budgeted profits. Again the smaller companies, Elianto Kenya Limited and Proctor and Allan Limited, needed a lifeline to keep afloat. Contrary to all expectations, the group flagship, Unga Limited, registered the most disappointing finish. Its fortunes nose-dived during the disorderly grain market forecast in my statement last year. When the waves of upward spiral of grain prices finally struck, a series of operational judgements were made to charge prices which the traffic could bear. The bitter outcome is under keen study. Outside the subsidiaries in Kenya National Mills Limited, results for Chester House Limited continue to reflect a return which fully justifies expectations. The company has repaid its earlier loan tranches and made a substantial contribution to overall surplus.

It is part of Unga Group cultural heritage to foster and promote economic and organic links with the agriculture economy. Specifically our core business derives raw materials from agriculture and in turn deliver to the sector a variety of processed goods. The volume of trade between us reached about shs 4.0bn last year. We are therefore disturbed by the evident turmoil in the industry. Reports of declining local production of maize and wheat do not augur well. Should the reports materialise, the hard option will be the importation of basic cereals with consequent high prices. Add that result to high prices of other imports and we end up with rather gloomy prospects in the short term horizon. Such trends could derail the search for sound macro-economic stability for which agricultural growth must form the foundation.

Unga Group is poised to face such daunting concerns. Your board has adopted strategies to reap full benefits from the emerging new era of co-operation in East Africa. Already, the group is exporting sizeable quantities of products into the region.

Rapid expansion of national milling capacity has led to under-utilisation of plants and stiff competition for survival by new-comers. The group is addressing itself to this phenomenon and is gearing towards cost reduction and re-engineering so as to increase efficiency and productivity. Towards this end, the group continues to update technology in plant renewal. New packing lines have been installed at Commercial Street and Nakuru branches of Unga Limited and similar machines will be installed at Eldoret branch in the near future. The group has already embarked on ISO 9000 certification and aims for an early accreditation. This will form part of the foundation for Total Quality Management which is being undertaken to reduce operating costs. An ambitious change process has been put in place to ensure that the entire group employees are re-oriented through training so as to be more responsive to the fast changing environment. The programme is designed to identify, retrain and retain talented individuals at all levels of the organisation. To spearhead this process, the group has strengthened the headquarters with senior staff to head key functions.

DIVIDENDS

Your directors continue to have confidence in the financial and asset base of your company and have maintained the same dividend payment as last year. An interim dividend of shs 1 per share was paid in May 1996 and they now recommend a final dividend of shs 9 per share making a total dividend of shs 10 per share for the period.

BONUS ISSUE OF SHARES

Your directors also recommend a bonus issue of shares at the rate of one new share for every two shares held. New shares will not qualify for the dividend recommended here. I am happy to report that the Capital Markets Authority has granted approval for the bonus issue.

D N NDEGWA
Chairman
Nairobi
27 October 1996

Report of the Directors

The directors present their report together with the audited financial statements of the group for the period ended 30 June 1996.

FINANCIAL YEAR END

The company changed its financial year end from 31 July to 30 June. These financial statements are, therefore, for 11 months to 30 June 1996.

ACTIVITIES

The company operates as a holding company. The principal activities of the group are the milling of wheat and maize and the manufacture of cooking oils, breakfast cereals, animal feeds and related products, and the owning and development of properties for rental purposes.

GROUP RESULTS	**1996** (11 months) shs'000	**1995** (12 months) shs'000
Profit before taxation	111,730	435,465
Taxation	54,674	190,835
Profit before minority interests	57,056	244,630
Minority interests	7,142	50,564
Profit before extraordinary item	49,914	194,066
Extraordinary item	-	365
Profit before appropriations	49,914	193,701
Dividends	52,065	52,065
Transfer (from)/to revenue reserve	(2,151)	141,636

DIVIDENDS

An interim dividend of shs 1 per share was paid on 17 May 1996. The directors recommend payment of a final dividend of shs 9 per share, making a total dividend of shs 10 per share for the period ended 30 June 1996.

BONUS ISSUE OF SHARES

The directors also recommend a bonus issue of shares at the rate of one new share for every two shares held. The relevant resolutions to facilitate the bonus issue will be presented to members at the next annual general meeting.

