



Accelerating Value Growth
in Eastern Africa



2011

ANNUAL REPORT AND
FINANCIAL STATEMENT

“ Value growth encourages communities to craft a vision
and set standards for development
which respond to the communities values.”





CONTENTS

Financial Highlights	3
Chairman's Statement	4 - 5
Production	6 - 8
Brands	10 -12
Human Resource	13
Enriching Communities	14 -15

Sehemu ya Kiswahili

Taarifa ya Mwenyekiti	16 - 17
Utaoji	18 - 20
Aina za Bidhaa	22- 24
Wafanyakazi	25
Jukumu la Kampuni kwa Jamii	26 -27

Statutory Information

Corporate Information	28
Board of Directors	30-31
Corporate Governance	32
Taarifa Ya Usimamizi Wa Kampuni	33
Notice & Agenda	35
Ilani Ya Mkutano Mkuu Wa Mwaka	36
EABL Share Register	37
Directors' Report	38
Taarifa ya Wakurugenzi	39
Statement of Directors' Responsibilities	40
Taarifa ya Majukumu ya Wakurugenzi	41
Report of Independent Auditors	42
Taarifa ya Mkaguzi Huru	43

Financial Section

Consolidated Income Statement	44
Consolidated Statement of Comprehensive Income	45
Company Income Statement	46
Company Statement of Comprehensive Income	47
Consolidated Statement of Financial Position	48
Company Statement of Financial Position	49
Consolidated Statement of Changes in Equity	50-51
Company Statement of Changes in Equity	52-53
Consolidated Statement of Cash Flows	54
Company Statement of Cash Flows	55
Notes to the Financial Statements	56-111
Shareholding	112
Proxy Form	115-116



STAND TALL

Same great beer
Same great taste
Great new bottle

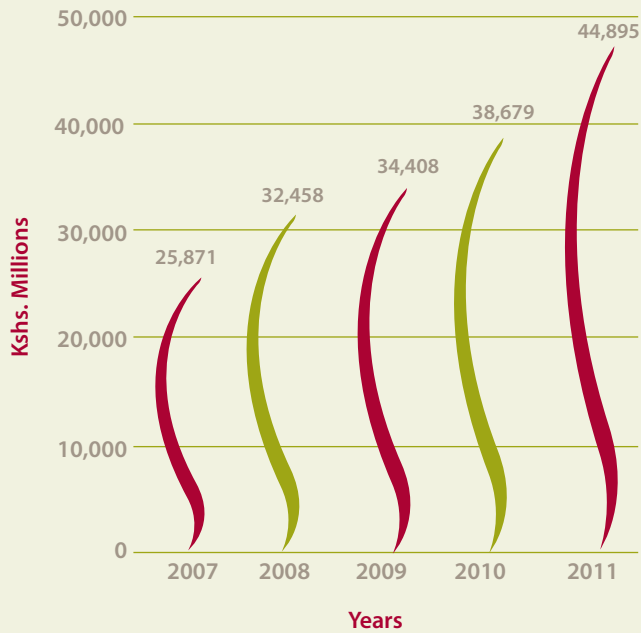
Refresh your roots

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

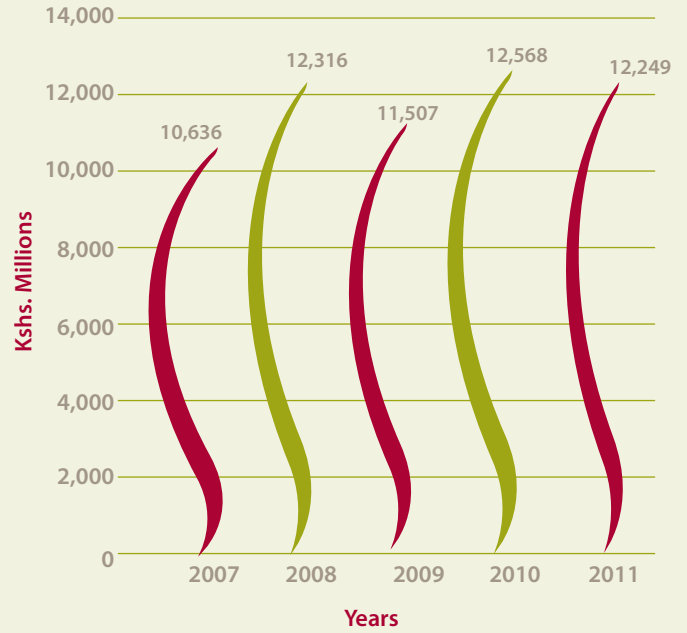


Financial Highlights

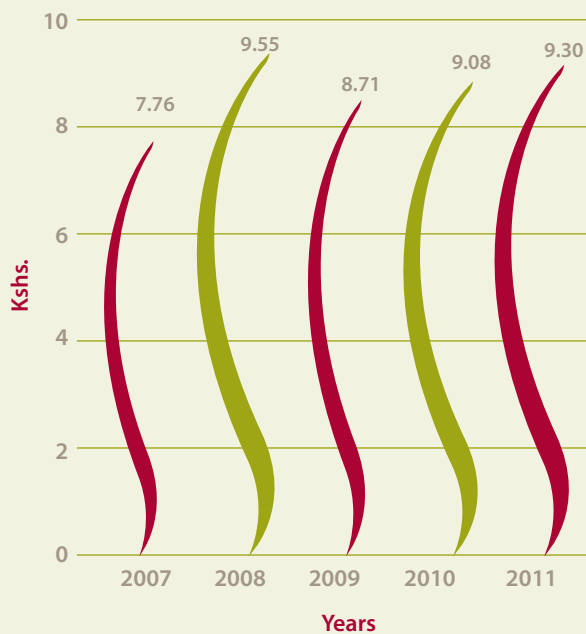
NET SALES VALUE



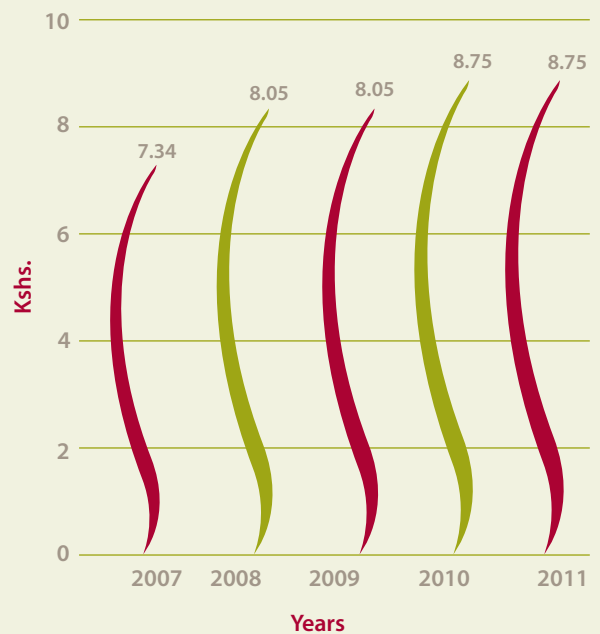
PROFIT BEFORE TAX



EARNINGS PER SHARE



DIVIDEND PER SHARE



Chairman's Statement



"Over the year, the Company re-enforced its highly valued image as a responsible corporate citizen. Under our Water of Life initiative, the EABL Foundation provided safe, clean drinking water to almost 700,000 people across the region."

This was a year with a difference, a year in which we were confronted by many challenges, but emerged more resilient.

The World macroeconomic landscape in the year was challenging, characterized by significant oil price increases following riots in the North African and Arab regions, the continued Eurozone crisis in Europe and a series of natural disasters across Asia. Closer home in the East African region, we witnessed high unemployment, rising inflation levels, weakening local currencies against the US dollar and an extended food crisis due to poor rainfall and drought. This has created widespread financial pressure in households and industries alike, which in turn affected disposable incomes, diminished per capita income and resulted in rising costs of living.

Despite these tough market conditions, we are proud of the results we achieved. We have demonstrated agility in responding to the changing environment and made a number of interventions to enhance the positions of our great brands and to strengthen the business for the future.

In Kenya, the implementation of the Alcoholic Drinks Control Act, which came into effect at the end of the calendar year 2010, has shown that now more than ever, we have a responsibility to lead within our industry. As part of that responsibility,

we continue to invest in building our capabilities and developing our people to ensure we are best placed to operate within an increasingly regulated economy.

Despite the restrictions imposed on alcohol marketing and consumption, our Kenya business recorded a flat year on year volume performance with spirits growing a 78% versus last year. We recorded 24.6% increase in brewing volumes and packaging improved by 5%. The quality performance of our brands in the market remains unmatched being driven by sustainable quality systems and continuous improvements. Consequently, our brands received the international recognition Monde Selection award for quality, where Tusker won the prestigious gold award.

In Uganda, despite intense competition, our business performed strongly with sales volume growing at 8% and net sales value of 15% versus last year. In December 2010 we doubled our capacity by investing in our Port Bell Plant. We commissioned a new state of the art 50,000 bottles per hour packaging line, which has resulted in growth in volume and profitability and positioned us to deliver on all key measures of Safety, Efficiency, Cost and Quality.

During the year, we welcomed Serengeti Breweries into our stable, comprising

three operational brewery plants situated in Dar-es-Salaam, Moshi and Mwanza and injecting a total brewing capacity of 1.35 million hectolitres. The acquisition also saw our employee base rise to 1,700 across the Group.

Our footprint in the greater East African region solidified over the period, with increased commercial activities in the neighbouring countries of Rwanda and Burundi. In addition with the birth of the new nation of South Sudan, increased opportunities were presented and new markets have become available for our quality products.

The demand for Tusker continued to grow across the entire region, with volumes rising by 5% over the previous year. Within the new territories of South Sudan, Rwanda, Burundi and the DRC, Tusker closed the year even higher with volumes of 149% over the previous year. A substantial proportion of the increased demand for Tusker in the region was driven by the Tusker Project Fame 4th Season, which featured 18 contestants from Eastern Africa. More than 15 million adult viewers are believed to have watched this TV program over its eight week duration. In addition, during the year, we introduced a new and exciting pack for this flagship brand.

Tusker was also the proud sponsor of the CECAFA Senior Football Challenge Cup which was hosted by Tanzania during the year.

Bell in Uganda has also benefitted from a re-engineered new bottle and label, which was accompanied by a new advertising campaign. As a result the brand has retained its leadership position in the Uganda market.



Chairman's Statement

Guinness continues to expand its footprint across the region, aided by the sponsorship of the English Premier League and the Guinness Football Challenge.

Premium Serengeti Lager, which joined our stable in 2009, once again scooped the prestigious German Agricultural Society, DLG (Deutsche Landwirtschafts-Gesellschaft) award, confirming it as one of the world's finest lagers. The year saw Premium Serengeti launch the new 'Golden moments' campaign.

Senator Keg grew modestly over the year. The key initiatives which led to the brand's spectacular performance included the "Bingwa wa Base" program in Kenya and the "Base Poa" campaign in both Kenya and Uganda.

Johnnie Walker, one of our leading premium spirits, performed very strongly in Kenya, closing the year at 148% volume growth above last year. The special mentorship program which was rolled out across East Africa, contributed substantially to the meteoric rise in the volumes of this brand across the region.

Despite the extremely unfavorable weather that affected many parts of the region, East African Malting Limited broke the 70,000 tonne production barrier, setting a new 15-year record. As the upgrading of the malting plant in Nairobi continued, further efforts were made to source barley from other parts of the region in order to assure and safeguard our critical brewing raw materials. Sorghum production volumes grew fourfold to stand at 4,400 tonnes during the year and plans are underway to expand this program to other parts of Kenya and the rest of the region.

Central Glass Industries remarkably

supported our packaging renovation agenda by specifically designing and producing the new look Tusker bottle in Kenya and the Bell bottle for Uganda, both of which have been received very well by the markets.

The Cost of Goods Sold remained fairly stable, reflecting our enhanced focus on manufacturing best practice and our perfect plant programs. In line with the general inflationary trends that prevailed in most of our core markets, marketing, administrative and other operating expenses however rose marginally.

All of these developments collectively led to the very robust performance of the Company over the last financial year. Net sales value rose by 6%, mainly due to the strong performance of most of our signature brands. Other core brand performers were Smirnoff Vodka which rose by 18% and Gilbeys Gin which grew by 35% in volume over the previous year. Profit before tax rose by 6% above last year.

The Company continued to upgrade capability within the organization; investing in talent development and training. Several East African employees have been deployed to various Diageo operations globally largely as part of their career enhancement programmes and for succession planning purposes.

Additionally, the Company continued to build an engaging and high organizational performance culture resulting in capability improvement and high employee engagement scores, as observed in our value surveys.

Over the year, the Company re-enforced its highly valued image as a responsible corporate citizen. Under our Water of Life

initiative, the EABL Foundation provided safe, clean drinking water to almost 700,000 people across the region.

One of these, the Mkuranga Water Project in Tanzania, was formally commissioned by the Tanzanian First Lady, Hon. Salma Kikwete on 16th April, 2011.

In its pursuit of the enrichment of the lives of all the people, the Company intensified its efforts in the preservation of the environment in all its core markets, while it continued to sponsor bright but needy students across East Africa.

