UNGA GROUP LIMITED

The sculpture of the historic first Unga bullock cart at the CHESTER HOUSE Arcade.

REPORT AND ACCOUNTS

31 JULY 1988

CHESTER HOUSE at night

UNGA GROUP LIMITED

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 JULY 1988

CONTENTS

UNGA GROUP LIMITED

DIRECTORS AND OFFICIALS

DIRECTORS	D N Ndegwa, CBS, FCIB, MA.	— Chairman
	G K Mwai	— Group Managing Director
	C W Rubia, EBS.	
	A D Raja, FCA, CPA(K). (British)	
	R Kemoli	
	J G Kiereini, EGH, EBS, SS.	
	G K Kariithi, CBS.	
	J J Mvoyi	
	F W Wanganju, B.Comm., CPA(K), AMKIM. (Alternate to D N Ndegwa)	
SECRETARY	J P G Gachoya, B Comm., FCIS.	
REGISTERED OFFICE	Chester House, Koinange Street, P O Box 30096, Nairobi.	
REGISTRARS	Livingstone Registrars Limited, P O Box 30029, Nairobi.	
AUDITORS	Gill & Johnson, P O Box 40092, Nairobi.	
BANKERS	Barclays Bank of Kenya Limited, Queensway House Branch, P O Box 30011, Nairobi.	

2007/1177

UNGA GROUP LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the sixty first annual general meeting of UNGA GROUP LIMITED will be held in the Council Chamber of The Professional Centre, Parliament Road, Nairobi on Friday 17 February 1989 at 10.00 a.m. for the following purposes:

1. To consider the accounts and the reports of the directors and auditors for the year ended 31 July 1988.
2. To approve the dividends for the year.
3. To re-elect retiring directors: Messrs R Kemoli and A D Raja retire by rotation and, being eligible, offer themselves for re-election. Mr J J Mvoyi retires under article 93 of the articles of association and, being eligible, offers himself for re-election.
4. To fix the remuneration of the directors.
5. To authorise the directors to fix the remuneration of the auditors.
6. To transact any other competent business.

BY ORDER OF THE BOARD

J P G GACHOYA
Secretary

Nairobi
13 January 1989

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.

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

UNGA GROUP LIMITED

CHAIRMAN'S STATEMENT

Once again I feel honoured to present my message to the shareholders at the annual general meeting of the company for the year ended 31 July 1988.

As I mentioned in my last statement the Group has grown from humble beginnings from 1908 through mixed fortunes to the size we know today. As we celebrate 80 years of progress, we take the opportunity to re-dedicate our efforts to the promotion of the interests of the Group and look forward to the future with confidence in service of the country's daily needs.

DIRECTORATE

Mr John Jeremiah Mvoyi of Mombasa joined our board on 21 April 1988. I continue to receive valuable support from my fellow directors for which I extend appreciation.

RESULTS

The results are fully set out in the accounts. There was a drop in profits after tax to Shs 15.7m for the year compared with Shs 33.5m for the previous year. The decline in surplus is in sharp contrast to the high turnover achieved by the Group. Apart from losses in Sofar Investments Limited, elsewhere, the deterioration can be traced to rising costs of inputs pressing hard on returns from sales.

DIVIDENDS

Inspite of the moderate results achieved, your directors have recommended the same dividend distribution as last year. An interim dividend of Shs 0.20 per share was paid on 7 November 1988. A final dividend of Shs 0.80 per share has been recommended for payment on 17 February 1989, making a total dividend of Shs 1.00 per share.

INVESTMENTS

Elliot's Bakeries Limited recorded another loss brought about by high maintenance expenses, increased marketing expenses and upward revaluation in foreign currency denominated loans. Elliot's Bakeries Limited has been operating for the last two years on static prices of bread against a background of increasing expenses in its operations. It should be noted that efforts being made are bearing encouraging results.

Unga Limited and Unga Maize Millers Limited showed reduced profitability arising from delayed price reviews for wheat and maize meal products and large increases in the cost of packaging materials. Proctor and Allan Limited, Unga Feeds Limited and Elianto Kenya Limited fared better.

Meanwhile, the reconstruction of the Eldoret flour and maize mills was completed, while Ufuta Limited's plant in Mombasa started operations in August 1988.

The new projects of Unga Feeds Limited in Nakuru and Proctor and Allan Limited in Nairobi are under way and are scheduled for completion in the middle of 1989.