DIRECTORS

The present board of directors is shown on page 2.

Mr P Ndegwa passed away on 7 January 1996. Mr C N Lagat resigned on 29 March 1996.

Mr R Kemoli and Mr J J Mvoyi retire by rotation in accordance with articles 88 and 89 of the articles of association, and, being eligible, offer themselves for re-election.

Dr K Kiplagat and Mr J Muia, who were appointed on 12 June 1996 and 20 September 1996 respectively, retire in accordance with article 93 of the articles of association and, being eligible, offer themselves for re-election.

AUDITORS

Gill & Johnson, having confirmed their willingness, will continue in office in accordance with Section 159(2) of the Companies Act.

BY ORDER OF THE BOARD

J P G GACHOYA
Secretary
Nairobi
20 September 1996

Gill &
Johnson

Certified Public Accountants (Kenya)

"Kirungii", Ring Road, Westlands
P.O. Box 40092
Nairobi, Kenya
Telephone: 441344/05
Facsimile: 448966
Dropping Zone Box No. 92

REPORT OF THE AUDITORS
TO THE MEMBERS OF UNGA GROUP LIMITED

We have audited the financial statements on pages 7 to 19 and have obtained all the information and explanations considered necessary for our audit.

The financial statements are the responsibility of the directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with the generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the directors and evaluating the overall financial statement presentation.

In our opinion:

1 Proper books of account have been kept by the company and the company's balance sheet is in agreement therewith.

2 The financial statements, which comply with the Companies Act, give a true and fair view of the state of affairs of the company and the group at 30 June 1996 and of the profit and cash flows of the group for the period ended on that date.

GILL & JOHNSON
10 October 1996

Deloitte Touche
Tohmatsu
International

Partners:
D.M. Ndonye V.M. Allen* J.S.L. Bewers* E.A. Davidson*
H. Gadhoke* N.R. Hira S.O. Onyango
British*

UNGA GROUP LIMITED

Consolidated Profit & Loss Account

For the Period Ended 30 June 1996

	NOTES	1996 (11 months) shs'000	1995 (12 months) shs'000
TURNOVER		7,437,740	7,100,668
GROUP OPERATING PROFIT	2	218,690	503,245
INTEREST RECEIVABLE	3	1,658	7,333
INTEREST PAYABLE	3	(108,618)	(75,113)
PROFIT BEFORE TAXATION		111,730	435,465
TAXATION	4	54,674	190,835
PROFIT BEFORE MINORITY INTERESTS		57,056	244,630
MINORITY INTERESTS		7,142	50,564
PROFIT BEFORE EXTRAORDINARY ITEM		49,914	194,066
EXTRAORDINARY ITEM	5	-	365
PROFIT BEFORE APPROPRIATIONS	6	49,914	193,701
DIVIDENDS - GROSS	7	52,065	52,065
(DEFICIT)/SURPLUS FOR THE PERIOD	14	(2,151)	141,636
EARNINGS PER SHARE	8	shs 9.59	shs 37.27

Consolidated Balance Sheet

30 June 1996

UNGA GROUP LIMITED

	NOTES	30 June **1996** shs'000	31 July **1995** shs'000
ASSETS EMPLOYED:			
FIXED ASSETS	9	1,593,949	1,523,033
INVESTMENT PROPERTIES	10	914,000	838,500
CURRENT ASSETS			
Stocks	12	1,499,562	1,184,985
Debtors		387,641	346,908
Taxation recoverable		31,669	3,058
Deposits, bank and cash balances		67,798	29,373
		1,986,670	1,564,324
CURRENT LIABILITIES			
Creditors		905,837	608,077
Taxation		14,972	84,873
Loans repayable within one year	15	7,900	10,420
Finance leases repayable within one year	16	550	-
Bank overdrafts (secured)		713,859	465,996
Dividends - payable		-	5,207
- proposed		46,858	46,858
		1,734,976	1,221,431
NET CURRENT ASSETS		251,694	342,893
		2,759,643	2,704,426
FINANCED BY:			
SHARE CAPITAL	13	26,033	26,033
RESERVES	14	2,294,179	2,222,742
SHAREHOLDERS' FUNDS		2,320,212	2,248,775
LOANS	15	17,400	25,300
FINANCE LEASES	16	412	-
MINORITY INTERESTS		421,619	430,351
		2,759,643	2,704,426