As I conclude, I would wish to assure all our stakeholders that EABL is a much stronger Company today than it has ever been. All our human and material resources are being harnessed every day to meet the business and other challenges that may confront us as we strive to achieve our strategic objectives and become even more responsible corporate citizens.

As we increase our footprint across the region and continue building a zero-harm culture, we are confident that we shall remain one of the most respected publicly listed companies in Eastern Africa.

Finally, on behalf of the Board, I want to sincerely thank all our employees and management staff serving in all our units and stations across East Africa. Without your dedicated and exemplary service, none of the results I have mentioned above could have been achieved over the last year.

Jeremiah Kiereini
Chairman



Production

The Company's production strategy over the year was to step up change delivery through enhanced performance from both its people and its assets. The spirits plant doubled its volume, while the target volume for beer and Adult Non-Alcoholic Drinks (ANAD) was also achieved locally, regionally and internationally.

The Cost of Goods Sold (COGs) was kept under control through our Perfect Plant program, along with the efforts we made in enhancing – process controls, innovation and renovation in both assets and brands. Significant reductions in power and water usage across all the three plants was also achieved.

The Zero Harm agenda and the drive towards a compliance-

Index and overall plan efficiency improved by almost 16% at Kenya Breweries, ranking it among the top 8 in the Perfect Plant manufacturing league of excellence. Brewing, packaging and energy recorded impressive 26.4%, 5% and 6% improvement, respectively, over the previous year.

In appreciation of our good performance, EABL Kenya hosted the global manufacturing excellence conference, the first of its kind to be held in Africa, following the Global Perfect Plant (PP) conference which had been held earlier.



Foreground: The 66kv power supply line. Background: The new 4000m³ water storage tank

oriented culture continued to receive very close attention over the year.

The environment agenda received maximum attention. Special efforts were made to use less water and power, recycle waste paper, reduce the discharge of water to the landfills, and improve the performance of our effluent treatment plant.

Quality improved by over 31% as measured by the Quality

Over the year, we invested in a new water storage facility with a capacity of 4,000 m³ and upgraded our power supply line from 11KV to 66KV, in an effort to stabilize utility supply to the plant and reduce power bills. The carbon dioxide plant was also expanded to optimize production output.



In Uganda, we invested Kshs1.6 billion in a new state of the art bottling line that sees our capacity double at the Port Bell plant. The brand new high capacity packaging line, manufactured by Kronos AG (Germany) delivers a formidable 50,000 bottles per hour and is guaranteed to deliver on all key measures of - Safety, Efficiency, Cost and Quality.

The palletisers, packers, washing machine, filler, labelling equipment and state of the art inspection machines make it the most modern packaging line in the region. This guarantees effective process control and premium quality for the brands, and is supported by a comprehensive training programme that has up skilled Uganda Breweries operators to run this state of the art machinery.

With investment of this scale, EABL Uganda is primed and set to respond to Uganda's Customer and Consumer needs and thereby grow shareholder value for the long term.

The commissioning of this line ensures packaging versatility for all the fantastic brands and truly gives Ugandans something to Celebrate.

Bell has remained consistent in its quality for the last 61 years a tribute to our brew masters over the years and has along the way won numerous Gold medal Monde selection awards.

At the Serengeti plants in Dar-es-Salaam, Mwanza and Moshi, health and safety training was delivered across all line management teams, and the brewing and packaging of Tusker which started in June 2010 has already produced over one million crates by the end of the year.

It was a great year for East Africa Malting Ltd (EAML) as the volume of barley produced broke the 70,000 tonne barrier, setting a



A Seal of Quality: The Tusker Gold Quality Award 2011

15 year record. National barley average yields per hectare rose by 20%, providing the farmer with superior value for the same acreage. No barley was imported in the year 2010/11.

The upgrading of the malting plant in Nairobi is ongoing and at the end of the year, six new turner strippers had been installed. During the year, EAML won three awards in recognition of its excellent safety and environmental management in line with its zero-harm culture.

The sorghum growing program which was launched in 2009 grew fourfold volume-wise over the year to 4,400 tonnes. By guaranteeing a ready market for brewing sorghum, the program has already benefited more than 7,000 households in the arid and semi-arid regions. The crop is currently being grown in Kenya's Eastern, Rift Valley, Nyanza and Western provinces.

The focus on sourcing brewing raw materials expanded into Uganda and Tanzania in line with the growing EABL footprint in the entire region.

Central Glass Industries (CGI) continued to deliver quality bottles to the EABL Group and its other customers in the region. Specifically, it supported the company's packaging renovation agenda by designing and producing the new look Tusker bottle for Kenya and the Bell Bottle for Uganda, both of which were received very well in those markets.



UBL staff toasts to the new look Bell lager





Production

During the year, CGI rolled out its perfect plant model, a new approach to manufacturing using global benchmarks that has positively shifted our focus to safety, quality, environment, production efficiency and asset care programs.

Further more, the six year old furnace at CGI was refurbished to help reduce overall operating costs. Our emphasis on quality continued and we attained a new certification in food safety management. CGI also commissioned an effluent treatment and water recycling system with a capacity of 80m3 per day, expected to rise to 140 m3 by the end of next year.

EABL INTERNATIONAL

In line with its strategic pillar of geographic expansion to new territories, EABL International increased its focus on the markets of South Sudan, Rwanda, Burundi and the Democratic Republic of Congo (DRC) during the year.

Key initiatives to increase awareness included the roll out of Tusker and Pilsner advertising across our international business units. The new territories were also represented and participated in the Tusker Project Fame Season 4.

During the second half of the year, the retail footprint in the new territories was expanded as new stockists and outlets joined our business. Significant investments were also made in branded merchandise, including coolers and signage.



EABL CEO Seni Adetu together with staff toast to Bell Lager off the new line

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Best
served with
friends



LET'S DO THIS AGAIN



STRICTLY NOT FOR SALE TO PERSONS UNDER 18 YEARS • PLEASE DRINK RESPONSIBLY
EXCESSIVE CONSUMPTION OF ALCOHOL IS HARMFUL TO YOUR HEALTH

TUSKER

Tusker closed the year with a solid growth of 5% over the previous year. The notable increase in volumes was driven by increased consumption in the markets outside of Kenya, whilst in Kenya, the impact of the Alcohol Drinks Control Act (ADCA) which came into effect in November 2010 slowed down consumption.

Within the new market territories of South Sudan, Rwanda, Burundi and the Democratic Republic of Congo (DRC), Tusker performed superlatively with growth in volumes registered at 174% over the previous year.

Tusker Project Fame

East Africa's premier music reality show, Tusker Project Fame Season 4, kicked off in August 2010 with 18 contestants from Tanzania, Uganda, South Sudan, Kenya and Rwanda.

Over 15 million adult viewers from across the East African region tuned in eight weeks to watch the program. On December 5, 2010 Davis Hillary Ntare of Uganda was crowned the winner and walked away with the Kshs. 5 million grand prize and a recording contract from Gallo Records, the international recording company.

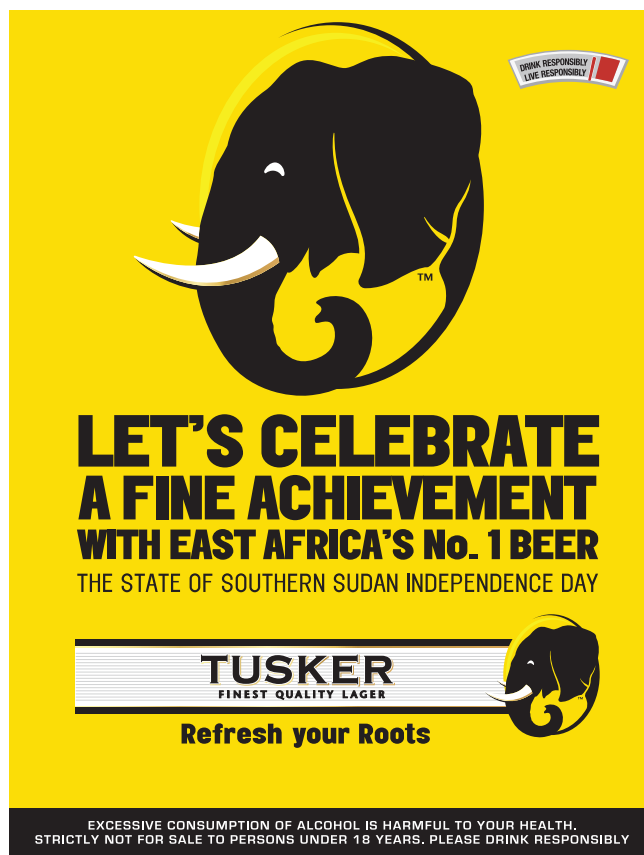
In addition to nurturing raw talent, the Project also left a lasting impact on local economies as many small and medium-size enterprises from the region were contracted to provide assorted goods and services in support of the show.

Tusker Stand Tall

Tusker Lager represents the real enthusiasm for life which produces an easy-going camaraderie, an engaging sense of humor and accompanying optimism about the future.



Davis Ntare is crowned winner of Tusker Project Fame IV



The Tusker Poster in Southern Sudan

The brand incorporates the best and most unique characteristics of the African people. Over the last year, the focus of the brand was on its evolutionary journey which culminated in the launch of the new Tusker bottle.

The New Tusker Lager Bottle

Marking a key milestone in its rich heritage, the Company launched the new look Tusker Lager bottle on 18th April, 2011 to a full-house media event in Nairobi.

The launch ceremony re-enacted the 1922 epic journey that culminated in the delivery of the first ever freshly-brewed Tusker Lager to the Stanley Hotel in Nairobi.

While Tusker retains its unique attributes of quality, taste and volume, the new bottle aims to give the brand a special visual appeal in line with current consumer demands and expectations. To celebrate the launch of the new Tusker bottle, EABL staff, "painted the town yellow" with branded visibility materials.

The 2010 Cecafa Tusker Cup

Tusker sponsored the 34th CECAFA Senior Football Challenge Cup held in Tanzania from 27th November to 12th December, 2010 as the title sponsors and as a consequence, the tournament was renamed the CECAFA TUSKER CUP.

This is the oldest international football tournament in Africa and is organized by the Council of East and Central Africa Football Associations (CECAFA). Twelve teams featured in the 2010 edition, including nine countries from eastern Africa – Tanzania, Burundi, Somalia, Rwanda, Sudan, Zanzibar, Uganda, Kenya and Ethiopia and three special invitees – Cote d'Ivoire, Malawi and Zambia. Tanzania emerged the overall winners of the 2010 edition of the CECAFA Tusker Cup.

PREMIUM SERENGETI

The year saw Premium Serengeti Breweries launch the "Golden Moments" campaign, celebrating those special moments



Part of the Premium Serengeti Golden Moments campaign activities

consumers experience through Premium Serengeti Lager. The events comprised special integrated media and outdoor campaigns and music festivals some of which had the appearances of world-famous artists like Shaggy and Ludacris.

Premium Serengeti Lager (PSL) once again scooped the prestigious German Agricultural Society (DLG) award, one of the worlds' most treasured brewing awards.

Special Premium hosted Serengeti Fiesta activities comprising inter-regional dance competitions, films and musical extravaganzas held across Tanzania. The activities culminated with the climax in Dar-es – Salaam in which more than 150,000 people participated.

PILSNER

We continue to invest in Pilsner by improving the visibility of the brand through the Pilsner Mflame activations.

SENATOR

Senator Keg grew modestly over the year.

The key initiatives which led to the brand's growth included the "Bingwa wa Base" program in Kenya and the "Base Poa" campaign in both Kenya and Uganda.

Under the Bingwa wa Base initiative, Senator consumers chose the models whose faces subsequently graced the brand's communications material, while the Base Poa initiative identified special Senator outlets which were then provided with a variety of visibility materials.

BELL LAGER

The Bell Big 60 National Consumer Promotion (NCP) held during the year was in celebration of the brand's 60th anniversary and was in recognition of its loyal customers.

The New Bell Lager Bottle

Uganda's flagship brand Bell lager unveiled a "NEW LOOK" Long neck bottle in the market after 61 years of packaging in the Euro bottle. The brand traces its history to 1950 when the 1st bottle rolled off the line at the shores of Lake Victoria in our Port Bell plant. As a result the brand remained Uganda's undisputed number one brand.

In football, Bell sponsored the Uganda Cup as the historic Uganda Cranes versus Guinea match played at the Namboole National Stadium.

GUINNESS

Guinness posted a great year closing 8% above last year in volume turnover, riding mainly upon the consumers' love of football through the Guinness Football Challenge.

The 360 degree program delivered a very strong performance in Uganda at 28% value growth, while overcoming the effects of several price increases in Kenya to close the year 2% ahead of the previous year.

In Kenya, the program comprised a first-of-its-kind football game show that aired on KTN television, and generated a 7% volume growth within the period.

The winning team in Kenya won a tour to Brazil while in Uganda it took home Ushs. 20 million. The Guinness Football Challenge, first launched in Kenya, has since been replicated in Cameroon and Ghana.

The year also saw the relaunch of Guinness in Tanzania in the 500 ml bottle.

JOHNNIE WALKER

Once again, Johnnie Walker, one of our leading brands, had a fantastic year, closing in Kenya at 105% volume growth beyond projections. The year saw the Johnnie Walker Mentorship programme expand to Uganda and Tanzania. Over 30 mentorship programs were held across East Africa over the year.

