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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 42nd Annual General Meeting of the Ordinary Shareholders of Bamburi Portland Cement Company Limited will be held at the Registered Office of the Company at Bamburi, Mombasa, on Thursday, 6th May, 1993 at 12.00 noon for the following purposes:

- 1 . To confirm the minutes of the 41st Annual General Meeting.
- 2 . To receive the Chairman's Statement.
- 3 . To receive the Report of the Directors and the Audited Accounts for the year ended 31st December, 1992.
- 4 . To declare dividends.
- 5 . To approve Directors' fees for 1993.
- 6 . To authorise the Directors to fix the remuneration of the auditors for 1993.
- 7 . To consider the re-election of Directors retiring by rotation, who, being eligible, offer themselves for re-election:

Mr. T.C.J. Ramtu (Born 23rd January 1923)

Mr. I.L. Roberts (Born 4th August 1921)

Mr. P.H. Huber

Mr. J. Kimanthi

- 8 . To consider and if thought appropriate, to pass the proposed resolutions set out on page 2 increasing the Authorised Share Capital of the Company and authorizing a Bonus Issue of one ordinary share for every one ordinary share held.

By Order of the Board

31st March, 1993.

S.K.J. SHULUNGE
Secretary

A member entitled to attend and vote at the above meeting is entitled to appoint a proxy, who need not be a member of the Company, to attend and vote in his or her stead. Proxy forms must be lodged at the registered office of the Company, P.O. Box 90202, Mombasa not less than 48 hours before the time of the meeting. A form of Proxy will be found on Page 21.

2007/0710

Resolutions to be considered at the 42nd Annual General Meeting

1. **Special Resolution - Increase in Share Capital**

That the authorised share capital of the Company be increased from K£ 10,600,000 to K£ 21,100,000 by the creation of an additional 42,000,000 ordinary shares of KSh. 5.00 each ranking pari passu as regards dividends and in all other respects with the existing 42,000,000 ordinary shares of the Company.

2. **Ordinary Resolution - Capitalisation of Reserves**

That subject to the necessary consents being obtained from the Central Bank and the Treasury, in accordance with articles 129 and 130 of the Company's Articles of Association and upon the recommendation of the Board it is desirable to capitalise the sum of K£ 10,080,550 being part of the sum standing to the credit of the profit and loss account, at 31st December 1992, and accordingly, that such sum be capitalised and the Board of Directors be and is hereby authorised and directed to appropriate the said sum to the members registered on 6th May, 1993 as holders of ordinary shares in the company in the proportion in which such sum would have been divided amongst them had the same been applied or been applicable in paying dividends and to apply such sum on their behalf in paying up in full at par 40,322,200 unissued ordinary shares of KSh. 5.00 each of the Company to be allotted and distributed, credited as fully paid up, to and amongst such members in the proportion of one new ordinary share for every one ordinary share held by them respectively, such fully paid shares to rank equally with the existing issued ordinary shares for all dividends declared after the passing of this resolution and the shares so distributed shall be treated for all purposes as an increase of the amount of the capital of the Company held by each such shareholder and not as income, and that the Directors be and are hereby authorised to attend to all matters required to give effect to this resolution with full power to make such provision for sale of fractions or otherwise as they think fit.

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Directorate & Administration

Directors:

T.C.J. Ramtu	Chairman
I.L. Roberts	Vice-Chairman
S.M. Bates	
H.G. Beevor	Alternate P.D. Marrian
K.W. George	Alternate P. Overment
J.C. Hillenmeyer	
S.W. Karanja	
Dr. W. Koinange	Alternate E.M. Mungai
J.C. Kulei	
R. Brenneisen	Managing
G.C.D. Groom	Finance
P.H. Huber	Works
J. Kimanathi	Personnel

Secretary:

S.K.J. Shulunge

Registered Office:

P.O. Box 90202,
Mombasa.

Registrars:

Chunga Associates,
P.O. Box 41968,
Nairobi.