The financial statements on pages 7 to 19 were approved by the board of directors on 20 September 1996 and were signed on its behalf by:

D N NDEGWA Director

F W WANGANJU Director

UNGA GROUP LIMITED

Company Balance Sheet

30 June 1996

	NOTES	30 June **1996** shs'000	31 July **1995** shs'000
ASSETS EMPLOYED:			
FIXED ASSETS	9	10,202	6,452
INVESTMENT IN SUBSIDIARY COMPANIES	11	2,223,670	2,190,371
CURRENT ASSETS			
Debtors		6,496	2,817
Due from subsidiary companies		113,837	108,214
Due from associated company		23,701	-
Taxation recoverable		-	608
Deposits, bank and cash balances		15,039	8,805
		159,478	120,444
CURRENT LIABILITIES			
Creditors		21,631	13,618
Due to subsidiary companies		2,482	2,809
Taxation		167	-
Bank overdraft		1,595	-
Dividends - payable		-	5,207
- proposed		46,858	46,858
		72,733	68,492
NET CURRENT ASSETS		86,340	51,952
		2,320,212	2,248,775
FINANCED BY:			
SHARE CAPITAL	13	26,033	26,033
RESERVES	14	2,294,179	2,222,742
SHAREHOLDERS' FUNDS		2,320,212	2,248,775

The financial statements on pages 7 to 19 were approved by the board of directors on 20 September 1996 and were signed on its behalf by:

D N NDEGWA Director

F W WANGANJU Director

Consolidated Cash Flow Statement

For the Period Ended 30 June 1996

	NOTES	1996 (11 months) shs'000	1995 (12 months) shs'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	17(a)	363,462	349,222
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		1,538	7,333
Interest paid		(111,834)	(77,644)
Dividends paid		(57,272)	(14,578)
Dividends paid to minorities		(17,786)	(8,893)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(185,354)	(93,782)
TAXATION PAID		(153,186)	(245,282)
INVESTING ACTIVITIES			
Purchase of fixed assets		(289,586)	(81,481)
Proceeds from disposal of fixed assets		64,684	6,234
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(221,902)	(75,247)
NET CASH OUTFLOW BEFORE FINANCING		(199,980)	(65,089)
FINANCING			
Loan received		-	7,129
Repayment of amounts borrowed		(10,420)	(35,358)
Finance lease entered into		1,370	-
Capital element of finance lease payments		(480)	.(520)
NET CASH OUTFLOW FROM FINANCING		(9,458)	(28,749)
DECREASE IN CASH AND CASH EQUIVALENTS	17(b)	(209,438)	(93,838)

Notes To The Financial Statements

For the Period Ended 30 June 1996

UNGA GROUP LIMITED

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING
The company prepares its financial statements on the historical cost basis of accounting, modified to include the revaluation of certain assets.

CONSOLIDATION
The consolidated financial statements incorporate the financial statements of Unga Group Limited and its subsidiary companies and associated company, all of which are made up to 30 June.

TURNOVER
Turnover represents net sales to external customers during the period.

TAXATION
Current taxation is provided on the basis of the results for the period as shown in the financial statements, adjusted in accordance with the tax legislation.

Deferred taxation is accounted for to the extent that it is probable that timing differences will reverse in the foreseeable future.

FIXED ASSETS
Fixed assets are stated at cost or as professionally revalued. The basis of valuation is as follows:

(a) Land and buildings - open market value

(b) Other assets - depreciated replacement cost.

Professional valuations are carried out in accordance with the company's policy of revaluing certain fixed assets every five years. The last valuation was as at 31 July 1992.

INVESTMENT PROPERTIES
Investment properties are revalued on an open market basis annually; the net surplus arising therefrom is credited to capital reserve.

LEASED ASSETS
Assets acquired under finance leases are capitalised at the dates of the agreements. The interest element of each instalment is charged to the profit and loss account at the time each instalment falls due.