The “Walk with Giants” communication campaign kicked off with Haile Gabre Selassie, the Ethiopian athletics icon, in the first series with his award-winning television commercial.

“Keep Walking Day” saw over 600 EABL staff members participate in a Johnnie Walker visibility campaign.



SMIRNOFF

The year marked some new and exciting Smirnoff experiences across the whole of East Africa for the Smirnoff brand. The “Smirnoff in the Mixx” parties captured a unique mix of music and the brand’s signature drink.

Over the year, the brand posted very robust growth with total volume growing by 45% above the previous year in Kenya while Smirnoff Ice grew by 102% over the previous year in Uganda.

BAILEYS

Baileys remained vibrant through the year with a captivating advertising campaign namely the “Best served with Friends” campaign.

On 27 November 2010, the world-wide Baileys brand visibility day was marked with supermarkets all over East Africa, playing host to spectacular Baileys displays and offering special Baileys gift packs, complete with unique branded glasses.

UGANDA WARAGI

Over the year, Uganda Waragi introduced the special 100 ml PET bottle into the market, aided by the compelling communications message “The Spirit that Binds Us.” This was significant as it led to overall volume growth of 17% above the previous year.

The brand also launched the UG EAMIX campaign, a very successful 360 degree country- wide initiative.





Human Resources

As EABL welcomed Serengeti Breweries Limited (SBL) of Tanzania into its stable, its employee base rose to 1700.

We continued to build one company – one culture, by holding our All Staff Conference, which for the second time, brought all our employees across the region together at one venue in Nairobi.

Inter – EABL secondments continued with Kenya, Uganda and Tanzania sharing talent to improve business performance and develop people while embedding one culture within the company.

The company continued to resource for its leadership pipeline through our accelerated leadership programme targeting university graduates. A total of 36 graduates, 19 in Kenya, 9 in Uganda and 7 in Tanzania joined the program during the year. Seventeen of these graduates already in the program attended a Pan African development course in Nigeria while all 83 of them attended various continuous leadership courses.

The year also saw the launch of the Growing Leaders Program, an intervention that aims to accelerate the production of new leaders across our business. The company also adopted quarterly

performance talent reviews aimed at reviewing our total talent agenda to ensure that we have a healthy and sustainable talent base in the company.

STAFF WELFARE

During the year, a long-awaited maternity cover was introduced for all members of staff across the region. We also introduced the Smart Card, which will enable staff members to access assorted medical facilities and other health care across the region.

A number of employee facilities were revamped during the year, including Club 2010 and the EABL Glass Canteen.

GOOD GOVERNANCE AND CODE COMPLIANCE

We continued to instil the Code of Business Conduct through various initiatives in order to ensure that we become the Most Celebrated Business in every market in Eastern Africa. During the year, we also relaunched the updated Human Rights Policy.

All our business units were audited periodically in the year in accordance with our policies on code compliance and found to be satisfactory. We continued to embed a culture of a rock solid controls and compliance environment in the Company.



Our safety excellence is deeply engraved in our business' zero-harm culture.



Enriching Communities

WATER FOR LIFE

During the year, the EABL Foundation made a lot of progress in the provision of safe water and sanitation facilities to various communities across the region. Our Water of Life program served over 700,000 people with clean and safe drinking water.

Working in partnership with such leading non-governmental organizations like Ecotact, AMREF and the Agency for Capacity Building (ACB) Uganda, the Program also provided clean water for over 340,000 people in Uganda and Tanzania.

Under the Program, boreholes and ablution blocks were completed in Thika, Limuru, and Nakuru in Kenya, serving a total population of 144,000.

In April, 2011 a major water and sanitation facility was commissioned in Mkuranga, Tanzania by the First Lady, Hon. Salma Kikwete. Worth approximately Kshs 23 million, the project was built by AMREF Tanzania through funding from EABL Foundation and Serengeti Breweries Ltd and currently serves over 70,000 people.

SKILLS FOR LIFE

This year, the Company will be celebrating 10 years of its special initiative that seeks to enrich the lives of bright but needy students.



EABL E-green team members together with the community of Kamonkoli district – Eastern Uganda in a tree planting exercise earlier this year



International Johnnie Walker Mentor, Kagisho Mathiba, engages a group of the brand's lovers during a plated mentorship session at Sankara Hotel, Nairobi



Enriching Communities

Over 160 students have so far benefited directly from this program which targets students in both private and public universities across East Africa. During the year, five of these students graduated with first class honors degrees from Strathmore University.

This year, the EABL Foundation expects to sponsor 20 more students in different universities across East Africa.

ENVIRONMENT

Pushing the Company's environment conservation agenda, E-Green staff members took part in several tree-planting activities during the year. In total, they planted over 376,000 seedlings in the region.

Among the areas where these seedlings were planted were Mau Eburu Forest, Sasumua and Karura Forest in Kenya as well as Gombe, Budaka, Mbale and Lugazi in Uganda.

The EABL Foundation also sponsored the fencing of Karura Forest in Nairobi at a total cost of Kshs 8 million. As a result of this initiative, which has significantly improved security in and

around the forest, the Foundation was recognized and received a special commendation for its support and commitment to the preservation of Karura Forest.

RESPONSIBLE DRINKING

Over the 2010 Christmas season, EABL ran a public "Responsible Drinking" campaign called "Don't Drink and Drive" which also urged all of its staff to serve as ambassadors for responsible drinking through the festive season.

This campaign also provided another opportunity for the Company to relaunch its Employee Alcohol Policy which, among others, also gives tips on spacing drinks with water and snacks. In June 2011, the Company rolled out a new phase of this campaign dubbed "Friends don't let friends drink and drive," whose main purpose was to remind friends to take a taxi after drinking or get sober volunteers to drive those who have already taken one too many.

This strategy aims to shift and strengthen consumer awareness of the dangers of excessive alcohol consumption.



Some of the 25 Taxis branded with 'Don't drink and drive' messaging at the launch in Kampala





“Katika kipindi cha mwaka, Kampuni ilitilia nguvu sifa yake inayothaminiwa zaidi ya kuwa kampuni inayowajibikia raia. Chini ya mpango wetu wa Maji kwa Maisha, Wakfu wa EABL ulitoa maji safi na salama kwa takriban watu 700,000 katika eneo hili.”

Huu ulikuwa mwaka wenye tofauti, mwaka ambao tulikumbana na changamoto nyingi lakini tukaibuka kuwa thabiti zaidi.

Nyanja ya chumi kuu ulimwenguni katika kipindi cha mwaka ilikabiliwa na changamoto nyingi, ukiwepo uhaba mkubwa wa mafuta ya petroli uliotokana na ghasia katika maeneo ya Kaskazini mwa Afrika na nchi za Kiarabu, kuendelea kwa mzozo wa maeneo ya Euro huko Ulaya na baadhi ya majanga ya kimaumbile barani Asia. Karibu na nyumbani, katika eneo la Afrika Mashariki, tulishuhudia ukosefu mkubwa wa nafasi za kazi, kupanda kwa gharama ya maisha, kuongezeka kwa bei za mafuta ya petroli, kupungua kwa thamani ya sarafu za kanda hii dhidi ya dola ya Marekani na kuendelea kwa tatizo la ukosefu wa chakula kutokana na uhaba wa mvua na ukame. Hii imesababisha kusambaa kwa hali ngumu ya kifedha manyumbani na pia viwandani, hali iliyoathiri mapato yanayoweza kutumika, kupunguza pato la jumla na kusababisha kupanda kwa gharama ya maisha.

Lichaya hali hizi ngumuzasoko, tunajivunia matokeo tuliyoipata. Tumedhihirisha ukakamavu katika kukabiliana na hali ya kimazingira inavyobadilika na kuchukua hatua kadhaa kuimarisha nafasi ya bidhaa zetu maarufu na kuiimarisha biashara yetu kwa siku zijazo.

Nchini Kenya, kutekelezwa kwa Kifungu cha Sheria cha Udhibiti wa Vileo kilichoanza kutekelezwa mwishoni kwa mwaka wa 2010, kumeonyesha wazi kwamba sasa kuliko wakati mwingine wowote ule, tuna jukumu la kuongoza

katika sekta yetu. Kama sehemu ya jukumu hilo tunaendelea kuwekeza katika kuimarisha uwezo wetu na kustawisha watu wetu kuhakikisha tuko katika nafasi bora zaidi kuendesha shughuli zetu katika uchumi unaendelea kudhibitiwa

Licha ya vizingiti vilivyowekewa uuzaji na utumiaji, biashara yetu ya Kenya ilipata kiwango bapa katika utendaji wa kiwango cha uzalishaji bidhaa huku vinywaji vikali vikikua kwa 78% ikilinganishwa na mwaka uliopita. Tulipata kiwango cha 24.6% katika utengenezaji pombe na upakiaji uliimarika kwa 5%. Ubora wa bidhaa zetu katika soko umebakia wa hali ya juu huku ukitiliwa nguvu na mifumo bora endelevu na kuboreshwa mara kwa mara. Kutokana na hayo, bidhaa zetu zilitunukiwa tuzo la kimataifa la Monde Selection kwa ubora wake ambapo Tusker ilishinda tuzo la kifahari la dhahabu.

Huko Uganda, licha ya ushindani mkali, biashara ilifanya vyema huku kiwango cha mauzo kikikua kwa 8% na thamani ya mauzo ya 15% ikilinganishwa na mwaka uliopita. Mwezi Disemba 2010 tuliongeza mara dufu uwezo wetu kwa kuwekeza katika kiwanda chetu cha Port Bell. Tulianzisha mfumo mpya wa kisasa wa upakiaji chupa 50,000 kwa saa, ambao umesababisha ukuaji katika kiwango na faida na kutuweka katika nafasi ya kuweza kutimiza viwango vyote muhimu vya Usalama, Ufanisi, Gharama na Ubora.

Wakati wa kipindi cha mwaka, tulikaribisha kampuni ya Serengeti Breweries inayojumuisha viwanda vitatu vya utengenezaji pombe vilivyoko huko Dar-

es-Salaam, Moshi na Mwanza kujiunga nasi na kuongeza jumla ya uwezo wa utengenezaji pombe wa hektolita milioni 1.35. Umiliki huo pia uliongeza idadi ya wafanyakazi wetu na kufikia 1,700 katika Kundi zima.

Harakati zetu katika eneo kubwa la Afrika Mashariki ziliimarika katika kipindi cha mwaka, huku shughuli za kibiashara zikiongezeka katika nchi jirani za Rwanda na Burundi. Pamoja na hayo, kutokana na kuibuka kwa taifa jipya la Sudan Kusini, nafasi ziliongezeka na masoko mapya kujitokeza kwa bidhaa zetu za hali ya juu.

Mahitaji ya Tusker yaliendelea kukua kote katika eneo hili, huku viwango vikiongezeka kwa 5% ikilinganishwa na mwaka uliotangulia. Kwenye maeneo mapya ya Sudan Kusini, Rwanda, Burundi na Jamhuri ya Kidemokrasia ya Congo, DRC, Tusker ilifunga mwaka kwa viwango vya juu zaidi vya 149% zaidi ya mwaka uliotangulia. Kiasi kikubwa cha ongezeko la mahitaji ya Tusker katika eneo hili kilitokana na hamasisho la makala ya nne ya kipindi cha Tusker Project Fame, ambacho kilishirikisha washindani 18 kutoka kanda ya Afrika Mashariki. Zaidi ya watu wazima milioni 15 million yaaminika walitizama kipindi hiki cha televisheni katika muda wa wiki nane kilipokuwa hewani. Isitoshe, katika kipindi cha mwaka, tulianzisha aina mpya ya kusicimua ya upakiaji kwa bidhaa hii maarufu.

Tusker pia ilijivunia kufadhili shindano la CECAFA Senior challenge cup ambalo liliandaliwa na Tanzania katika kipindi cha mwaka.

Bell nchini Uganda pia ilinufaika kutokana na kuanzishwa upya kwa chupa mpya na kibandiko, ambavyo vilifuatiwa na kampeni mpya ya matangazo ya bidhaa hiyo. Kwa sababu hiyo bidhaa hiyo imeendelea kushikilia nafasi yake ya kuongoza katika soko la Uganda.

Guinness imeendelea kujidhibiti katika eneo hili, ikisaidiwa na ufadhili wa ligi kuu ya Uingereza, English Premier League



na shindano la kandanda la Guinness Football Challenge.

Premium Serengeti Lager, ambayo ilijiunga na biashara yetu mnamo 2009, kwa mara nyingine ilishinda tuzo la heshima la Chama cha Kilimo cha Ujerumani, German Agricultural Society, DLG (Deutsche Landwirtschafts-Gesellschaft), na kuithibitisha kuwa mojawapo ya pombe bora zaidi ulimwenguni. Mwaka huo pia ulishuhudia Premium Serengeti ikizindua kampeni ya "Golden Moments".

Senator Keg ilikua kwa kiasi kikubwa katika kipindi cha mwaka. Hatua muhimu zilizopelekea utendaji wa kustajabisha wa bidhaa hii ni pamoja na kipindi cha "Bingwa wa Base" nchini Kenya na kampeni ya "Base Poa" nchini Kenya na Uganda.