After acquiring the remaining 26 p.c. shareholding, Elianto Kenya Limited became a wholy owned subsidiary of Kenya National Mills Limited.

Chester House Limited made a net profit and there are plans to develop its plot in Westlands, Nairobi, into a building for office and commercial purposes to be known as UNGA HOUSE. Many of you may have noticed the ox-cart model in Chester House arcade which appears in this Report and Accounts. The model is intended to commemorate the humble beginnings from which the Group arose.

These statements should give our shareholders an overview of the Group's activities and expansion into which substantial investments have been injected to strengthen the fabric of the Group for better future operations.

There has not been any progress regarding the recovery of the assets in Uganda, but your directors continue to maintain pressure through the relevant ministry of the Government of Kenya to have a decision made on compensation.

FUTURE PROSPECTS

A price review for bread, wheat and maize meal products was announced in September 1988. The review is expected to improve margins to enable the Group to face the future with greater confidence. However, it is my conclusion that the Group may have to operate in a less favourable economic climate with a background of high costs of production. In such circumstances, we look to the authorities for commensurate review of the price structure.

Your directors continue to explore new areas of business opportunities in the agro-based industries.

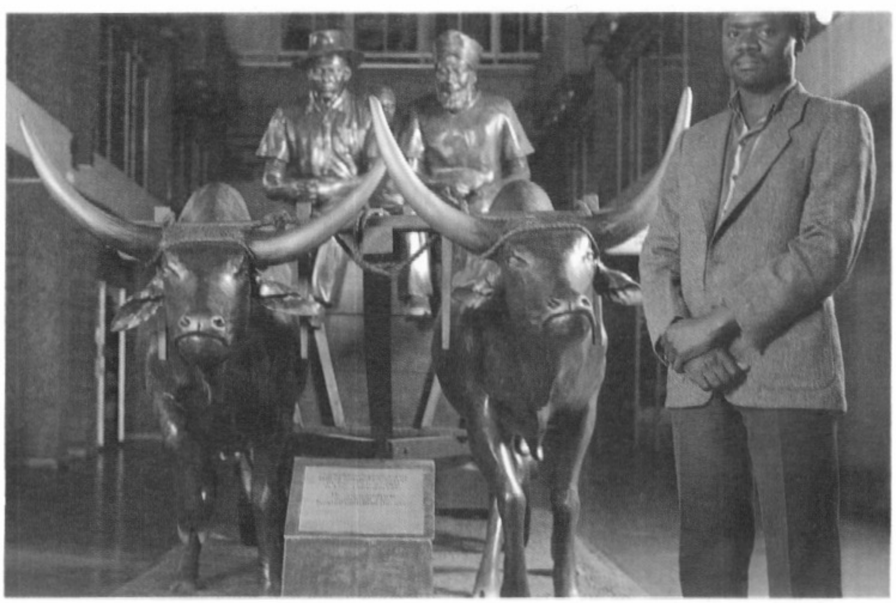
STAFF

Once again I pay tribute to the management and staff who have continued to perform in the spirit of co-operation and wish them a very successful year.

D N NDEGWA, CBS, FCIB, MA.
Chairman

Nairobi
21 December 1988

Pictured admiring the sculpture at the unveiling ceremony are (from left): Mr Duncan Ndegwa, Unga Group Chairman; Mr Francis Wanganju, Group Financial Controller; fellow directors, Mr Jeremiah Kiereini and Mr John Mvoyi; Mr George Mwai, Group Managing Director; and Mr Geoffrey Kariithi, director. Also present at the unveiling were fellow director, Mr Charles Rubia and Mr John Gachoya, Group Company Secretary.



Mr Charles Bwire, the artist who was commissioned to prepare the CHESTER HOUSE sculpture.

UNGA GROUP LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the accounts of the group for the year ended 31 July 1988.

ACTIVITIES

The company acts as a holding company. The principal activities of the group have continued to be the milling of wheat and maize and the manufacture of bread, animal feeds, cooking oils and related products.