DEPRECIATION
No depreciation is provided on freehold land and investment properties.

Depreciation on other assets is calculated to write off the cost or valuation of fixed assets in equal annual instalments over their estimated useful lives. The annual rates generally in use are:

Freehold buildings	2.5%
Leasehold land	Period of lease
Long leasehold buildings	2.5%
Short leasehold buildings	Period of lease
Computer equipment	20%
Plant and machinery	7.5%
Furniture and fittings	12.5% - 20%
Motor Vehicles	25%
Silos	Shorter of 50 years or the unexpired period of the lease for the land on which they are built.

1 **ACCOUNTING POLICIES** (continued)

INVESTMENTS IN SUBSIDIARY COMPANIES
Investments in subsidiary companies are stated at directors' valuation based on the net asset value of each subsidiary company at the balance sheet date.

STOCKS
Stocks are stated at the lower of cost and net realisible value. Cost comprises expenditure directly incurred in purchasing or manufacturing the stocks plus an allocation of normal overhead expenditure attributable to the processes through which they have passed.

FOREIGN CURRENCIES
Assets and liabilities expressed in foreign currencies are translated into Kenya shillings at the rates of exchange ruling at the balance sheet date. Transactions during the period in foreign currencies are translated at the rates ruling at the dates of the transactions. Gains and losses on exchange are dealt with in the profit and loss account.

		1996 (11 months) shs'000	**1995** (12 months) shs'000
2	**GROUP OPERATING PROFIT**		
	The group operating profit is arrived at after charging:		
	Depreciation	168,356	172,424
	Permanent diminution in value of fixed assets	-	5,883
	Auditors' remuneration	6,019	5,361
	Directors' emoluments - fees for services as directors	735	875
	- other emoluments	4,669	4,210
	and after crediting:		
	Profit on disposal of fixed assets	14,370	3,415
3	**INTEREST**		
	Interest receivable:		
	Deposits	1,658	7,333
	Interest payable:		
	Loans	6,616	10,951
	Bank overdrafts	101,946	63,509
	Finance leases	56	551
	Current accounts with associated company	-	102
		108,618	75,113

		1996 (11 months) shs'000	1995 (12 months) shs'000
4	**TAXATION**		
	Based on the adjusted profit for the period at 35%	54,849	191,128
	Adjustment for previous years	(175)	(293)
		54,674	190,835

At 30 June 1996, there were tax losses in subsidiary companies amounting to shs 283,327,000 (31 July 1995 - shs 210,929,000) to be carried forward.

The effective tax rate is materially higher than the standard rate mainly due to excess depreciation over capital allowances.

At 30 June 1996, the potential deferred tax liability on timing differences in subsidiary companies amounted to shs 53,580,000 (31 July 1995 - shs 62,550,000).

		1996	1995
5	**EXTRAORDINARY ITEM**		
	Provision for net deficit in CPC Kenya Limited	-	471
	Minority interests	-	106
		-	365

6 **PROFIT BEFORE APPROPRIATIONS**

A profit of shs 75,203,000 (1995 - shs 57,106,000) has been dealt with in the financial statements of Unga Group Limited.

		1996	1995
7	**DIVIDENDS - GROSS**		
	Interim dividend - paid on 17 May 1996	5,207	-
	- paid on 8 September 1995	-	5,207
	Proposed final dividend	46,858	46,858
		52,065	52,065

8 **EARNINGS PER SHARE**

The earnings per share has been calculated on the profit, before extraordinary item, of shs 49,914,000 (1995 - shs 194,066,000) and on 5,206,529 ordinary shares.