Johnnie Walker, mojawapo ya pombe kali zinazoongoza, iliafikia utendaji thabiti nchini Kenya, na kufunga mwaka kwa kiwango cha ukuaji cha 148% zaidi ya mwaka uliopita. Kipindi maalum cha ushauri kilichoanzishwa kote Afrika Mashariki kilichangia pakubwa katika ongezeko la juu la viwango vya bidhaa hii vilivyotumiwa katika eneo hili.

Licha ya hali isiyofaa ya hewa iliyoathiri sehemu nyingi za eneo hili, Kampuni ya East African Malting Limited ilifanikiwa kuvunja kizuizi cha utoaji cha tani 70,000, na kuweka rekodi mpya ya miaka 15. Huku uimarishaji wa kiwanda hicho cha kimea mjini Nairobi ukiendelea, juhudi zaidi zilifanywa kutafuta shayiri kutoka sehemu nyingine za eneo hili katika jitihada za kuhakikisha na kulinda mali ghafi yetu muhimu ya utengenezaji pombe. Viwango vya utoaji mtama viliongezeka mara nne na kufikia tani 4,400 katika kipindi cha mwaka na mipango inafanywa kupanua mradi huu hadi sehemu nyingine nchini Kenya na eneo hili kwa ujumla.

Central Glass Industries iliunga mkono kwa dhati ajenda yetu ya kukarabati upakiaji hasa kwa kubuni na kutoa chupa mpya ya Tusker nchini Kenya na chupa ya Bell

kwa Uganda, ambazo zote zimepokelewa vyema na masoko.

Gharama ya Bidhaa Zilizouzwa ilibakia thabiti, na kudhihirisha kuimarika kwa uzingatiji wetu katika mbinu bora za utengenezaji bidhaa na mipango yetu bora ya viwanda. Kuambatana na mielekeo ya jumla ya kupanda kwa gharama ya maisha kulikoshuhudiwa katika masoko yetu mengi muhimu, gharama za uuzaji, usimamizi na shughuli nyingine za uendeshaji zilipanda kwa kiasi kidogo.

Matukio haya yote kwa pamoja yalisababisha utendaji bora wa kampuni katika kipindi cha mwaka uliopita wa matumizi ya fedha za serikali. Jumla ya thamani ya mauzo ilipanda kwa 6%, hasa kutokana na utendaji thabiti wa bidhaa zetu nyingi maarufu. Bidhaa zetu nyingine muhimu zilizotenda vyema zaidi ni Smirnoff vodka iliyoongezeka kwa 18% na Gilbeys Gin ambayo iliongezeka kwa kiwango cha 35% ikilinganishwa na mwaka uliopita. Faida kabla ya kutozwa ushuru iliongezeka kwa 6% ikilinganishwa na mwaka uliopita.

Kampuni iliendelea kuimarisha uwezo wake, kwa kuwekeza katika ustawishaji vipawa na utoaji mafunzo. Baadhi ya wafanyakazi wa Afrika Mashariki wamepelekwa kufanya kazi katika baadhi ya matawi ya Diageo kote ulimwenguni haswa kama sehemu ya mpango wa uimarishaji maarifa yao ya kikazi na kwa malengo ya kupangia urithi wa kampuni.

Zaidi ya hayo Kampuni iliendelea kukuza utamaduni wa uhusishi na muundo wa hali ya juu wa utendaji ulisababisha uimarishaji wa uwezo na viwango vya juu vya uhusika wa wafanyakazi, kama ilivyodhihirika kwenye uchunguzi wetu wa thamani.

Katika kipindi cha mwaka, Kampuni ilitilia nguvu sifa yake inayothaminiwa zaidi ya kuwa kampuni inayowajibikia raia. Chini ya mpango wetu wa Maji kwa Maisha, Wakfu wa EABL ulitoa maji safi na salama kwa takriban watu milioni 700,000 katika

eneo hili.

Mojawapo ya miradi hii, Mradi wa maji wa Mkuranga Water nchini Tanzania, ulianzishwa rasmi na mke wa Rais wa nchi hiyo, Mheshimiwa Salma Kikwete tarehe 16 Aprili, 2011.

Katika jitihada zake za kuimarisha maisha ya watu wote kampuni iliongeza juhudi zake katika uhifadhi wa mazingira katika masoko yake makuu, huku ikiendelea kutoa ufadhili wa kimasomo kwa wanafunzi werevu kutoka jamii maskini kote katika eneo la Afrika Mashariki.

Nikihitimisha, ningependa kuwahakikishia wadau wetu wote kwamba EABL ni kampuni thabiti zaidi leo kuliko ilivyowahi kuwa awali. Rasilimali zetu zote za kibinadamu na vifaa zinatumiwa ipasavyo kila siku kutimiza biashara na changamoto nyinginezo zinazoweza kutukabili tunapojitahidi kuafikia malengo yetu ya kimkakati na kuwa kampuni inayowajibikia hata zaidi raia.

Tunapoendelea kujithibiti katika eneo hili na kuendelea kujenga utamaduni wa kutokuwa na madhara, tuna imani kwamba tutabakia kuwa kampuni inayoheshimiwa zaidi iliyoorodheshwa kwa umma katika eneo la Afrika Mashariki.

Mwishowe, kwa niaba ya Halmashauri, ningependa kuwashukuru kwa dhati wafanyakazi wetu wote na wasimamizi wanaofanyakazi katika vitengo na vituo vyetu vyote kote katika eneo la Afrika Mashariki. Bila kujitolea kwenu na huduma bora, matokeo niliyotaja hapo juu hayangeweza kuafikiwa katika kipindi cha mwaka uliopita.

Jeremiah Kiereini
Mwenyekiti



Mkakati wa utoaji wa Kampuni katika kipindi cha mwaka ulikuwa kuimarisha uwasilishaji mabadiliko kupitia kuimarishwa kwa utenda kazi kutoka kwa watu wake na raslimali zake. Kiwanda cha vinywaji vikali kiliongeza mara dufu kiwango cha utoaji, ilhali kiwango kilichonuiwa cha bia na Vinywaji vya Watu Wazima Visivyokuwa na Kileo, Adult Non-Alcoholic Drinks (ANAD) pia kiliafikiwa humu nchini, katika eneo hili na kimataifa.

Gharama ya Bidhaa Zilizouzwa, Cost of Goods Sold (COGs) ilidhibitiwa kupitia mpango wetu wa Kiwanda Timilifu, Perfect Plant, pamoja na juhudi tulizofanya kuhimiza - udhibiti wa taratibu, ubunifu na ukarabati wa raslimali pamoja na aina za bidhaa. Upunguzaji mkubwa wa matumizi ya umeme na maji pia uliafikiwa katika viwanda vyote vitatu.

Ajenda yetu ya Kutoruhusu Madhara yoyote na msukumo wa kuwa na utamaduni uliojikita katika misingi ya maafikiano iliendelea kusisitizwa katika kipindi cha mwaka.

uliimarika kwa takriban asilimia 16% katika kampuni ya Kenya Breweries, na kuiweka miongoni mwa 8 bora katika kipimo cha ubora cha Kampuni Timilifu ya utengenezaji bidhaa.

Utengenezaji pombe, upakiaji na kawi viliimarika kwa viwango vya kufurahisha vya asilimia 26.4%, 5% na 6% mtawalia ikilinganishwa na mwaka uliotangulia.

Kwa kuonyesha shukurani kwa utendaji wetu mzuri, EABL Kenya iliandaa mkutano wa kimataifa wa utengenezaji bora wa bidhaa, wa kwanza wa aina yake kufanyika barani Afrika, uliofuatia mkutano wa kiwanda Timilifu wa kimataifa, Global Perfect Plant (PP), ambao ulikuwa umeandaliwa awali.

Katika kipindi cha mwaka, tuliwekeza katika kifaa kipya cha uhifadhi wa maji chenye uwezo wa kuhifadhi 4,000 m³ na kuimarisha mtambo wetu wa umeme kutoka 11KV hadi 66KV, katika jitihada za kudhibiti ugawaji umeme kwa kiwanda hicho na kupunguza gharama ya malipo ya umeme. Kiwanda cha gesi ya carbon dioxide pia kilipanuliwa ili kuongeza utoaji.



Mbele: Mtambo wa ugawaji kiasi cha 66kv cha umeme. Nyuma: Tangi jipya la kuhifadhi kiwango cha 4000m³ cha maji

Ajenda ya mazingira ilipewa umuhimu mkubwa. Juhudi maalum zilifanywa kutumia kiwango cha chini cha maji na umeme, kutumia upya karatasi zilizotupwa, kupunguza kuvuja kwa maji yanayoelekezwa kwenye maeneo ya kuyakusanyia, na kuimarisha utendaji wa kiwanda chetu cha kusafisha maji taka.

Ubora uliimarika kwa zaidi ya asilimia 31% kama ulivyopimwa kupitia Alama ya Ubora na mpango wa utendaji bora kwa ujumla

Nchini Uganda, tuliwekeza shilingi bilioni 1.6 katika mtambo mpya wa kisasa wa kuweka kinywaji kwenye chupa ambao ulipelekea uwezo wetu kuongezeka maradufu katika kiwanda cha Port Bell. Mtambo huo mpya wa upakiaji wenye uwezo wa hali ya juu uliotengenezwa na Kronos AG (Ujerumani) hutoa chupa 50,000 kwa saa na una uhakika wa kutimiza vipimo vyote muhimu vya - Usalama, Utendaji bora, Gharama na and Ubora wa hali ya juu.

Mabao ya kubebea mizigo, mitambo ya upakiaji, mtambo wa kuoshea, kijalizo (filler), vifaa vya kuweka vibandiko na mitambo ya kisasa ya hali ya juu ya ukaguzi, inaifanya kuwa mtambo wa kisasa zaidi wa upakiaji katika eneo hili. Hii inahakikisha uhabibiti ufaao wa utaratibu na ubora wa hali ya juu zaidi kwa aina mbalimbali za bidhaa na inaungwa mkono na mpango madhubuti wa utoaji mafunzo ambao umewapa maarifa wahudumu wa Uganda breweries kuendesha mtambo huu wa kisasa.

Kutokana na uwekezaji wa kiwango hiki, EABL Uganda imejiandaa kutimiza mahitaji ya wateja na watumiaji wa Uganda na hivyo basi kukuza thamani kwa wenyehisa kwa kipindi cha muda mrefu ujao.

Kuanzishwa kwa matumizi ya mtambo huu mpya kunahakikisha upakiaji thabiti wa bidhaa zake zote maarufu na bila shaka kuwapa raia wa Uganda kitu cha kusherehekea.

Kinywaji cha Bell kimebakia thabiti katika ubora wake kwa miaka 61 iliyopita kutokana na juhudi za watengenezaji wetu maarufu katika miaka iliyopita na kimeshinda tuzo mbalimbali za Gold medal Monde selection awards.

Katika viwanda vya Serengeti huko Dar-es-Salaam, Mwanza na Moshi, mafunzo ya afya na usalama yalitolewa kwa vikundi vyote vya viwango vya usimamizi, na utengenezaji na upakiaji wa Tusker ambao ulianza Juni 2010 tayari umetoa zaidi ya masanduku milioni moja kufikia mwisho wa mwaka.

Ulikuwa mwaka wenye ufanisi kwa East Africa Malting Ltd (EAML) kwani kiwango cha shayiri kilichotolewa kilipita kiwango cha tani 70,000 na kuweka rekodi ya miaka 15. Mavuno ya kitaifa ya wastani ya shayiri kwa kila hekta yalipanda kwa asilimia 20%, na



Wafanyakazi wa kampuni ya UBL wapongeza sura mpya ya Bell Lager



Alama ya Ubona: Tuzo la Ubona la Dhahabu la Tusker 2011

kumpa mkulima thamani zaidi kutoka kwa kiasi sawa cha ardhi. Hakuna shayiri iliyogizwa katika mwaka wa 2010/11.

Uimarishaji wa kiwanda cha kimea mjini Nairobi unaendelea na kufikia mwisho wa mwaka, mitambo mipya sita, turner strippers, ilikuwa imewekwa. Wakati wa kipindi cha mwaka, EABL ilikuwa imeshinda tuzo tatu kwa kutambua usimamizi wake bora wa masuala ya usalama na mazingira kuambatana na utamaduni wake wa kutokuwa na madhara yoyote.

Mpango wa ukuzaji mtama ambao ulizinduliwa mwaka wa 2009 uliimarika mara nne ikizingatiwa kiwango cha zao hilo ikilinganishwa na mwaka uliotangulia na kufikia tani 4,400. Kwa kuhakikisha soko la utengenezaji pombe kwa kutumia mtama, mpango huo tayari umenufaisha zaidi ya jamaa 7,000 katika maeneo kame na yasiyotumika kikamilifu. Zao hilo kwa wakati huu linakuzwa katika mikoa ya Mashariki, Rift Valley, Nyanza na Magharibi nchini Kenya.

Uzingatiaji suala la kutafuta mali ghafi ya utengenezaji pombe ulipanuliwa hadi nchini Uganda na Tanzania kulingana na kuendelea kujithibiti kwa EABL katika eneo zima.