GROUP RESULTS

	1988 Shs'000	1987 Shs'000
Profit before taxation and extraordinary item	41,425	112,503
Taxation	25,706	79,008
Profit after taxation and before extraordinary item	15,719	33,495
Minority interests	408	3,660
Profit before extraordinary item	15,311	29,835
Extraordinary item	869	—
Profit available for appropriation	16,180	29,835
Dividends	5,206	5,206
Transfer to revenue reserve	10,974	24,629

DIVIDENDS

Interim dividend of Shs 0.20 per share paid on 7 November 1988	1,041	1,041
Proposed final dividend of Shs 0.80 per share	4,165	4,165
	5,206	5,206

DIRECTORS

The current board of directors is shown on page 2.

J J Mvoyi was appointed a director on 21 April 1988.

In accordance with articles 88 and 89 of the articles of association, Messrs R Kemoli and A D Raja retire by rotation and, being eligible, offer themselves for re-election.

In accordance with article 93 of the articles of association, J J Mvoyi retires and, being eligible, offers himself 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
2 December 1988

REPORT OF THE AUDITORS
TO THE MEMBERS OF UNGA GROUP LIMITED

We have examined the accounts on pages 8 to 18 and have obtained all the information and explanations considered necessary for our audit.

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 accounts, which comply with the Companies Act, give a true and fair view of the state of affairs of the company and the group at 31 July 1988 and of the profit and source and application of funds of the group for the year ended on that date.

GILL & JOHNSON
Certified Public Accountants (Kenya)

Nairobi
5 December 1988

UNGA GROUP LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 1988

	Notes	1988 Shs'000	1987 Shs'000
TURNOVER		2,233,270	2,045,827
PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEM	2	41,425	112,503
TAXATION	3	25,706	79,008
PROFIT AFTER TAXATION AND BEFORE EXTRAORDINARY ITEM		15,719	33,495
MINORITY INTERESTS		408	3,660
PROFIT BEFORE EXTRAORDINARY ITEM		15,311	29,835
EXTRAORDINARY ITEM	4	869	—
PROFIT AVAILABLE FOR APPROPRIATION	5	16,180	29,835
DIVIDENDS — GROSS		5,206	5,206
RETAINED PROFIT FOR THE YEAR	14	10,974	24,629
EARNINGS PER SHARE	7	Shs 2.94	Shs 5.73

UNGA GROUP LIMITED

CONSOLIDATED BALANCE SHEET

31 JULY 1988

	Notes	1988 Shs'000	1987 Shs'000
ASSETS EMPLOYED:			
FIXED ASSETS	8	1,100,970	1,030,377
NATIONALISED ASSETS IN UGANDA	11	34,264	34,264
CURRENT ASSETS			
Stocks	12	223,150	173,395
Debtors		94,723	71,804
Advance payment to National Cereals and Produce Board		—	6,773
Deposits, bank and cash balances		141,483	206,366
		459,356	458,338
CURRENT LIABILITIES			
Creditors		265,635	198,982
Taxation		35,190	86,540
Dividends—gross		5,206	5,206
Short term loan	15	—	30,000
Long term loans repayable within one year	16	69,485	54,550
Finance leases	9	8,539	—
Bank overdrafts (secured)		114,668	21,911
		498,723	397,189
NET CURRENT (LIABILITIES)/ASSETS		(39,367)	61,149
		1,095,867	1,125,790
FINANCED BY:			
SHARE CAPITAL	13	26,033	26,033
RESERVES	14	681,017	673,679
SHAREHOLDERS' FUNDS		707,050	699,712
LONG TERM LOANS	16	193,066	232,966
FINANCE LEASES	9	7,805	—
MINORITY INTERESTS		187,946	193,112
		1,095,867	1,125,790

The accounts on pages 8 to 18 were approved by the board of directors on 2 December 1988 and were signed on its behalf by:

D N NDEGWA *Director*

G K MWAI *Director*

UNGA GROUP LIMITED

BALANCE SHEET

31 JULY 1988

	Notes	1988 Shs'000	1987 Shs'000
ASSETS EMPLOYED:			
FIXED ASSETS	8	2,453	1,772
INVESTMENTS IN SUBSIDIARIES	10	681,163	687,062
NATIONALISED ASSETS IN UGANDA	11	28,277	28,277
CURRENT ASSETS			
Debtors		676	462
Due from subsidiary companies		20,916	20,826
Deposits, bank and cash balances		6,561	1,464
		28,153	22,752
CURRENT LIABILITIES			
Creditors		8,186	6,113
Due to group company		—	22
Taxation		918	15
Dividends—gross		5,206	5,206
Short term loan	15	—	30,000
Long term loan repayable within one year	16	10,400	—
Finance leases	9	613	—
		25,323	41,356
NET CURRENT ASSETS/(LIABILITIES)		2,830	(18,604)
		714,723	698,507
FINANCED BY:			
SHARE CAPITAL	13	26,033	26,033
RESERVES	14	678,185	672,474
SHAREHOLDERS' FUNDS		704,218	698,507
LONG TERM LOAN	16	10,200	—
FINANCE LEASES	9	305	—
		714,723	698,507