9 FIXED ASSETS

	GROUP				COMPANY
	Land and buildings shs'000	Plant and machinery shs'000	Work in progress shs'000	Total shs'000	Plant and Machinery shs'000
COST OR VALUATION					
At 1 August 1995	526,887	1,485,984	972	2,013,843	23,161
Additions	17,358	271,342	886	289,586	10,575
Transfers	-	1,858	(1,858)	-	-
Disposals	(26,600)	(51,634)	-	(78,234)	(8,971)
At 30 June 1996	517,645	1,707,550	-	2,225,195	24,765
Comprising:					
Valuation in 1992	485,545	1,192,341	-	1,677,886	4,615
Cost	32,100	515,209	-	547,309	20,150
	517,645	1,707,550	-	2,225,195	24,765
DEPRECIATION					
At 1 August 1995	43,958	446,852	-	490,810	16,709
Charge for the period	13,949	154,407	-	168,356	2,927
Disposals	(1,033)	(26,887)	-	(27,920)	(5,073)
At 30 June 1996	56,874	574,372	-	631,246	14,563
NET BOOK VALUE					
At 30 June 1996	460,771	1,133,178	-	1,593,949	10,202
At 31 July1995	482,929	1,039,132	972	1,523,033	6,452

Land and buildings comprise:

Freehold	6,768
Long leasehold	207,377
Short leasehold	246,626
	460,771

At 30 June 1996, the net book value of plant and machinery included shs 1,372,571 (31 July 1995 - Nil) in respect of a motor vehicle that was the subject of a finance lease.

10 INVESTMENT PROPERTIES

	Chester House shs'000	Unga House shs'000	Unga Gate shs'000	Tota[l] shs'000
At 1 August 1995	625,000	210,000	3,500	838,500
Surplus on revaluation	55,000	20,000	500	75,500
At 30 June 1996	680,000	230,000	4,000	914,000

The investment properties are long leasehold.

The investment properties were revalued as at 30 June 1996 on an open market value basis by Lloyd Masika Limited, registered valuers and estate agents.

11 INVESTMENTS IN SUBSIDIARY COMPANIES

	30 June **1996** shs'000	31 July **1995** shs'000
Shareholdings at directors' valuation:		
At 1 August 1995	2,175,371	1,744,665
Surplus on revaluation	48,299	430,706
At 30 June 1996	2,223,670	2,175,371
Unsecured long term loan	-	15,000
	2,223,670	2,190,371

		30 June **1996** shs'000	31 July **1995** shs'000
12	**STOCKS**		
	Finished products	224,871	168,560
	Raw materials	617,498	500,408
	Production supplies	93,965	85,455
	Engineering stores	61,790	47,567
	Goods in transit	500,674	382,459
	Others	764	536
		1,499,562	1,184,985
13	**SHARE CAPITAL**		
	Authorised:		
	6,200,000 ordinary shares of shs 5 each	31,000	31,000
	1,800,000 undenominated shares of shs 5 each	9,000	9,000
		40,000	40,000
	Issued and fully paid:		
	5,206,529 ordinary shares of shs 5 each	26,033	26,033

14 RESERVES

	Capital shs'000	Revenue shs'000	Total shs'000
GROUP			
At 1 August 1995	1,744,011	478,731	2,222,742
Deficit for the period	-	(2,151)	(2,151)
Realised on disposal of fixed assets	(18,507)	18,507	-
Surplus on revaluation of investment properties	73,588	-	73,588
At 30 June 1996	1,799,092	495,087	2,294,179
COMPANY			
At 1 August 1995	2,023,763	198,979	2,222,742
Surplus for the period	-	23,138	23,138
Surplus on revaluation of investments in subsidiary companies	48,299	-	48,299
At 30 June 1996	2,072,062	222,117	2,294,179

15 LOANS

	30 June 1996 shs'000	31 July 1995 shs'000
GROUP		
Unsecured bank loan repaid during the period	-	3,720
Secured consortium debenture loans repayable by 1999 in quarterly instalments; interest at 4.5% above the base rate of Barclays Merchant Finance Limited. The rate for the last quarter was 26.5%	25,300	32,000
	25,300	35,720
Less: repayable within one year	7,900	10,420
	17,400	25,300

16 FINANCE LEASES

	30 June **1996** shs'000	31 July **1995** shs'000
Secured obligations under a finance lease repayable in monthly instalments by 1998	962	-
Less: repayable within one year	550	-
	412	-

17 NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of group operating profit to net cash inflow from operating activities