Kampuni ya Central Glass Industries (CGI) iliendelea kutoa chupa za hali ya juu kwa Kundi la EABL na wateja wake wengine katika eneo hili. Haswa, iliunga mkono kwa ajenda ya kampuni ya kukarabati upakiaji kwa kubuni na kutoa chupa mpya ya Tusker kwa Kenya na chupa ya Bell kwa Uganda. Chupa zote mbili zilipokelewa vyema mno kwenye masoko hayo.



Wakati wa kipindi cha mwaka, CGI ilitoa kielelezo chake cha Kiwanda Timilifu, ambao ni mtazamo mpya wa utengenezaji ambao umeelekeza mtizamo wetu kuzingatia masuala ya usalama, ubora, mazingira, utoaji bora na mipango ya utunzi wa rasilimali.

Wakati wa kipindi cha mwaka, tanuu lililodumu kwa miaka sita lilifanyiwa ukarabati kusaidia kupunguza gharama za ujumla za uendeshaji. Tuliendelea kusisitiza ubora na tulihudhuria kigezo kipya katika usimamizi wa usalama wa chakula. Kampuni ya CGI pia ilianzisha mfumo wa kusafisha maji taka na kutumia upya maji wenye uwezo wa 80m3 kwa siku, unaotarajiwa kuongezeka na kufikia 140 m3 kufikia mwisho wa mwaka ujao.

EABL INTERNATIONAL

Kuambatana na nguzo yake ya kimkakati ya kupanuka kijiografia hadi maeneo mapya, Kampuni ya kimataifa ya EABL iliongeza uzingatiji wake kwa masoko ya Sudan kusini, Rwanda, Burundi na Jamhuri ya Kidemokrasia ya Congo (DRC) wakati wa kipindi cha mwaka.

Juhudi muhimu za kuongeza uhamasishaji zilijumuisha uwekaji wa mabango ya Tusker huko Kigali na Juba na mabango ya Pilsner katika maeneo mbalimbali huko Sudan kusini. Maeneo hayo mapya pia yaliwakilishwa na kuhudhuria makala ya 4 ya kipindi cha Tusker Project Fame.

Wakati wa nusu ya pili ya mwaka, uthibiti wa uuzaji rejereja katika maeneo haya mapya ulipanuliwa huku wawekaji bidhaa wapya na maeneo ya uuzaji yakijiunga na biashara yetu. Uwekezaji muhimu pia ulifanywa kuhusiana na bidhaa zenye chapa maarufu ya kampuni ikiwa ni pamoja na mitambo ya barafu na maafikiano mingineyo.



Afisa Mkuu mtendaji wa EABL, Seni Adetu pamoja na wafanyakazi wapongeza mtambo mpya wa Bell Lager

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TUSKER

Tusker ilifunga mwaka ikiwa na ukuaji imara wa asilimia 5% zaidi ya mwaka uliotangulia. Ongezeko hili la kiwango cha bidhaa kilichotumiwa lilitokana na kuongezeka kwa matumizi katika masoko yaliyo nje ya Kenya ilhali nchini Kenya athari ya Sheria ya Udhibiti wa Pombe (ADCA) ambayo ilianza kutekelezwa nchini Kenya mwezi Novemba, 2010 ilipunguza matumizi.

Katika masoko kwenye maeneo mapya ya Sudan kusini, Rwanda, Burundi na Jamhuri ya Kidemokrasia ya Congo (DRC), Tusker ilikuwa na utendaji bora huku ukuaji wa viwango vya bidhaa hiyo ukifikia 174% zaidi ya mwaka uliotangulia.

Tusker Project Fame

Makala ya nne ya kipindi cha maonyesho ya muziki kanda ya Afrika Mashariki, Tusker Project Fame 4, yalianza mwezi Agosti, 2010 yakiwa na washindani 18 kutoka Tanzania, Uganda, Sudan kusini, Kenya na Rwanda.

Zaidi ya watu wazima milioni 15 kote katika eneo la Afrika Mashariki walitazama kipindi hicho kwa muda wa wiki nane. Mnamo Disemba 5, 2010 Davis Hillary Ntare wa Uganda alitangazwa mshindi na kupata zawadi kuu ya shilingi Milioni 5 na mkataba wa kunakili kutoka kwa kampuni ya kimataifa ya Gallo Records.

Kando na kukuza vipawa, kipindi hicho pia kilikuwa na matokeo ya kudumu kwa biashara ndogo na za kiwango cha kadiri kutoka eneo hili ambapo zilipewa kandarasi ya kutoa bidhaa mbalimbali na huduma kuunga mkono maonyesho hayo.

Msimamo Thabiti Wa Tusker

Tusker Lager inawakilisha shauku halisi kwa maisha ambayo inatoa ushirikiano wa rahisi, ucheshi wa kuvutia na matumaini kwa siku zijazo.

Aina hii ya bidhaa inajumuisha sifa bora zaidi na za kipekee za watu wa Afrika. Katika kipindi cha mwaka uliopita, msisitizo wa bidhaa hii ulikuwa kwenye mwendo wake wa mageuko uliofikia kilele chake katika uzinduzi wa chupa mpya ya Tusker.



Davis Ntare atangazwa mshindi wa makala ya nne ya Tusker Project

Bango la matangazo la Tusker Kusini mwa Sudan

Chupa Mpya Ya Tusker Lager

Ikiadhimisha hatua muhimu katika turadhi yake tajiri, kampuni ilizindua chupa mpya ya Tusker Lager tarehe 18 Aprili, 2011 sherehe iliyoshuhudiwa na waandishi wote wa habari mjini Nairobi.

Sherehe hiyo ya uzinduzi iliigiza safari ya kihistoria ya mwaka wa 1922 ambayo ilipelekea kuwasilishwa kwa Tusker lager ya kwanza kabisa kuwahi kutengenezwa kwa hoteli ya Stanley mjini Nairobi.

Huku Tusker ikiendelea kudumisha sifa zake za kipekee za ubora, ladha na wingi, chupa hiyo mpya inanua kuipatia bidhaa hiyo kielelezo cha kuvutia kuambatana na mahitaji na matarajio ya sasa ya wateja.

Kusherehekea uzinduzi wa chupa mpya ya Tusker, Wafanyakazi wa EABL "walipaka mji rangi ya manjano" kwa vifaa maalum vyenye chapa ya bidhaa.

Kombe La 2010 La CECAFA Tusker

Tusker ilifadhili makala ya 34 ya shindano la kandanda la CECAFA Senior Challenge Cup lililofanywa nchini Tanzania kutoka tarehe 27 Novemba hadi 12 Disemba, 2010 kama wafadhili wakuu na kutokana na hatua hiyo shindano hilo lilipewa jina jipya la CECAFA TUSKER CUP.

Hili ni shindano la soka ya kimataifa la zamani zaidi barani Afrika na linaandaliwa na Baraza la vyama vya kandanda vya Afrika



Mashariki na Kati, Council of East and Central Africa Football Associations (CECAFA). Timu kumi na mbili zilishiriki katika makala ya mwaka wa 2010, zikiwemo nchi tisa kutoka mashariki mwa Afrika – Tanzania, Burundi, Somalia, Rwanda, Sudan, Zanzibar, Uganda, Kenya na Ethiopia na tatu maalum zilizoalikwa – Cote d'Ivoire, Malawi na Zambia. Tanzania iliibuka mshindi wa makala ya mwaka wa 2010 ya Kombe la CECAFA Tusker Cup.

PREMIUM SERENGETI

Kipindi cha mwaka kilishuhudia Premium Serengeti Breweries ikizindua kampeni ya matukio muhimu “Golden Moments”, kusherehekea nyakati maalum ambazo watumiaji huhisi kupitia Premium Serengeti Lager. Sherehe hizo zilijumuisha kampeni maalum za wanahabari na za maeneo ya nje na tamasha za muziki ambazo baadhi zilihudhuriwa na wana muziki maarufu wa kimataifa kama vile Shaggy na Ludacris.

Premium Serengeti Lager (PSL) kwa mara nyingine ilishinda tuzo la heshima la German Agricultural Society (DLG), mojawapo ya



Sehemu ya shughuli za kampeni ya Premium Serengeti Golden Moments

tuzo za utengenezaji pombe zinazothaminiwa zaidi ulimwenguni. Premium Serengeti iliandaa tamasha maalum zilijumuisha mashindano ya kieneo ya kucheza densi, filamu, na maonyesho ya muziki yaliyofanywa kote nchini Tanzania. Shughuli hizo zilifikia kilele chake mjini Dar-es – Salaam ambapo zaidi ya watu 150,000 walishiriki.

PILSNER

Tunaendelea kuwekeza katika Pilsner kwa kuimarisha uhamasishaji wa bidhaa hii kupitia kampeni za Pilsner Mfalme.

SENATOR

Senator Keg ilikua kwa kiwango cha kadri katika kipindi cha mwaka. Kampeni muhimu zilizopelekea kupatikana kwa ukuaji wa bidhaa hii ni pamoja na mpango wa “Bingwa wa Base” nchini Kenya na kampeni ya “Base Poa” katika nchi za Kenya na Uganda.

Chini ya mpango wa Bingwa wa Base, wateja wa Senator

walichagua vielelezo ambavyo baadaye viliwekwa kwenye vifaa vya mawasiliano vya bidhaa hiyo, ilhali mpango wa Base Poa ulitambua maeneo maalum ya uuzaji Senator ambayo yalipewa vifaa mbalimbali vya uhamasishaji.

BELL LAGER

Uhamasishaji wa Kitaifa wa Wateja wa Bell Big 60 National Consumer Promotion (NCP) uliofanywa wakati wa kipindi cha mwaka ulidhamiriwa kusherehekea miaka 60 ya bidhaa hiyo na kuwatuza wateja wake waaminifu.

Chupa Mpya Ya Bell Lager

Bidhaa inayoongoza nchini Uganda, Bell lager, ilizindua chupa yenye “SURA MPYA” katika soko baada ya miaka 61 ya kupakia kwenye chupa aina ya Euro. Bidhaa hiyo inafuatilia historia yake kuanzia mwaka wa 1950 wakati chupa yake ya kwanza ilipotoka kwenye mtambo kwenye ufuo wa ziwa Victoria katika kiwanda chetu cha Port Bell. Kutokana na hayo bidhaa hiyo ilibakia bidhaa nambari moja nchini Uganda.

Katika kandanda, Bell ilifadhili Kombe la Uganda huku timu maarufu ya Uganda Cranes ikichuana na Guinea kwenye mechi iliyochezwa katika uwanja wa Namboole National Stadium.

GUINNESS

Guinness ilipata matokeo bora na kufunga mwaka kwa kupata asilimia 8% zaidi ya mwaka uliopita katika kiwango cha mapato, ikiendelezwa hasa na hali ya wateja kupenda kandanda kupitia michuano ya Guinness Football Challenge.

Mpango huo unaohusisha maeneo yote uliwasilisha utendaji thabiti mno nchini Uganda kwa ukuaji thamani wa asilimia 28% huku ukikabiliana na athari za ongezeko la mara kadhaa la bei nchini Kenya na kumaliza mwaka kwa asilimia 2% zaidi ya mwaka uliopita.

Nchini Kenya mpango huo ulijumuisha mchezo wa kwanza kabisa wa aina yake wa kandanda ulioonyeshwa kupitia runinga ya KTN, na kupata ukuaji wa asilimia 7% wa kiwango cha bidhaa katika muda wa kipindi hicho.

Timu iliyoibuka mshindi nchini Kenya ilishinda ziara huko Brazil ilhali nchini Uganda ilijipatia shilingi milioni 20 za Uganda. Shindano la Guinness Football Challenge, lililoanzishwa kwanza nchini Kenya, sasa limeenezwa huko Cameroon na Ghana.

Mwaka huo pia ulishuhudia kuzinduliwa upya kwa Guinness nchini Tanzania katika chupa mpya ya 500 ml.

JOHNNIE WALKER

Kwa mara nyingine, Johnnie Walker, mojawapo ya bidhaa zetu maarufu, ilikuwa na mwaka wenye ufanisi, na kufunga mwaka



Aina za bidhaa

nchini Kenya kwa kiwango cha ukuaji cha asilimia 105% ambacho ni zaidi ya matarajio. Mwaka huo ulishuhudia mpango wa ushauri wa Johnnie Walker ukipanuliwa hadi Uganda na Tanzania. Zaidi ya mipango 30 ya utoaji ushauri ilifanyika kote katika eneo la Afrika Mashariki katika kipindi cha mwaka.

Kampeni ya mawasiliano ya “tembea na majitu” yaani “Walk with Giants” ilianza na Haile Gabre Selassie, mwanariadha maarufu wa Ethiopia, katika sehemu ya kwanza ya tangazo la televisheni lililoshinda tuzo.

Kampeni ya “Keep Walking Day” ilishuhudia zaidi ya wafanyakazi 600 wa EABL wakishiriki kwenye kampeni ya uhamasishaji ya Johnnie Walker.

SMIRNOFF

Kipindi cha mwaka kiliadhimisha tajriba mpya na za kulisimua za Smirnoff kote katika eneo la Afrika Mashariki kwa bidhaa ya Smirnoff. Karamu za “Smirnoff in the Mixx” zilivutia mchanganyiko wa kipekee wa muziki na kinywaji maarufu cha bidhaa hii.