The accounts on pages 8 to 18 were approved by the board of directors on 2 December 1988 and were signed on its behalf by:

D N NDEGWA *Director*

G K MWAI *Director*

UNGA GROUP LIMITED

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 JULY 1988

	1988 Shs'000	1987 Shs'000
SOURCE OF FUNDS:		
Profit before taxation and extraordinary item	41,425	112,503
Extraordinary item	869	—
	42,294	112,503
Items not involving the movement of funds:		
Adjustment in respect of finance leases	(4,640)	—
Extraordinary item	(869)	—
Depreciation of fixed assets	74,877	64,673
Loss on exchange	8,437	4,255
(Profit)/loss on disposal of fixed assets	(356)	13,104
Funds generated from operations	119,743	194,535
Funds from other sources:		
Proceeds on disposal of fixed assets	2,978	2,513
Loans received	31,000	265,893
Finance leases entered into	13,230	—
INFLOW OF FUNDS	166,951	462,941
APPLICATION OF FUNDS:		
Taxation paid	77,056	82,220
Dividends paid	9,608	12,196
Fixed assets purchased	136,470	310,459
Loans repayments	94,402	31,076
Shares purchased in subsidiaries	—	37,447
Finance lease payments	7,807	—
OUTFLOW OF FUNDS	325,343	473,398
NET OUTFLOW OF FUNDS	(158,392)	(10,457)
REPRESENTED BY:		
Movement in working capital:		
Stocks	49,755	26,893
Debtors and advance payment	16,146	(7,696)
Creditors	(66,653)	131
	(752)	19,328
Movement in net liquid funds:		
Deposits, bank and cash balances	(64,883)	(22,045)
Bank overdrafts	(92,757)	(7,740)
NET MOVEMENT IN WORKING CAPITAL	(158,392)	(10,457)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 1988

1. **ACCOUNTING POLICIES**

BASIS OF ACCOUNTING

The company prepares its accounts on the historical cost basis of accounting, modified to include the revaluation of certain assets.

CONSOLIDATION

The consolidated accounts incorporate the accounts of Unga Group Limited and its subsidiaries, all of which are made up to 31 July.

TURNOVER

Turnover represents the net amount receivable for sales to external customers during the year.

TAXATION

Current taxation is provided on the basis of the results for the year as shown in the accounts, adjusted in accordance with tax legislation. No provision is made for deferred taxation.

FIXED ASSETS

Fixed assets are stated at cost or as professionally revalued on an existing use basis.

Professional valuations are carried out every three years; the last valuation was at 31 July 1986.

LEASED ASSETS

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

DEPRECIATION

Depreciation 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 land	nil
Freehold buildings	2.5%
Leasehold land	period of lease
Long leasehold buildings	2.5%
Short leasehold buildings	period of lease
Plant and machinery	4% — 33.3%
Furniture and fittings	10% — 20%
Motor vehicles	25% — 33.3%
Silos	Shorter of 50 years or the unexpired period of the lease for the land on which they are built.

INVESTMENTS IN SUBSIDIARIES

The investments in subsidiaries 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 realisable 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 year 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.

UNGA GROUP LIMITED

NOTES TO THE ACCOUNTS

(Continued)