	1996 (11 months) shs'000	**1995** (12 months) shs'000
Group operating profit	218,690	503,245
Depreciation	168,356	172,424
Permanent diminution in value of fixed assets	-	5,883
Profit on disposal of fixed assets	(14,370)	(3,415)
Adjustment on minority acquisition	-	10,967
(Increase)/decrease in stocks	(314,577)	59,492
Increase in debtors	(40,613)	(54,769)
Increase/(decrease) in creditors	345,976	(317,855)
Movement in associated companies	-	26,750
Net cash inflow from operating activities	363,462	349,222

(b) Analysis of the changes in cash and cash equivalents:

	30 June **1996** shs'000	31 July **1995** shs'000	Movement shs'000
Deposits, bank and cash balances	67,798	29,373	38,425
Bank overdrafts	713,859	465,996	(247,863)
Decrease in cash and cash equivalents			(209,438)

UNGA GROUP LIMITED

18 CONTINGENT LIABILITIES

GROUP

During 1991, the VAT department issued an assessment to a subsidiary company for shs 11,500,000 to which the subsidiary made an objection. The issue in dispute is the effective date of the introduction of Value Added Tax on certain of the subsidiary's products. To date there has been no response from the VAT department.

A legal claim has been made on a subsidiary company by a former tenant for breach of a lease agreement entered into and terminated in 1985. The former tenant is asking for some specific and general damages which the subsidiary company has disputed. The likely outcome of the court case is not known.

A subsidiary company's banker has issued a Bid Bond amounting to shs 7,232,400 required by the Ministry of Agriculture, Livestock Development and Marketing in the matter of tender for acaricides.

	30 June **1996** shs'000	31 July **1995** shs'000
COMPANY		
Guarantees in favour of Barclays Bank of Kenya Limited for loans, overdrafts and other banking facilities to subsidiary companies	687,634	466,096
Guarantees in favour of Standard Chartered Bank Kenya Limited for loans, overdrafts and other banking facilities to subsidiary companies	49,930	31,900
	737,564	497,996

19 CAPITAL COMMITMENTS

Commitments at the year end for which no provision has been made in these financial statements:

GROUP		
Contracted	20,581	119,934
Authorised but not contracted	61,653	238,404

Group Five Year Financial Review

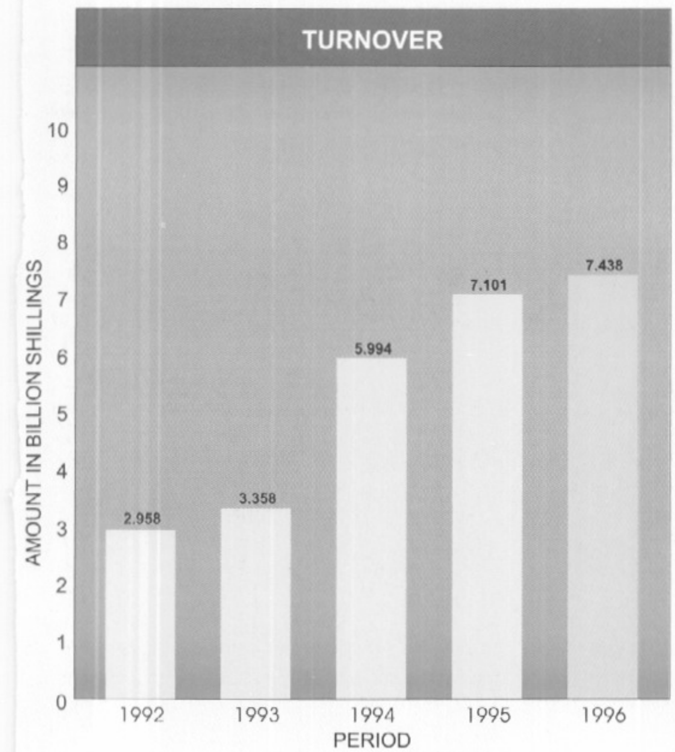
UNGA GROUP LIMITED

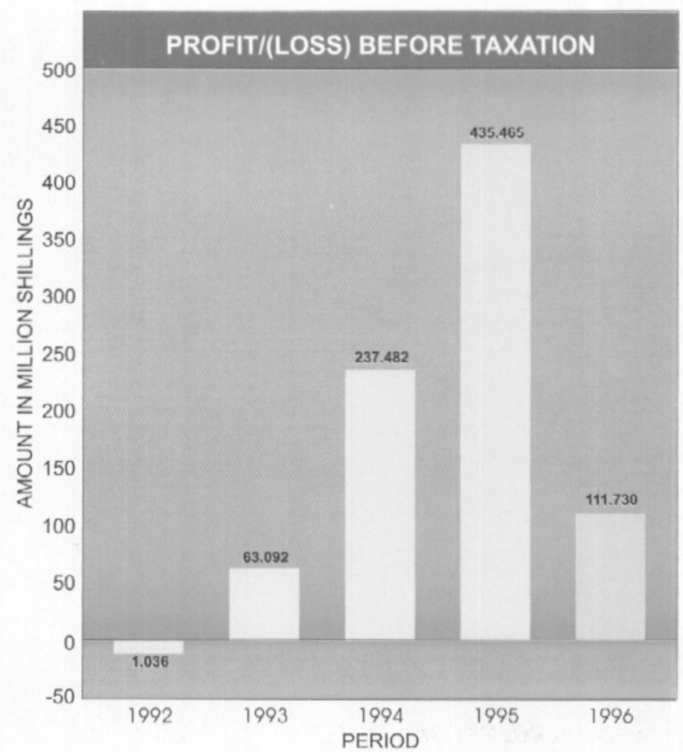
	1996 (11 months) shs'000	1995 shs'000	1994 shs'000	1993 shs'000	1992 shs'000 (as restated)
RESULTS:					
Turnover	7,437,739	7,100,668	5,993,799	3,357,870	2,958,365
Operating profit	218,690	503,245	397,190	115,286	62,026
Interest receivable	1,656	7,333	1,226	8,607	2,765
Interest payable	(108,616)	(75,133)	(160,934)	(58,637)	(68,067)
Share of (loss)/profit of associated company	-	-	-	(2,164)	2,240
Profit/(loss) before taxation	111,730	435,465	237,482	63,092	(1,036)
Taxation	54,764	190,835	136,427	49,902	29,438
Profit/(loss) after taxation	57,056	244,630	101,055	13,190	(30,474)
Minority interests	7,142	(50,564)	13,599	(1,841)	2,764
Extraordinary items	-	(365)	1,771	(104,858)	51,182
Ordinary dividends	(52,065)	(52,065)	(14,578)	(4,165)	(4,165)
Retained surplus/(deficit)	(2,151)	141,636	101,847	(97,674)	19,307
ASSETS EMPLOYED:					
Fixed assets	1,593,949	1,523,033	1,622,678	1,670,045	2,012,926
Investment properties(*)	914,000	838,500	548,000	468,000	360,890
Associated company	-	-	-	13,056	15,520
Net current assets/(liabilities)	251,694	342,893	55,339	(53,579)	(171,554)
	2,759,643	2,704,426	2,226,017	2,097,504	2,217,482
FINANCED BY:					
Share capital	26,033	26,033	26,033	26,033	26,033
Reserves	2,294,179	2,222,742	1,786,995	1,607,683	1,642,543
Shareholders' funds	2,320,212	2,248,775	1,813,028	1,633,671	1,668,576
Loans	17,400	25,300	32,000	60,378	115,454
Finance leases	412	-	-	471	1,425
Minority interests	421,619	430,351	380,989	402,984	432,027
	2,759,643	2,704,426	2,226,017	2,097,504	2,217,482
RATIOS:					
Earnings/(loss) per share shs	9.59	37.27	22.02	2.18	(6.43)
Share holders' funds per share shs	445.64	431.91	348.22	313.77	320.48
Profit/(loss) after taxation and minority interest to:					
Turnover %	0.67	2.73	1.91	0.34	(0.93)
Capital employed %	1.81	7.18	5.15	0.54	1.25