Auditors:

Price Waterhouse,
P.O. Box 81824,
Mombasa.

Bankers:

Barclays Bank of Kenya Limited,
Nkrumah Road Branch,
P.O. Box 90182,
Mombasa.

ABN-AMRO Bank,
Nkrumah Road,
P.O. Box 90230,
Mombasa.



Chairman's Statement

The Management and Staff of Bamburi Portland Cement Company Limited are to be congratulated yet again for their effort, loyalty and determination to improve the performance and profitability of the Company.

Cement and clinker production in 1992 was just over 1.2 million tons. This degree of production enabled the Company to sell a total of 1.2 million tons and achieved an export of 380,000 tons. It was a splendid performance for a factory which had been for the previous several years receiving a mere 'survival' attention due to price control set backs. It is hoped that enough funds will in future be generated from sales to enable the plant to receive reasonable repair and maintenance care to make it more efficient and last longer.

The long term planning for the company has been tackled having regard to three main areas; raw material availability, profitability and maintenance of the plant. Satisfactory profitability and proper maintenance are gradually being achieved. Your Board considered it necessary, taking into account the substantial remaining life of the factory, to secure increased raw material reserves. After detailed negotiations and consultation of all the relevant persons, I am pleased to say that sufficient limestone was secured to cover the needs of the plant for the next 15 to 20 years.

The Company was able in 1992 to increase its profits and shareholders received an interim dividend of 7.5%. A final dividend of 12.5% will be recommended to the shareholders at the annual general meeting, together with a 1 for 1 bonus issue, so that at long last they may begin to reap the benefit of many years of patience and sacrifice.

Overall performance of the Company was extremely encouraging and it is hoped that barring any unforeseen events the trend will be maintained.

Once again I want to thank most sincerely the management, staff, and my colleagues in the Board for their cooperation, guidance and support.

31st March, 1993.

T.C.J. RAMTU

Report of the Directors

GROUP ACTIVITIES

Bamburi Portland Cement Company Limited and its subsidiaries are incorporated in Kenya. The principal activity of the parent company is the manufacture of clinker and cement. One of its subsidiaries is engaged in agriculture, land rehabilitation, fish farming and landscape consultancy. The other subsidiary did not operate but it owns valuable coral land which the parent company may use as a source of limestone in future.

Through its two associated companies the Company is engaged in the marketing of cement and in the manufacture of fibre cement products.

SALES

The Company's total sales of cement and clinker for the year were a record at 1,215,000 tons (1991 - 1,151,000 tons) with exports accounting for 380,000 tons (1991 - 316,000 tons) and sales within Kenya of 835,000 tons (1991 - 835,000 tons). Total industry sales on the domestic market rose 1% to 1,148,000 tons in 1992. Turnover for the year was K£ 114 million which was up 31% and included export earnings of K£ 24 million compared with K£ 18 million in 1991.

TRADING RESULTS

Pretax profits were K£ 22.6 million compared with K£ 9.8 million in 1991 whilst profit after tax was K£ 11.0 million against K£ 6.4 million in the previous year.

The progressive improvement in operating margins shown on page 8 which commenced following the lifting of price controls in May 1991, continued in 1992. This together with a second successive year of record production helped lift profits to a new high in Kenya currency terms, although they still remain relatively low in relation to the total assets employed by the Company, inflation levels and our actual needs.

Nevertheless, the 1992 results mark a further step on the road to restoring the Company onto a sound financial footing.

REVALUATION OF ASSETS

The Company's fixed assets were revalued again in 1992 and the results incorporated with effect from 1st July 1992. Such a revaluation was first carried out in 1987 and the present exercise was necessary in order to maintain the asset values and depreciation charge at realistic levels for the size of factory we have.

The higher depreciation charge which resulted from this exercise is disallowed for tax purposes under existing income tax legislation.

DIVIDENDS

The Directors recommend a final dividend of 12.5% on the Company's issued share capital.