	1988 Shs'000	1987 Shs'000
2. PROFIT BEFORE TAXATION AND EXTRAORDINARY ITEM		
The profit before taxation and extraordinary item is arrived at after charging:		
Auditors' remuneration	2,441	2,353
Depreciation of fixed assets	74,877	64,673
Directors' emoluments —		
Fees for services as directors	150	141
Other emoluments	1,033	697
Early retirement scheme payments	—	4,400
Hire of plant and machinery	1,109	4,338
Interest payable on long term loans	26,522	15,951
Interest payable on short term loans and bank overdrafts	10,864	4,326
Interest payable on finance leases	2,193	1,314
Loss on exchange	8,437	4,255
Loss on disposal of fixed assets	—	13,104
and after crediting:		
Interest receivable on loans and deposits	20,960	22,239
Rent receivable	20,210	17,233
Profit on sale of fixed assets	356	—
Prior period adjustment in respect of finance leases	4,640	—
3. TAXATION		
Based on the adjusted profit for the year at 45%	25,774	78,957
Adjustment for previous years	(68)	51
	25,706	79,008
4. EXTRAORDINARY ITEM		
Bakery plant scrapped:		
Transfer from capital reserve — prior years' revaluation surpluses on plant now scrapped	3,487	—
1986 valuation of plant scrapped	(3,492)	—
Depreciation charged after 1986 valuation	874	—
	869	—

5. **PROFIT AVAILABLE FOR APPROPRIATION**

A profit of Shs 16,816,000 (1987 — Shs 17,952,000) is dealt with in the accounts of Unga Group Limited.

	1988 Shs'000	1987 Shs'000
6. DIVIDENDS—GROSS		
Interim dividend of Shs 0.20 per share paid on 7 November 1988	1,041	1,041
Proposed final dividend of Shs 0.80 per share	4,165	4,165
	5,206	5,206

7. **EARNINGS PER SHARE**

Earnings per share has been calculated on the profit, before extraordinary item, of Shs 15,311,000 (1987 — Shs 29,835,000) and on 5,206,529 ordinary shares.

NOTES TO THE ACCOUNTS
(Continued)

8. 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 1987	316,818	602,730	176,374	1,095,922	3,014
Finance leases (note 9)	1,500	21,977	—	23,477	2,128
Adjustment on previous revaluation	—	(127)	—	(127)	—
Additions	12,909	17,754	105,807	136,470	643
Transfers	7,460	211,980	(219,440)	—	—
Disposals	(1,951)	(7,681)	—	(9,632)	(108)
At 31 July 1988	336,736	846,633	62,741	1,246,110	5,677
Comprising:					
Valuation 1983	—	722	—	722	722
Valuation 1986	307,328	392,604	—	699,932	—
Cost	29,408	453,307	62,741	545,456	4,955
	336,736	846,633	62,741	1,246,110	5,677
DEPRECIATION					
At 1 August 1987	7,819	57,726	—	65,545	1,242
Finance leases (note 9)	9	7,906	—	7,915	957
Adjustment on previous revaluation	—	126	—	126	—
Charge for the year	9,134	65,743	—	74,877	1,052
Eliminated on disposals	(104)	(3,219)	—	(3,323)	(27)
At 31 July 1988	16,858	128,282	—	145,140	3,224
NET BOOK VALUE					
At 31 July 1988	319,878	718,351	62,741	1,100,970	2,453
At 31 July 1987	308,999	545,004	176,374	1,030,377	1,772

Land and buildings comprise:

Freehold	15,967
Long leasehold	230,231
Short leasehold	73,680
	319,878

The net book value of fixed assets includes Shs 21,521,947 in respect of assets that were the subject of finance leases at 31 July 1988.

NOTES TO THE ACCOUNTS
(Continued)

9. FINANCE LEASES

	GROUP		COMPANY	
	1988 Shs'000	1987 Shs'000	1988 Shs'000	1987 Shs'000
Liabilities under finance (secured) leases expiring by 1991	16,344	—	918	—
Less: repayable within one year	8,539	—	613	—
	7,805	—	305	—

Assets under finance leases at 1 August 1987 were brought into the books at their original cost adjusted for prior years depreciation.

10. INVESTMENTS IN SUBSIDIARIES

	1988 Shs'000	1987 Shs'000
Shareholding at directors' valuation:		
At 1 August 1987	687,062	560,153
Acquisition of further shares	—	37,447
(Deficit)/surplus on revaluation	(5,899)	89,462)
At 31 July 1988	681,163	687,062

11. NATIONALISED ASSETS IN UGANDA

The amounts shown in the balance sheets represent the net asset values of the investments in Bread Limited and Uganda Grain Milling Company Limited and the amounts due on loan and current accounts as at 5 May 1976 when they were nationalised.

Following the enactment of the Expropriated Properties Act 1983 by the Uganda Parliament, an application to repossess all the group interest and assets in Bread Limited and Uganda Grain Milling Company Limited was submitted on 19 May 1983. Full provision for these assets is included in the nationalised assets reserve (note 14).