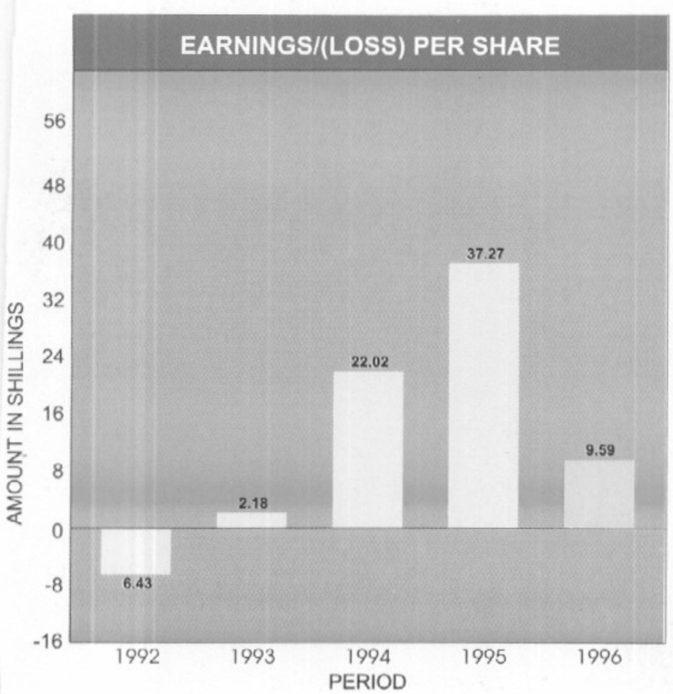
(*) Investment properties have been reclassified from 1 August 1992. The figures for 1992 have therefore been restated in line with the new policy.

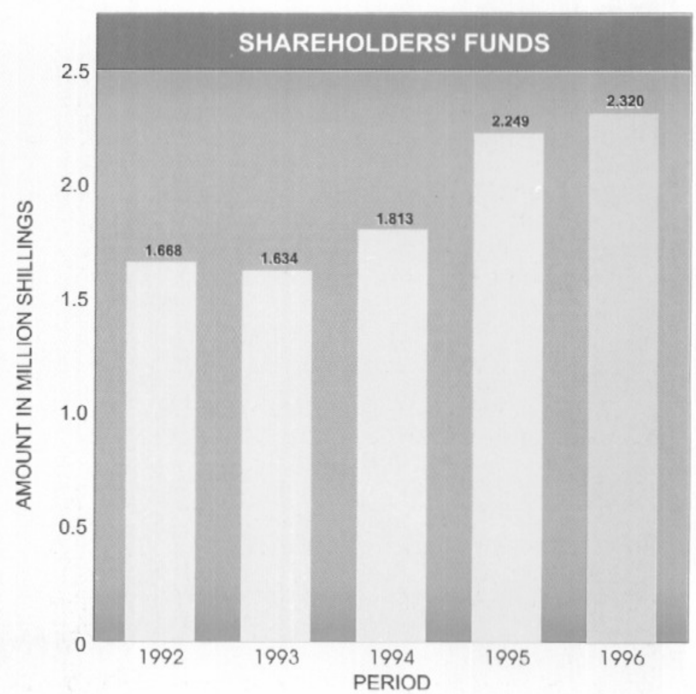
FINANCIAL CHARTS

UNGA GROUP LIMITED









Shareholder's Notes

UNGA GROUP LIMITED

FORM OF PROXY

I/We ______________________________

of ______________________________ being a member/members of

Unga Group Limited, hereby appoint ______________________________

and failing him/her ______________________________

and failing him/her the duly appointed chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the sixty ninth annual general meeting of the company to be held on Friday, 6 December 1996 at 11.30 a.m. and at any adjournment thereof.

I authorize my proxy to vote as follows on the resolutions for the meeting:

Item No.	Yes	No
1		
2		
3		
4		
5		
6(a)		
6(b)		
6(c)		

As witness my/our hand this __________ day of ______________ 1996.

____
Signed

Notes

1 If you are unable to attend this meeting personally, this form of proxy should be completed and returned to the Secretary, Unga Group Limited, P O Box 30096 Nairobi, to reach him not later than 24 hours before the time appointed for the meeting.

2 A person appointed to act as a proxy need not also be a member of the company.

3 If the appointer be a corporation, this form must be under its common seal or under the hand of an officer or an attorney authorised in writing.

FOLD 2

STAMP

The Secretary

Unga Group Limited

P.O. Box 30096

NAIROBI

FOLD 1

FOLD 3

INSERT FLAP INSIDE