Katika kipindi cha mwaka, bidhaa hii ilipata ukuaji mkubwa huku jumla ya kiwango cha uzalishaji kikikua kwa asilimia 45% zaidi ya mwaka uliopita nchini Kenya ilhali Smirnoff Ice ilikua kwa asilimia 102% zaidi ya mwaka uliopita nchini Uganda.



BAILEYS

Baileys iliendelea kulisimua katika kipindi cha mwaka kwa kampeni ya kuvutia inayofahamika kama “Best served with Friends”.

Mnamo tarehe 27 Novemba 2010, siku ya kimataifa ya kuonekana wazi kwa bidhaa ya Baileys iliadhimishwa kwa maduka ya supermarket kote Afrika Mashariki, ambayo yaliandaa maonyesho ya kuvutia ya Baileys na kutoa zawadi za vifurushi maalum vya Baileys, vilivyojumuisha gilasi maalum zenye chapa ya bidhaa hiyo.

UGANDA WARAGI

Katika kipindi cha mwaka, Uganda Waragi ilianzisha chupa maalum ya 100 ml PET kwenye soko, ikisaidiwa na ujumbe wa mawasiliano ya kuvutia wa kinywaji kinachotunganisha yaani “The Spirit that Binds Us.” Hii ilikuwa muhimu kwa sababu ilipelekea ukuaji wa viwango vya ujumla kwa asilimia 17% zaidi ya mwaka uliopita.

Bidhaa hiyo pia ilizindua kampeni ya UG EAMIX iliyopata ufanisi kote nchini humo.





Huku EABL ikiikaribisha kampuni ya Serengeti Breweries Limited (SBL) ya Tanzania kujiunga nayo, idadi ya wafanyakazi wake iliongezeka na kufikia 1700.

Tuliendelea kujenga kampuni moja - utamaduni moja, kwa kuandaa Mkutano wa Wafanyakazi Wote ambao kwa mara ya pili ulileta wafanyakazi wetu wote katika eneo hili mahala moja mjini Nairobi.

Utaratibu wa kuwapeleka wafanyakazi kuhudumu katika idara au vitengo vingine ndani ya kampuni ya EABL uliendelea huku Kenya, Uganda na Tanzania zikibadilishana vipawa kuimarisha utendaji wa biashara huku zikikumbatia maadili ya utamaduni moja ndani ya kampuni.

Kampuni iliendelea kutilia nguvu mfumo wake wa uongozi kupitia kwa mpango wetu madhubuti wa uongozi unaolenga wahitimu wa vyuo vikuu. Jumla ya wahitimu 36, 19 nchini Kenya, 9 nchini Uganda na 7 nchini Tanzania walijiunga na mpango huo wakati wa kipindi cha mwaka Kumi na saba kati ya wahitimu hawa ambao tayari wako kwenye mpango huo walihudhuria mafunzo ya maendeleo ya barani Afrika huko Nigeria ilhali wote 83 walihudhuria mafunzo mbalimbali ya uongozi yanayoendelea.

Mwaka huo pia ulishuhudia kuzinduliwa kwa Mpango wa Viongozi Wanaokua, Growing Leaders Program, unaonuiwa kuharakisha utoaji wa viongozi wapya kote katika biashara yetu. Kampuni kadhalika iliazimia kuchunguza utendaji wa vipawa kila

baada ya miezi mitatu kwa lengo la kuchunguza ajenda yetu ya vipawa kwa ujumla kuhakikisha tuna msingi thabiti na endelevu wa vipawa katika kampuni..

MASLAHI YA WAFANYAKAZI

Wakati wa kipindi cha mwaka, bima ya kujifungulia kina mama iliyokuwa imesubiriwa kwa muda mrefu ilianzishwa kwa wafanyakazi wote katika eneo hili. Kadhalika tulianzisha Smart Card, ambayo itawawezesha wafanyakazi kupata huduma za matibabu katika vituo mbalimbali na huduma nyinginezo za afya kote katika eneo hili.

Vituo kadhaa vya wafanyakazi vilifanyiwa ukarabati wakati wa kipindi cha mwaka, ikiwa ni pamoja na Club 2010 na kantini ya EABL Glass Canteen.

USIMAMIZI BORA NA UTIMIZAJI MAADILI

Tuliendelea kuisitiza Maadili Bora ya Biashara kupitia mipango mbalimbali ili kuhakikisha kwamba tunakuwa Biashara Inayosherehekewa Zaidi katika kila soko Mashariki mwa Afrika. Wakati wa kipindi cha mwaka, tulizindua upya Sera ya hivi punde ya Haki za Binadamu.

Vitengo vyetu vyote vya kibiashara vilifanyiwa ukaguzi mara kwa mara katika kipindi cha mwaka kuambatana na sera zetu za kutimiza maadili na kupatikana kuwa vinaridhisha. Tuliendelea kudumisha utamaduni wa udhibiti imara na mazingira yanayotimiza maadili katika Kampuni.



Ufanisi wa usalama wetu umejikita katika utamaduni wetu wa biashara wa kutoruhusu madhara yoyote.



Kuimarisha jamii

MAJI KWA UHAI

Wakati wa kipindi cha mwaka, Wakfu wa EABL Foundation ulipata ufanisi mkubwa katika utoaji maji safi na salama na vifaa vya usafi kwa jamii mbalimbali kote katika eneo hili. Mpango wetu wa Maji kwa Uhai ulihudumia zaidi ya watu 700,000 kwa kuwapa maji safi na salama ya kunywa.

Ukishirikiana na Mashirika makuu Yasiyo ya Kiserikali kama vile Ecotact, AMREF na shirika la uimarishaji Uwezo, Agency for Capacity Building (ACB) Uganda, Mpango huo pia ulitoa maji safi kwa zaidi ya watu 340,000 nchini Uganda na Tanzania.

Chini ya Mpango huo, visima na majengo ya kuogea yalikamilika huko Thika, Limuru, na Nakuru nchini Kenya, na kuhudumia jumla ya watu 144,000.

Mnamo mwezi Aprili, 2011 mradi mkubwa wa maji na usafi ulizinduliwa huko Mkuranga, nchini Tanzania na Mke wa Rais, Mheshimiwa Salma Kikwete. Mradi huo wa thamani ya takriban shilingi milioni 23, ulijengwa na shirika la AMREF Tanzania kupitia kwa ufadhili wa Wakfu wa EABL na Kampuni ya Serengeti Breweries na kwa wakati huu unahudumia zaidi ya watu 70,000.

MAARIFA KWA UHAI

Mwaka huu, Kampuni itasherehekea miaka 10 tangu kuanzishwa kwa mpango wake maalum unaonua kuimarisha maisha ya wanafunzi werevu kutoka jamii maskini.

Kufikia sasa zaidi ya wanafunzi 160 wamenufaika moja kwa moja kutoka kwa mpango huu ambao unalenga wanafunzi katika vyuo vikuu vya kibinafsi na vya umma kote katika eneo



Wanachama wa kundi la E-Green la EABL pamoja na jamii ya wilaya ya kamo Mashariki mwa Uganda katika shughuli ya upanzi wa miti mapema mwaka huu

la Afrika Mashariki. Wakati wa kipindi cha mwaka, watano kati ya wanafunzi hawa walifuzu kwa shahada za digrii za first class honors kutoka chuo kikuu cha Strathmore.



Mshauri wa kimataifa wa Johnnie Walker, Kagisho Mathiba, ashauri kundi la wapenzi wa bidhaa hiyo wakati wa kikao cha ushauri katika hoteli ya Sankara mjini Nairobi



Mwaka huu Wakfu wa EABL unatarajia kufadhili wanafunzi 20 zaidi katika vyuo mbalimbali kote katika eneo la Afrika Mashariki.

MAZINGIRA

Kwa kuendeleza ajenda ya Kampuni ya uhifadhi wa mazingira, wafanyakazi wa jopo la E-Green walishiriki katika shughuli kadhaa za upanzi wa miti wakati wa kipindi cha mwaka. Kwa ujumla, walipanda zaidi ya miche 376,000 katika eneo hili.

Miongoni mwa maeneo ambako miche hiyo ya miti ilipandwa ni Msitu wa Mau Eburu, Sasumua na Msitu wa Karura nchini Kenya pamoja na Gombe, Budaka, Mbale na Lugazi nchini Uganda.

Wakfu wa EABL kadhalika ulifadhili shughuli ya uwekaji ua kuzingira Msitu wa Karura ulioko Nairobi kwa jumla ya gharama ya shilingi milioni 8. Kutokana na mradi huo ambao umeimarisha kwa kiasi kikubwa usalama ndani na maeneo yanayozunguka msitu huo, Wakfu huo ulitambuliwa na kupokea sifa maalum kwa usaidizi wake na kujitolea kwake kuhifadhi Msitu wa Karura.

UNYWAJI UNAOWAJIBIKA

Katika msimu wa krismasi wa mwaka wa 2010, EABL iliendesha kampeni ya umma ya unywaji wenye kuwajibika "Responsible Drinking" iliyofahamika kama "Usinywe na Kuendesha" yaani "Don't Drink and Drive" ambayo pia iliwahimiza wafanyakazi wake wote kuhudumu kama mabalozi wa unywaji kwa kuwajibika katika msimu huo wa sherehe za krismasi.

Kampeni hiyo pia ilitoa fursa nyingine kwa Kampuni kuzindua upya Sera ya Pombe kwa Wafanyakazi, ambayo miongoni mwa mengine inatoa vidokezo vya kubadilishana vinywaji na maji na vyakula vidogo vya kuonja au asusa.

Mnamo mwezi Juni, 2011 Kampuni ilianzisha awamu mpya ya kampeni hii inayofahamika kama "Friends don't let friends drink and drive.", ambao dhamira yake kuu ilikuwa kuwakumbusha marafiki kuchukua teksi baada ya kunywa au kupata watu ambao hawajakunywa kujitolea kuendesha wale ambao tayari wamekunywa pombe zaidi.

Mkakati huu unanuia kubadili na kuimarisha ufahamu wa wateja kuhusu hatari za unywaji wa pombe kupindukia.



Baadhi ya teksi 25 zilizochapishwa ujumbe wa "Usinywe na Kuendesha" kwenye uzinduzi Kampala



Corporate Information

DIRECTORS

JG Kiereini	Group Chairman
N Blazquez*	Group Deputy Chairman
S Adetu**	Group Managing Director
R Kemoli	
P Ndegwa	
EK Mwaniki	
A Shonubi ***	
C Gakonyo	
C Diezhandino ****	
C Muchene	(Appointed on 17 February 2011)
M Bomani*****	(Appointed on 19 May 2011)
A Ndegwa	(Resigned on 19 May 2011)
W Kiboro	(Resigned on 17 February 2011)

*British **Nigerian *** Ugandan **** Spanish *****Tanzanian

SECRETARY

Agnes Murgor (Mrs)