An interim dividend of 7.5% was payable on 29th January 1993, which together with the final dividend of 12.5% now proposed, makes a total of 20% for the year ended 31st December 1992.

BONUS ISSUE

The Directors will propose to the Annual General Meeting that an amount K£ 10,080,550 be capitalized from Accumulated Profit and applied to paying up in full at par 40,322,200 ordinary shares of KSh. 5 each, to rank pari passu with the existing shares other than for any dividends declared and paid in respect of the year ended 31st December 1992. The shares will be distributed in the proportion of one ordinary share for every one ordinary share held by shareholders on 6th May, 1993.

SUBSIDIARIES AND ASSOCIATED COMPANIES

Kenya Cement Marketing Limited results showed marked improvement over the previous year. Turnover for the year was K£ 96,779,000 as compared to K£ 71,656,000 for 1991.

Simbarite Limited continued to trade under difficult conditions arising from the down-turn in the country's economy and increased competition. Pretax profits are estimated at K£ 60,000 compared to K£ 206,000 in 1991.

Baobab Farm Limited had another successful year achieving a profit before tax estimated at K£ 72,000 as compared to K£ 41,000 for 1991.

DIRECTORATE

The Directors who held office during the year are as shown on page 3.

AUDITORS

The Company's auditors, Price Waterhouse, have indicated their willingness to continue in office in accordance with Section 159(2) of the Companies Act.

31st March, 1993.

By Order of the Board

S.K.J. SHULUNGE
Secretary

Report of the Auditors to the Members of Bamburi Portland Cement Co. Limited

We have audited the accounts set out on pages 8 to 18 and have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. The accounts are in agreement with the books of account.

In our opinion proper books of account have been kept and the accounts give a true and fair view of the state of the company's financial affairs at 31st December, 1992 and of its profit and source and application of funds for the year then ended and comply with the Companies Act.

PRICE WATERHOUSE
Certified Public Accountants

18th March, 1993.

Profit and Loss Account for the Year Ended 31st December, 1992

	NOTE	1992 K £ '000	1991 K £ '000
TURNOVER		114,453	87,332
OPERATING PROFIT	1	23,198	10,490
Exchange losses on loans and debentures		(581)	(672)
PROFIT BEFORE TAX		22,617	9,818
TAX	2		
Current		11,573	4,727
Deferred		—	(1,356)
		11,573	3,371
PROFIT AFTER TAX		11,044	6,447
ACCUMULATED PROFIT / (LOSS) brought forward		4,323	(1,116)
Dividends	3	(2,016)	(1,008)
ACCUMULATED PROFIT carried forward		13,351	4,323
Earnings per share	4	KShs. 5.48	KShs. 3.20

Balance Sheet at 31st December, 1992

	NOTE	1992 K £ '000	1991 K £ '000
CAPITAL EMPLOYED			
Share capital	5	10,080	10,079
Reserves	6	173,595	58,673
TOTAL SHAREHOLDERS' FUNDS		183,675	68,752
Debentures and loans	7	—	1,654
		183,675	70,406
NET ASSETS EMPLOYED			
FIXED ASSETS	8	156,444	54,334
INVESTMENTS	9	444	442
CURRENT ASSETS			
Inventories	10	35,171	27,092
Debtors		20,034	10,350
Deposits, bank and cash balances		9,206	5,553
		64,411	42,995
CURRENT LIABILITIES			
Bank overdraft	11	2,319	1,087
Current portion of loans	7	2,856	1,796
Creditors		20,496	19,644
Tax		9,931	3,830
Dividend		2,022	1,008
		37,624	27,365
NET CURRENT ASSETS		26,787	15,630
		183,675	70,406

R. BRENNEISEN — DIRECTOR

G.C.D. GROOM — DIRECTOR

The accounts were approved by the Board of Directors on 18th February, 1993.