12. STOCKS

	1988 Shs'000	1987 Shs'000
Finished products	29,935	30,619
Raw materials	137,273	102,132
Production supplies	27,579	20,357
Others	28,363	20,287
	223,150	173,395

NOTES TO THE ACCOUNTS
(Continued)

13. SHARE CAPITAL

	1988 Shs'000	1987 Shs'000
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

	Nationalised assets Shs'000	Capital Shs'000	Revenue Shs'000	Total Shs'000
GROUP				
At 1 August 1987	33,361	475,464	164,854	673,679
Adjustment on previous revaluation	—	(158)	9	(149)
Retained profit for the year	—	—	10,974	10,974
Realised on disposal of fixed assets	—	(5,335)	1,848	(3,487)
At 31 July 1988	33,361	469,971	177,685	681,017
COMPANY				
At 1 August 1987	28,277	584,676	59,521	672,474
Retained profit for the year	—	—	11,610	11,610
Revaluation of investments in subsidiaries	—	(5,899)	—	(5,899)
At 31 July 1988	28,277	578,777	71,131	678,185

15. SHORT TERM LOAN

	1988 Shs'000	1987 Shs'000
Unsecured loan from a financial institution repaid on 21 September 1987	—	30,000

NOTES TO THE ACCOUNTS
(Continued)

16. LONG TERM LOANS

	1988 Shs'000	1987 Shs'000
GROUP		
Secured bank loan repayable in semi-annual instalments by 1992. Interest is at the ruling bank rate	16,000	20,000
Secured bank loans repayable in monthly instalments by 1992 and carrying interest at 14% per annum	59,034	74,432
Secured bank loan repayable in three annual instalments by 1991. Interest is at 15% per annum	20,600	—
Secured consortium debenture loan repayable in equal quarterly instalments by 1994 and carrying interest at 16% per annum	28,164	31,090
Secured loan in Swiss Francs from a supplier of capital equipment repayable in semi-annual instalments by 1991 and carrying interest at 7.5% per annum	59,708	71,047
Secured loan in Deutsche Marks from a supplier of capital equipment repayable in semi-annual instalments by 1992 and carrying interest at 8.8% per annum	6,922	8,502
Secured loans in Deutsche Marks from a supplier of capital equipment each repayable in semi-annual instalments by 1991 and carrying interest at 10% per annum	35,702	42,277
Unsecured loans in Pound Sterling from a supplier of capital equipment repaid in 1988 and carrying interest at 8% or 10% per annum	—	3,099
Unsecured loan in Pound Sterling from a supplier of capital equipment repayable in semi-annual instalments by 1993 and carrying interest at 10.1% per annum	36,421	37,069
	262,551	287,516
Less: repayable within one year	69,485	54,550
	193,066	232,966

The subsidiary companies have signed bills of exchange to cover the future payments of capital and interest with regard to the loans in foreign currencies.

	1988 Shs'000	1987 Shs'000
COMPANY		
Secured bank loan repayable in three annual instalments by 1991. Interest is at 15% per annum	20,600	—
Less: repayable within one year	10,400	—
	10,200	—

UNGA GROUP LIMITED

NOTES TO THE ACCOUNTS
(Continued)

	1988 Sh'000	1987 Sh'000
17. CONTINGENT LIABILITIES		
GROUP		
Guarantees given to finance houses on behalf of distributors and transporters	67	832
Guarantees in respect of staff car loans	—	117
	67	949
COMPANY		
Guarantees in respect of staff car loans	—	117
Guarantees in favour of Barclays Bank of Kenya Limited for loans and other banking facilities to subsidiaries	170,906	129,815
	170,906	129,932

18. **CAPITAL COMMITMENTS**

Commitments at the year end for which no provision has been made in the accounts:

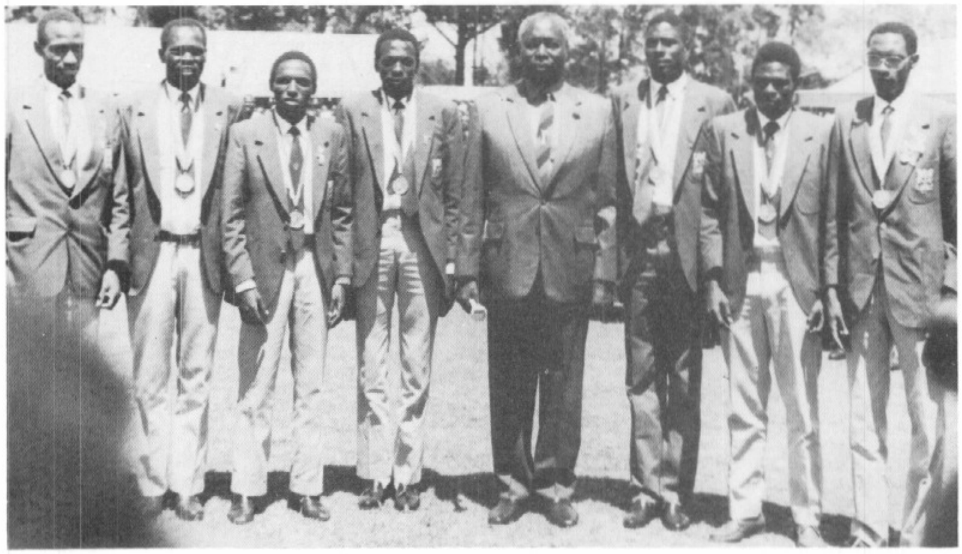
	1988 Sh'000	1987 Sh'000
GROUP		
Contracted	128,924	29,375
Authorised but not contracted	70,748	147,757

UNGA GROUP LIMITED

GROUP FIVE YEAR FINANCIAL REVIEW

		1988 Shs'000	1987 Shs'000	1986 Shs'000	1985 Shs'000	1984 Shs'000
RESULTS:						
Turnover		2,233,270	2,045,827	1,897,885	1,529,787	1,211,360
Profit before taxation		41,425	112,503	155,553	90,778	88,560
Taxation		(25,706)	(79,008)	(84,128)	(51,639)	(57,400)
Profit after taxation		15,719	33,495	71,425	39,139	31,160
Minority interest		(408)	(3,660)	(27,925)	(16,162)	(19,060)
Extraordinary item		869	—	963	34	60
Ordinary dividends		(5,206)	(5,206)	(5,206)	(4,165)	(3,900)
Transfer to reserves		10,974	24,629	39,257	18,846	8,260
ASSETS EMPLOYED:						
Fixed assets		1,100,970	1,030,377	800,208	689,230	712,480
Investments		—	—	—	—	2,700
Nationalised assets in Uganda		34,264	34,264	34,264	34,264	34,264
Net current (liabilities)/assets		(39,367)	61,149	133,514	77,243	31,336
		1,095,867	1,125,790	967,986	800,737	780,780
FINANCED BY:						
Share capital		26,033	26,033	26,033	26,033	26,033
Reserves		681,017	673,679	570,871	467,435	448,787
Shareholders' funds		707,050	699,712	596,904	493,468	474,820
Long term loans		193,066	232,966	59,021	52,320	60,740
Finance leases		7,805	—	—	—	—
Minority interest		187,946	193,112	312,061	254,949	245,220
		1,095,867	1,125,790	967,986	800,737	780,780
RATIOS:						
Shareholders' funds per share	Shs	135.80	134.39	114.65	94.78	91.20
Profit after taxation and minority interest to:						
Turnover	%	0.68	1.5	2.3	1.5	1.0
Capital employed	%	1.6	3.2	6.6	4.2	2.3

UNGA GROUP LIMITED



His Excellency The President Hon Daniel T arap Moi posing for a group photograph at State House with the Olympic medalists who did the Kenyan nation proud in Seoul, Korea.

The Olympic fund raising board with Hon Mrs Grace Ogot, MP, Assistant Minister for Culture and Social Services.
Second from left is our Group Managing Director, Mr George Mwai.
Four of our Group companies donated towards Kenya's participation at the Olympics where the Kenya team finished 13th out of 160 countries.

UNGA GROUP LIMITED

During Kenya's 25th Anniversary celebrations, the Unga Group's vehicle float attracted wananchi with its striking display of the Group's product range.

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 first annual general meeting of the company to be held on Friday 17 February 1989 at 10.00 a.m. and at any adjournment thereof.

As witness my/our hand this .... day of 1989

....

(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 appointed for holding the meeting.

2. A person appointed to act as a proxy need not 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 attorney authorised in writing.