Corporate Centre
Ruaraka
P O Box 30161 - 00100 Nairobi, GPO

AUDITOR

KPMG Kenya

Certified Public Accountants

16th Floor, Lonrho House
Standard Street
PO Box 40612 - 00100 Nairobi, GPO

ADVOCATES

Kaplan and Stratton Advocates

Williamson House
4th Ngong Avenue
PO Box 40111 - 00100 Nairobi, GPO

SHARE REGISTRARS

Custody & Registrar Service Limited

6th Floor, Bruce House
Standard Street
PO Box 8484 - 00100 Nairobi, GPO

PRINCIPAL BANKERS

Standard Chartered Bank Kenya Limited

Standard Chartered Building
Moi Avenue Branch
P O Box 30001 - 00100 Nairobi GPO

Citibank NA

Citibank House
Upper Hill Road
PO Box 30711 - 00100 Nairobi, GPO

Barclays Bank of Kenya Limited

Barclays Plaza
Loita Street
PO Box 30120 - 00100 Nairobi, GPO

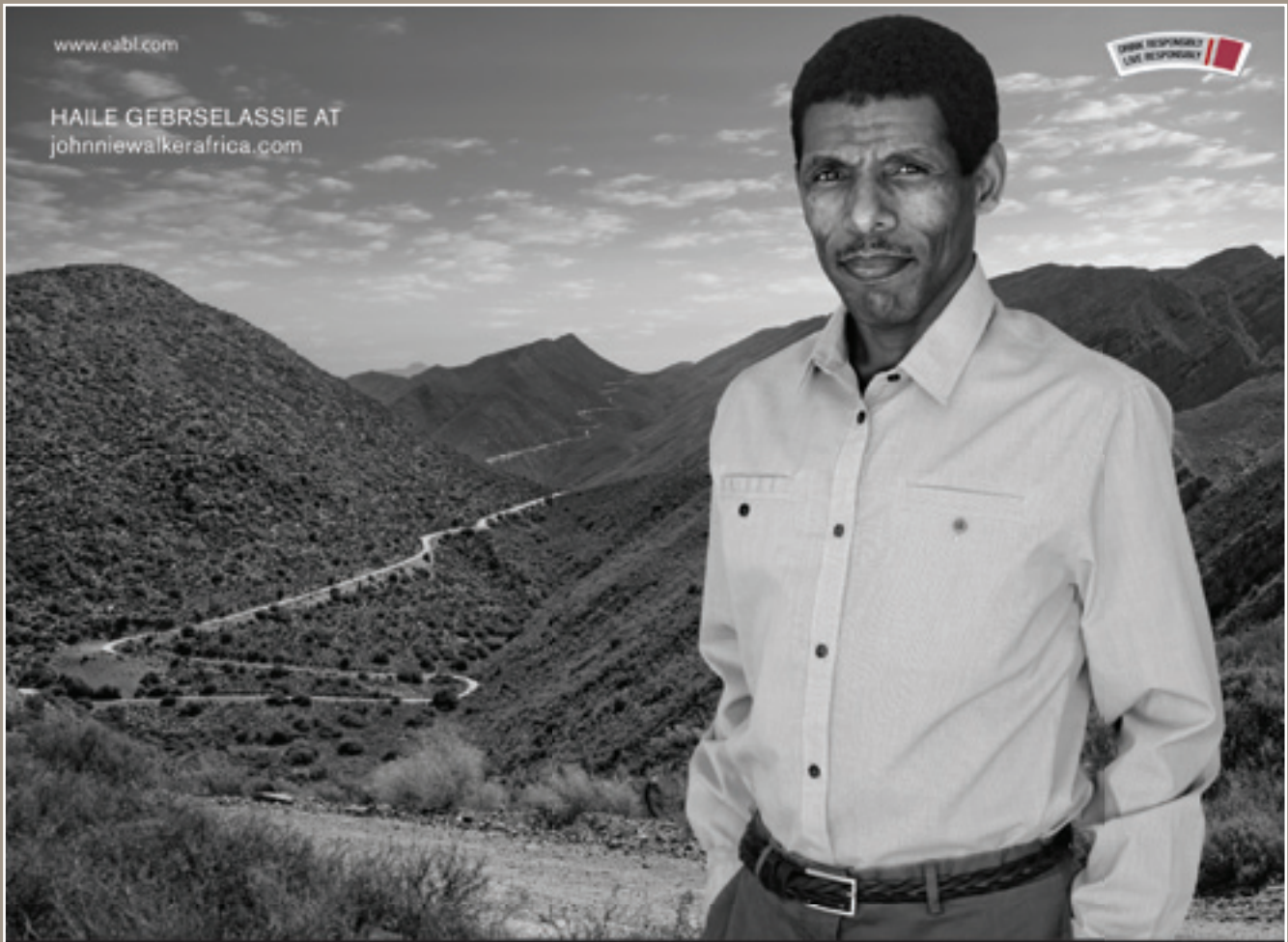
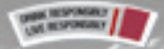
REGISTERED OFFICE

East African Breweries Limited

Corporate Centre
Ruaraka
PO Box 30161 - 00100 Nairobi, GPO

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JOHNNIE WALKER. 



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STRICTLY NOT FOR SALE TO PERSONS UNDER THE AGE OF 18. PLEASE DRINK RESPONSIBLY. EXCESSIVE CONSUMPTION OF ALCOHOL IS HARMFUL TO YOUR HEALTH.



Board of Directors



1. Jeremiah G. Kiereini EGH, EBS, SS - Group Chairman (82)

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

2. Dr. Nick Blazquez (British) Group Deputy Chairman (50)

Dr Blazquez was appointed as a Director and Deputy Chairman of the company in August 2005. He is President of Diageo Africa and a member of the Diageo Executive Committee. He has worked with Diageo for 20 years in a number of senior roles in Asia and Europe. He recently stepped down as Chairman of Private Investors in Africa and is a non-executive Director of both Mercy Corps (UK) and Millennium Promise (UK). He holds a Bachelor of Science degree from the University of Aberdeen and a Doctorate from the University of Bristol.

3. Richard Kemoli MBE, FIOD - Non Executive Director (76)

Mr. Kemoli has been a member of the Board since 1996. He had a long and successful working career with the Commonwealth Development Corporation. In recognition of the contributions he has made over the years, he was made a Member of the Order of the British Empire (MBE) in 1995 on retirement. He has held directorships in several private and public sector institutions. He is a past Chairman of HFCK and Kenya Open Golf Limited. He is currently Chairman of Lafarge Bamburi Cement Limited and Unga Group Ltd. He holds directorships in CMC Holdings Limited, Kakuzi Limited and several private companies.

4. Seni Adetu (Nigerian) Group Managing Director (48)

Mr. Seni Adetu joined Diageo in August 2006 as Managing Director/Vice Chairman, Guinness Ghana Breweries Limited (GGBL). Before joining GGBL, Mr. Adetu worked with the Coca-Cola Company where he enjoyed a highly successful 14 year career. While at Coca-Cola, he held various senior positions including Country General Manager, Marketing Director and Commercial Director. His responsibilities covered

various markets across Africa including Nigeria, Kenya and Ghana. Prior to being appointed Group Managing Director/Chief Executive Officer for East African Breweries Limited in July 2009, Mr Adetu served on the East African Breweries Limited Board as a non-executive director. Mr. Adetu is a Chemical Engineering graduate of the University of Lagos, Nigeria, and holds a post-graduate degree, M.B.A (with specialisation in Marketing) from the same university.

5. Mark Bomani Non Executive Director (79)

Mr Mark Bomani was appointed a director of the Company in May 2011. He is an advocate in private practise in Tanzania specialising in the provision of consultancies in corporate law, arbitration, conveyancing, and constitutional law. He holds a BA from the Makerere College, Kampala (London University) in history, economics and political science and a Bachelor of Laws from London University. Mr. Bomani was the first indigenous Attorney General of Tanzania a position he held for 11 years. He has been a senior legal adviser to the Government of Namibia and was a part time Judge of the Court of Appeal of Tanzania.

6. Constance Gakonyo Non Executive Director (46)

Ms Gakonyo has held a variety of positions including Legal Consultant and Head of the Performance Management portfolio for SABMiller Africa & Asia Pty Ltd based in Johannesburg, covering Angola, Mozambique, Lesotho, Swaziland, Botswana, Tanzania, Uganda, Zambia, Zimbabwe and Ghana. She has also held the positions of Strategic Resources Director Nile Breweries, Director HR and Legal Affairs Castle Brewing Kenya Limited and Group Legal/HR Manager of the Standard Newspapers Group Limited. She holds an LLB (Hons), Diploma in Law, MBA (Strategic Management) and is a member of the LSK, CPS (K), and the Chartered Institute of Arbitrators; She is an Advocate of the High Court of Kenya. She is currently the Group Executive Director of the REAL Insurance Group of companies (Kenya, Tanzania, Malawi and Mozambique).

7. Dr. Alan Shonubi (Ugandan) Non Executive Director (52)

Dr. 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



Board of Directors

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the leading lawyers in Uganda by Chambers Global “the World’s Leading Lawyers”. He served as lead counsel on the “Porter” commission of inquiry into exploitation of DR Congo resources. He is a former President of the East Africa Law Society and Chairman of the National Library of Uganda. He is a reputable business leader in Uganda and is a director in several private companies including Uganda Baati Limited, Cooper Motors Corporation, Golf Course Holdings (Garden City), AAR Health Services and Interswitch Uganda Limited.

**8. Cristina Diezhandino
Non Executive Director (45)**

Mrs Diezhandino is the Regional Marketing and Innovation Director for Diageo Africa. She holds a Business Economic Degree from ICADE, Madrid, Spain and has studied Marketing and Innovation at ESSEC, Paris, France, as part of the Erasmus Program. She joined Unilever in 1989 where she held various marketing positions in Spain, UK and the US in the Home and Personal Care division. In 2001, she joined Allied Domecq, a leading spirits and wine company in Spain, as Marketing Director responsible for brands such as Ballantine’s, Beefeater, Malibu,

Tia Maria and Mum Champagne. She joined Diageo in 2006 as a Global Brand Director based in Amsterdam The Netherlands, handling Diageo Brands such as Johnnie Walker, J&B, Buchanan’s, Windsor, Black & White, Tanqueray and Gordons.

**9. Charles Muchene
Non Executive Director (54)**

Mr Charles Muchene was appointed a director of the Company in February 2011. Prior to this appointment, he was the Country Senior Partner of PricewaterhouseCoopers, a position he served for 11 years. Over the last decade, he has been a thought leader and commentator on issues affecting businesses in the region and was one of the founders, and is a past chairman, of the East African Business Summit. He holds a B Com degree from the University of Nairobi, is a Fellow of the Institute of Certified Public Accountants of Kenya, a Member of the Institute of Certified Public Secretaries of Kenya and a member of the Institute of Directors. Mr Muchene also serves on the boards of Cfc Stanbic Holdings Limited and Cfc Stanbic Bank Limited.

**10. Evanson Mwaniki
Non Executive Director (73)**

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

**11. Peter Ndegwa
Group Finance Director (42)**

Mr Ndegwa’s experience span sales, strategy, business advisory and finance in a variety of sectors including retail, manufacturing, banking and insurance and general services. He joined EABL as Head of Group Strategy in January 2004. Thereafter he was appointed Change Director Sales in March 2006, to head a radical change programme within the sales and commercial area. He then held the position of EABL Sales Director, Kenya before being appointed to the position of EABL Group Finance Director in July 2008. Before joining EABL, he trained and worked with

PricewaterhouseCoopers for 11 years, in a variety of senior roles both in Eastern Africa and in the UK. He holds an MBA (Strategy and finance) from the London Business School, and an Economics degree from the University of Nairobi. His is also a Certified Public Accountant.

**12. Agnes Murgor
Group Company Secretary (48)**

Mrs Murgor is a lawyer by profession and holds a Bachelor of Laws Degree from the University of Buckingham. She was admitted to the Roll of Advocates in 1987, and began her career at Hamilton Harrison and Matthews Advocates after which she served as a State Counsel in the Attorney General’s Chambers in the treaties and Agreements Department. At the time of her appointment, she was a partner in the firm of Murgor and Murgor Advocates. She is an Advocate of the High Court of Kenya and a member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya.





Corporate Governance Statement

At East African Breweries Limited, we are committed to the highest standards of corporate governance and business ethics. Recognising that good corporate governance is key to the enhancement of our business performance, the Board of Directors seeks to discharge its duties and responsibilities in the best interest of the Company, its shareholders, business partners and the community. Our corporate values and ethics are entrenched in our strategic and business objectives and are focused on transforming and accelerating growth in value for the benefit of all our stakeholders.

Board of Directors

The Board of Directors consists of the Chairman, who has non-executive responsibilities, nine non-executive directors and two executive directors. The Board meets at least four times a year and continues to maintain effective control over strategic, financial operational and policy issues.

The following standing committees of the Board meet quarterly or as required.

Board Corporate Governance Committee

The Committee has oversight on the adherence and compliance by the Group to the principles and requirements of good corporate governance and business ethics. Its members are Mr. Evanson Mwaniki (Chairperson), Mr. Richard Kemoli, Mr. Mark Bomani and Mr. Alan Shonubi.

Board Audit and Risk Management Committee

The Committee is responsible for monitoring and reviewing the integrity of the financial statements, the effectiveness of the Group's internal control and risk management processes, the effectiveness of the internal audit function and the Group's procedures for handling whistle blowing allegations. The committee's current members are Mr Richard Kemoli (Chairman), Dr Nick Blazquez, Mr Charles Muchene and Ms Constance Gakonyo. The Committee over the year continued to review internal risk assessments, safety management, business continuity planning and technical compliance programs.

Board Remuneration Committee

The Committee's main responsibility is the review and approval of remuneration for Directors and senior management and staff incentive schemes. Its members are Dr. Nick Blazquez (Chairman), Mr. Evanson Mwaniki, Mr. Mark Bomani and Ms. Constance Gakonyo. The Committee oversaw the staff-restructuring program that was conducted across the EABL group and the implementation of staff reward and incentive schemes.

Board Nominations Committee

The Committee is mandated to review succession planning within the Board and to identify and nominate for the approval of the Board, candidates to fill Board vacancies as and when they arise. Its membership comprises Dr. Nick Blazquez (Chairman), Mr. Evanson Mwaniki, Mr. Richard Kemoli and Dr. Alan Shonubi.

Business Ethics

The company has further strengthened and embedded its commitment to a world class code of business conduct. This is now aligned to globally accepted standards and meets the requirements of local laws as well as internationally applicable laws and regulations. Continuous internal monitoring and training ensure all staff perform their duties and responsibilities in a compliant and ethical manner.



Taarifa ya Usimamizi wa Kampuni

Katika Kampuni ya East African Breweries, tumejitolea kuhakikisha viwango vya juu zaidi vya usimamizi wa Kampuni na maadili ya kibiashara. Kwa kutambua kwamba usimamizi bora wa kampuni ni muhimu kwa uimarishaji utendaji wa biashara yetu, Halmashauri ya Wakurugenzi inatekeleza kazi na majukumu yake ifaavyo kwa manufaa ya kampuni, wenyehisa wake, washirika wa kibiashara na jamii. Maadili yetu ya kampuni yamejikita kwenye mikakati na malengo yetu ya kibiashara na yanazingatia kugeuza na kuimarisha ukuaji katika thamani kwa manufaa ya washika dau wetu wote.

Halmashauri ya Wakurugenzi

Halmashauri ya Wakurugenzi inajumuisha Mwenyekiti, ambaye ana majukumu yasiyokuwa na mamlaka ya utendaji kazi, wakurugenzi tisa wasiokuwa na mamlaka ya utendaji kazi, na wakurugenzi wawili wenye mamlaka ya utendaji kazi. Halmashauri hukutana angalau mara nne kwa mwaka na huendelea kudumisha udhhibiti ufaao kuhusu masuala ya mikakati, kifedha, uendeshaji na sera.