Statement of Source and Application of Funds for the Year Ended 31st December, 1992

	1992 K £ '000	1991 K £ '000
SOURCE OF FUNDS		
Profit Before Tax	22,617	9,818
Adjustments for items not involving the movement of funds:		
Depreciation	11,031	4,992
Profit on sale of fixed assets	(246)	(281)
Revaluation reserve transferred to profit and loss account	(539)	(393)
Funds generated from trading operations	32,863	14,136
Funds from other sources:		
Increase in share capital	1	—
Proceeds from sale of fixed assets	428	383
	33,292	14,519
APPLICATION OF FUNDS		
Tax paid	5,472	4,557
Dividends paid	1,002	—
Purchase of fixed assets	6,890	2,463
Purchase of quoted investments	2	—
Redemption of debentures	266	2,828
Repayment of loans	328	634
Increase in working capital	19,332	4,037
	33,292	14,519
Analysis of increase in working capital:		
Inventories	8,079	1,369
Debtors	9,684	950
Creditors	(852)	(3,925)
Net liquid funds	2,421	5,643
	19,332	4,037

Accounting Policies

BASIS OF ACCOUNTING

The accounts are prepared under the historical cost convention, as modified to include the revaluation of certain fixed assets and the computation of related depreciation.

GROUP ACCOUNTS

The accounts of the subsidiaries are not consolidated. In the opinion of the Directors, consolidation would be of no real value to members of the Company because the amounts involved, in relation to those of the Company, are insignificant. Investments in subsidiaries are stated at cost.

ASSOCIATES

An associate is a company, other than a subsidiary, over which the company exercises a measure of influence including representation on the Board of Directors and in which it owns 20% or more of the issued equity voting rights. Dividends from associates are taken into income when received. Investments in associates are stated at cost.

TURNOVER

Turnover represents the net ex-works value of goods supplied to customers and is accounted for when those goods are despatched.

TRANSLATION OF FOREIGN CURRENCIES

Transactions during the year are converted into Kenya shillings at rates ruling at the transaction dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Kenya shillings at rates ruling at that date. The resulting differences are dealt with in the profit and loss account.

INVENTORIES

Inventories are stated at the lower of cost and estimated net realisable value. Cost includes direct costs and appropriate overheads.

FIXED ASSETS

Revalued fixed assets are stated at their depreciated modern equivalent assets values as at the date of revaluation. The surplus arising from the revaluation is credited to a revaluation reserve. Acquisitions since revaluation are stated at cost.

The Company capitalises expenditure on machinery only if it increases the rated tonnage output of the manufacturing plant.

DEPRECIATION

Depreciation is charged from the date of valuation or subsequent purchase by equal annual instalments over the estimated remaining useful lives of the assets at the following rates:

Freehold Land	—	Nil
Leasehold Land	—	Period of lease
Buildings, Plant and Machinery	—	2.5% - 10%
Equipment and Mobile Plant	—	10% - 33 ⅓ %

DEFERRED TAX

Provision is made for deferred tax when it is considered that tax reductions, resulting principally from the excess of wear and tear allowances over the corresponding charge for depreciation, will reverse in the foreseeable future.

Deferred tax arising on the revaluation of fixed assets is only provided if, in the opinion of the Directors, the assets are likely to be disposed of in the foreseeable future.

Notes to the Accounts

	1992 K £ '000	1991 K £ '000
1. OPERATING PROFIT		
The operating profit is arrived at after charging:		
Directors' emoluments:		
Fees	41	41
Remuneration for management services	341	283
Auditors' Remuneration	37	40
Depreciation	11,031	4,992
Interest payable:		
Debenture stock	5	188
Loans and bank overdraft	350	523
and crediting:		
Interest receivable	1,071	131
<hr/>		
2. TAX	11,573	4,727
Income Tax	—	(1,356)
Deferred Tax	<u>11,573</u>	<u>3,371</u>

The Company's effective tax rate for the year of 52% (1991 - 48%) is higher than the statutory rate of 37.5% (1991 - 40%) mainly because additional depreciation arising from the revaluation of fixed assets is not tax deductible.

	1992 K £ '000	1991 K £ '000
3. DIVIDENDS		
Ordinary: Interim		
Final (proposed)	756	—
	1,260	1,008
	2,016	1,008

Payment of the dividends is subject to withholding tax at the rate of 10%.

4. EARNINGS PER SHARE

Earnings per share has been calculated based on the profit after tax attributable to shareholders of K£ 11,044,000 (1991 - K£ 6,447,000) divided by 40,319,900 (1991 - 40,314,500) being the number of ordinary shares in issue at 31st December.

5. SHARE CAPITAL

Authorised:

42,000,000 Ordinary Shares of KShs. 5 each

10,500 10,500

100,000 7% Cumulative Redeemable Preference Shares of KSh. 20 each

100 100

10,600 10,600

Issued and fully paid:

40,319,900 (1991 - 40,314,500) Ordinary Shares of KSh. 5 each

10,080 10,079

	1992 K £ '000	1991 K £ '000
6. RESERVES		
Capital Redemption Reserve Fund	100	100
Share Premium Account	682	682
Revaluation Reserve	159,462	53,568
Accumulated Profit	13,351	4,323
	173,595	58,673

The increase in the revaluation reserve represents the additional surplus on the revaluation of fixed assets at 1st July 1992 of K£ 106,433,000 less the transfer of K£ 539,000 to the profit and loss account in respect of the revaluation surplus realised on the disposal of revalued fixed assets.

7. DEBENTURES AND LOANS

Secured

12.5% H debenture stock 1984/91	—	20
14% I debenture stock 1984/91	—	246
	—	266

Unsecured

8% European Investment Bank Loan	2,856	3,184
	2,856	3,450
Less: Due for repayment within one year	2,856	1,796
	—	1,654

8. FIXED ASSETS

	Land and Residential Buildings K £ '000	Plant and Machinery K £ '000	Office Equipment and Mobile Plant K £ '000	Total K £ '000
Cost or Valuation				
1st January, 1992	17,558	78,863	0	96,421
Reclassifications	(12,528)	2,305	10,223	0
Additions	3,250	0	3,640	6,890
Disposals	0	0	(1,155)	(1,155)
Revaluation Surplus	9,570	53,732	142	63,444
31st December, 1992	17,850	134,900	12,850	165,600
COMPRISING				
Cost	3,250	0	3,550	6,800
Valuation	14,600	134,900	9,300	158,800
	17,850	134,900	12,850	165,600
Depreciation				
1st January, 1992	6,069	36,018	0	42,087
Reclassifications	(6,069)	2,003	4,066	0
Charge for the Year	606	7,237	3,188	11,031
On Disposals	0	0	(973)	(973)
Released on Revaluation	(356)	(39,908)	(2,725)	(42,989)
At 31st December, 1992	250	5,350	3,556	9,156
Net book Value				
31st December, 1992	17,600	129,550	9,294	156,444
31st December, 1991	11,489	42,845	0	54,334

Fixed Assets were revalued by the Directors on 1st July, 1992 on the basis of their depreciated modern equivalent asset values. The Directors relied on a valuation undertaken by an independent firm of registered Consulting Engineers.

If the Company's fixed assets were sold at their revalued amounts a tax liability of K£ 46 million would arise which has not been provided for in the accounts.

	1992 K £ '000	1991 K £ '000
9. INVESTMENTS		
Wholly owned Subsidiaries		
Baobab Farm Limited and Diani Estate Limited		
Shares at cost	321	321
Unquoted Associates		
Simbarite Limited (22%)	121	121
Kenya Cement Marketing Company Limited (50%)	—	—
Portland Mines Limited (50%)	—	—
	121	121
Quoted Investments		
The East African Portland Cement Company Limited	2	—
	123	121
	444	442
The unaudited accounts of the subsidiaries and associates for year ended 31st December 1992 disclose the following:		
Profit after tax	113	239
Accumulated profits	654	541
Net assets	2,236	2,201

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1992	1991
K £	K £
'000	'000

10. INVENTORIES

Consumables and spare parts	22,211	20,301
Raw materials and work in progress	4,892	2,532
Fuel and packaging	5,913	2,385
Finished goods	2,155	1,874
	<hr/> 35,171	<hr/> 27,092

Based on past experience it is likely that only 53% (1991 - 53%) by value of consumables and spare parts, which include items held for emergency use, will be used within 12 months of the balance sheet date.

11. BANK OVERDRAFT

The bank overdraft is secured by a debenture over the book debt and inventories of the Company.

12. CAPITAL COMMITMENTS

Capital expenditure both authorised and committed at 31st December, 1992 amounted to K£ 2,641,000 (1991 - K£ 727,000).

13. CONTINGENT LIABILITIES

There are contingent Liabilities in respect of guarantees totalling K£ 227,000 (1991 - K£ 204,000).

14. CURRENCY

The accounts are presented in Kenya currency. The symbol K£ represents twenty Kenya shillings (KShs.)

15. RELATED PARTY TRANSACTIONS

40% by volume of output was sold during 1992 to an associate whilst 26% was sold to associates of one of the shareholders. Debtors include K£ 9,286,000 (1991 - K£ 4,262,000) due from an associate and associates of one of the shareholders. Technical assistance is provided and paid for under a 5 year agreement with another associate of one of the shareholders.

16. HOLDING COMPANY

The holding company is Bamcem Holding Limited which is incorporated in the Channel Islands.

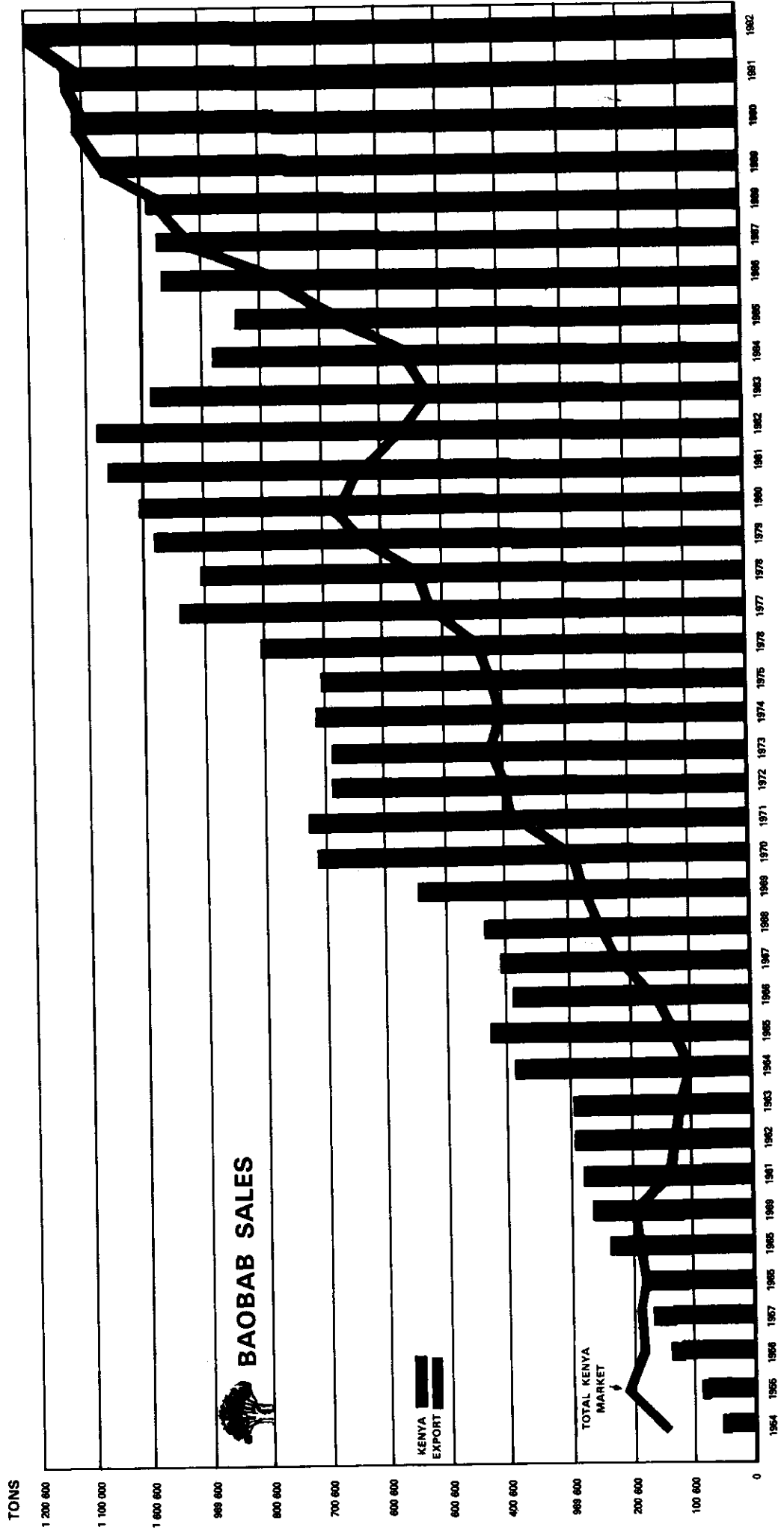
17. INCORPORATION

The company is incorporated in Kenya under the Companies Act.

Financial Statement for Five Years

	1988 K £ '000	1989 K £ '000	1990 K £ '000	1991 K £ '000	1992 K £ '000
CAPITAL EMPLOYED					
Ordinary capital	10,077	10,077	10,079	10,079	10,080
Reserves	49,283	48,974	49,552	58,673	173,595
Total ordinary shareholders' funds	59,360	59,051	59,631	68,752	183,675
Deferred tax	2,760	2,220	1,356	—	—
Debentures and loans	6,037	4,319	2,769	1,654	—
	68,157	65,590	63,756	70,406	183,675
REPRESENTED BY					
Fixed assets	60,573	56,824	52,890	54,334	156,444
Interest in subsidiaries	300	312	308	321	321
Investments	121	121	121	121	123
Net current assets	7,163	8,333	10,437	15,630	26,787
	68,157	65,590	63,756	70,406	183,675
PROFIT AND DIVIDENDS					
Profit/(loss) before tax	(812)	2,461	3,916	9,818	22,617
Tax	1,454	2,745	3,198	3,371	11,573
Profit/(loss) after tax	(2,266)	(284)	718	6,447	11,044
Ordinary dividends	—	—	—	1,008	2,016
	K.Shs.	K.Shs.	K.Shs.	K.Shs.	K.Shs.
Dividends per KShs. 5 ordinary share	—	—	—	0.50	1.00
Earnings/(loss) per KShs. 5 ordinary share	(1.12)	(0.14)	0.36	3.20	5.48
Net assets per KShs. 5 ordinary share	29.45	29.30	29.58	34.92	91.11

Note: The earnings/(loss) per share has been calculated on the ordinary shares in issue during the year.



OFFICIAL USE ONLY

The Secretary
(Proxy Form),
P. O. Box 90202
MOMBASA,
Kenya.

P R O X Y

I/We.....
of
a member of Bamburi Portland Cement Company Limited hereby appoint
.....
of
or in his place **THE CHAIRMAN OF THE MEETING**
as my/our proxy and/or representative, to vote at his discretion for me/us and
on my/our behalf at the Annual General Meeting, to be held on Thursday
6th May, 1993 and at every adjournment thereof.
AS WITNESS my/our hands this..... day of..... 1993.

.....
(Usual Signature)

Proxy forms must reach the Registered Office of the Company by noon on the
4th May, 1993.