Kamati zifuatazo za Halmashauri hukutana kila baada ya miezi mitatu au inapohitajika.

Kamati ya Halmashauri kuhusu Usimamizi wa Kampuni

Kamati hii ina jukumu la kusimamia na kuhakikisha kanuni, masharti na viwango vya usimamizi bora wa kampuni na maadili ya kibiashara vinatekelezwa ipasavyo. Wanachama wake ni Bw. Evanson Mwaniki (Mwenyekiti), Bw. Richard Kemoli, Bw. Mark Bomani na Bw. Alan Shonubi.

Kamati ya Halmashauri kuhusu Ukaguzi wa Mahesabu na Ukabilianaji na Mashaka

Kamati hii ina jukumu la kutathmini na kuchunguza uadilifu wa taarifa za kifedha, kufaa kwa mifumo ya udhhibiti wa kindani wa Kundi na taratibu za kusimamia hali ya mashaka, kufaa kwa mifumo ya kindani ya ukaguzi wa mahesabu ya kampuni na taratibu za Kundi za kushughulikia wale wanaofichua kashfa. Wanachama wa sasa wa kamati hiyo ni Bw. Richard Kemoli (Mwenyekiti), Dkt. Nick Blazquez, Bw. Charles Muchene na Bi. Constance Gakonyo. Katika kipindi cha mwaka, kamati hiyo iliendelea kuchunguza ukadiriaji wa kindani wa mashaka, usimamizi wa usalama, mipango ya kuendeleza biashara na ufundi unaohitajika.

Kamati ya Halmashauri ya Malipo

Jukumu muhimu la kamati hii ni kuchunguza na kuidhinisha malipo kwa wakurugenzi na wasimamizi wakuu na mipango ya kutoa vihimizo kwa wafanyakazi. Wanachama wake ni Dkt. Nick Blazquez (Mwenyekiti), Bw. Evanson Mwaniki, Bi. Constance Gakonyo na Bw. Mark Bomani. Kamati hii ilisimamia mpango wa marekebisho kwa wafanyakazi kote katika kundi la EABL na kutekelezwa kwa tuzo kwa wafanyakazi na mipango ya utoaji vihimizo.

Kamati ya Halmashauri kuhusu Uteuzi

Kamati hii ina jukumu la kuchunguza mipango ya watakaojumuishwa kwenye Halmashauri na kutambua na kuteua ili kuidhinishwa na Halmashauri, wagombeaji kujaza nafasi zilizo wazi kwenye Halmashauri inapohitajika. Wanachama wake wanajumuisha Dkt. Nick Blazquez (Mwenyekiti), Bw. Evanson Mwaniki, Bw. Richard Kemoli na Dkt. Alan Shonubi.

Maadili ya Kibiashara

Kampuni hii imeimarisha zaidi na kuthibiti kujitolea kwake kudumisha kanuni za hali ya juu ya kimataifa ya kuendesha biashara. Hii sasa imeambatanishwa na viwango vya kimataifa vinavyokubalika na kutimiza mahitaji ya sheria za humu nchini pamoja na sheria na kanuni za kimataifa zinazohusiana. Uchunguzi wa kila mara wa kindani na utoaji mafunzo unahakikisha wafanyakazi wote wanatekeleza kazi zao na majukumu yao kwa uadilifu na kwa njia inayofaa.





Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE EIGHTY-NINTH ANNUAL GENERAL MEETING of East African Breweries Limited will be held at Safari Park Hotel, Ruaraka, Nairobi on 10th November 2011 at 11 a.m. for the following purposes:
As Ordinary Business:

1. FINANCIAL STATEMENTS

- a) To receive and adopt the consolidated audited financial statements for the financial year ended 30th June 2011 together with the report of the Directors' and the Auditors' report thereon **(Resolution 1)**.
- b) To confirm the interim dividend of KShs 2.50 per ordinary share of KShs 2.00 paid on 15th April 2011, and to declare a final dividend of KShs 6.25 per ordinary share of KShs 2.00 payable on or about 11th November 2011 to shareholders on the Register of Members at the close of business on 30th September 2011 **(Resolution 2)**.

2. DIRECTORS

- a) Elections
 - i) to re-elect Mr. Charles Muchene who was appointed by the Board on 17th February 2011 to fill a casual vacancy who retires under Article 108 and, being eligible, offers himself for re-election as a director of the company **(Resolution 3)**;
 - ii) to re-elect Mr. Mark Bomani who was appointed by the Board on 19th May 2011 to fill a casual vacancy who retires under Article 108 and, being eligible, offers himself for re-election as a director of the company **(Resolution 4)**;
 - iii) to re-elect Mr Alan Shonubi who retires by rotation under Article 109 and, being eligible, offers himself for re-election as a director of the company **(Resolution 5)**;
 - iv) to re-elect Mr. Seni Adetu who retires by rotation under Article 109 and, being eligible, offers himself for re-election as a director of the company **(Resolution 6)**;
 - v) to re-elect Mr. Evanson Mwaniki who retires by rotation under Article 109 and, being eligible, offers himself for re-election as a director of the company **(Resolution 7)**.

RESOLUTION

"That Mr. Mark Bomani, who is over the age of 70 years, be and is hereby re-elected a director of the company."

"That Mr. Evanson Mwaniki, who is over the age of 70 years, be and is hereby re-elected a director of the company."

b) Remuneration

To approve an increase in the director's fees to a total of Kshs. 20,839,200 for all the non executive directors together **(Resolution 8)**.

3. AUDITORS

- a) To appoint KPMG Kenya, the company's Auditors for the period ending with the next annual general meeting of the company and to authorise the directors to determine their remuneration **(Resolution 9)**.

By Order of the Board

A. Murgor (Mrs)

Company Secretary

25 August 2011

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member.

A tear-out form of Proxy is given on page 115 for use by members who do not propose to be present at the meeting. A Form of Proxy must be returned to the Company Secretary by no later than 11 a.m. on 8th November 2011, being not less than 48 hours before the time appointed for the meeting.

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



Ilani ya Mkutano Mkuu wa Mwaka

ILANI IMETOLEWA HAPA kwamba MKUTANO MKUU WA MWAKA WA THEMANINI NA TISA wa Kampuni ya East African Breweries utafanywa katika Hoteli ya Safari Park huko Ruaraka, Nairobi tarehe 10 Novemba 2011 saa tano asubuhi kwa madhumuni ya kutekeleza shughuli zifuatazo:

Kama Shughuli ya Kawaida:

1. TAARIFA ZA KIFEDHA

- a) Kupokea na kuidhinisha taarifa zilizokaguliwa za kifedha kwa mwaka uliomalizika tarehe 30 Juni 2011 pamoja na ripoti ya Wakurugenzi na Wakaguzi wa Hesabu iliyomo **(Azimio 1)**.
- b) Kuthibitisha mgao wa faida wa muda wa shilingi 2.50 kwa kila hisa ya kawaida ya shilingi 2.00 uliolipwa tarehe 15 Aprili 2011, na kutangaza mgao wa faida wa mwisho wa shilingi 6.25 kwa kila hisa ya kawaida ya shilingi 2.00 utakaolipwa kufikia tarehe 11 Novemba 2011 kwa wenyehisa walio kwenye daftari ya usajili wa wanachama kufikia kufungwa kwa shughuli za kibiashara tarehe 30 September 2011 **(Azimio 2)**.

2. WAKURUGENZI

- a) Uchaguzi
 - i) Kumchagua upya Bw. Charles Muchene aliyeteuliwa na Halmashauri tarehe 17 Februari 2011 kujaza nafasi iliyoachwa wazi ambaye anastaafu kulingana na Kifungu 108, na kwa kuwa anahitimu, anajitolea kuchaguliwa upya kama mkurugenzi wa kampuni **(Azimio 3)**;
 - ii) Kumchagua upya Bw. Mark Bomani aliyeteuliwa na Halmashauri tarehe 19 Mei 2011 kujaza nafasi iliyoachwa wazi ambaye anastaafu kulingana na kifungu 108 na kwa kuwa anahitimu amejitolea kuchaguliwa upya kama mkurugenzi wa kampuni **(Azimio 4)**;
 - iii) Kumchagua upya Bw. Alan Shonubi ambaye anastaafu kwa zamu kulingana na Kifungu 109 na kwa kuwa anahitimu, anajitolea kuchaguliwa tena kama mkurugenzi wa kampuni **(Azimio 5)**;
 - iv) Kumchagua upya Bw. Seni Adetu ambaye anastaafu kwa zamu kulingana na Kifungu 109 na kwa kuwa anahitimu, anajitolea kuchaguliwa tena kama mkurugenzi wa kampuni **(Azimio 6)**;
 - v) Kumchagua upya Bw. Evanson Mwaniki ambaye anastaafu kwa zamu kulingana na Kifungu 109 na kwa kuwa anahitimu, anajitolea kuchaguliwa tena kama mkurugenzi wa kampuni **(Azimio 7)**.

AZIMIO

“Kwamba Bw. Mark Bomani, ambaye ana umri wa zaidi ya miaka 70, awe na hapa anachaguliwa upya kuwa mkurugenzi wa kampuni”.

“Kwamba Bw. Evanson Mwaniki, ambaye ana umri wa zaidi ya miaka 70, awe na hapa anachaguliwa upya kuwa mkurugenzi wa kampuni”.

b) Malipo

Kuidhinisha nyongeza ya malipo ya wakurugenzi kwa jumla ya shilingi 20,839,200 kwa wakurugezi wote wasiokuwa na nyadhifa maalum kwa pamoja.

(Azimio 8).

3. WAKAGUZI

- a) Kuteua KPMG Kenya, kuwa Wakaguzi wa kifedha wa kampuni kwa kipindi kitakachomalizika kwa mkutano mkuu ujao wa mwaka na kuidhinisha wakurugenzi kuamua malipo yao. **(Azimio 9)**.

Kwa Amri ya Halmashauri

A. Murgor (Bi.)

Katibu wa Kampuni

25 Agosti 2011

Mwanachama anayeruhusiwa kuhudhuria na kupiga kura kwenye mkutano huu ana haki ya kumteua wakilishi mmoja au zaidi kuhudhuria na kupiga kura kwa niaba yake. Mwakilishi sio lazima awe mwanachama.

Fomu ya Uwakilishi inayoweza kukatwa imewekwa katika ukurasa wa 115 kutumiwa na wanachama ambao hawawezi kuhudhuria mkutano. Fomu ya Uwakilishi lazima irejeshwe kwa Katibu wa Kampuni kabla ya saa tano asubuhi tarehe 8 Novemba 2011, hii ikiwa saa zisizopungua 48 kabla ya wakati uliopangiwa mkutano kufanywa.

Kulingana na Kifungu 107 cha Sheria za Kampuni, mwanachama yeyote kupitia ilani aliyotia saina na kuipeleka kwa Katibu wa Kampuni katika muda usiopungua siku saba na usiozidi siku ishirini na nane kabla ya siku iliyopangiwa mkutano huu anaweza kupendekeza mtu mwingine yeyote kuteuliwa katika Halmashauri. Ilani kama hiyo lazima iambatanishwe na ilani iliyotiwa saina na mtu anayependekezwa kuonyesha nia yake ya kutaka kuchaguliwa.



East African Breweries Ltd - Share Register

SHAREHOLDING STATUS FOR DIAGEO & ASSOCIATE COMPANIES

	A/C NO	NAME	NO. OF SHARES	%
(a)	14971610	Diageo Kenya Limited	338,618,340	42.82%
(b)	3001296	Guinness Overseas Ltd	20,628,804	2.61%
(c)	10028150	Diageo Holdings Netherlands B.V.	35,952,396	4.55%
(d)	3001292	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%
	Balance Shares	All other shareholders	395,165,922	49.97%
		Issued Share Capital	790,774,356	100.00%

EABL DIRECTORS' SHAREHOLDING AS AT 30TH JUNE 2011

	A/C NO.	DIRECTOR'S NAMES	SHAREHOLDING
1	3001242	Evanson Mwaniki	1,800
2	5675103	Gakonyo Constance Wangui	840
3	179280	Jeremiah Kiereini	1,451,520
4	494372	Nicholas Blazquez	6,000
5	719420	Richard Kemoli	1,049



Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements for the year ended 30 June 2011, in accordance with Section 157 of the Kenyan Companies Act which disclose the state of affairs of the Group and of the Company.

1. Principal activities

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

2. Results

The results for the group for the year are set out on page 44.

3. Dividends

The directors recommend a final dividend of KShs 6.25 per ordinary share to be paid on or about 11 November 2011 to those members on the register at the close of business on 30 September 2011. During the year, an interim dividend of KShs 2.50 per share, amounting to a total of KShs 1,976,935,890 was paid. The total dividend for the year is therefore KShs 8.75 per share (2010: KShs 8.75), amounting to a total of KShs 6,919,275,615 (2010: KShs 6,919,275,615).

4. Directors

The directors who served in the year and to the date of the report are set out on page 28.

5. Auditor

The auditor, KPMG Kenya, continue in office in accordance with Section 159 (2) of the Kenyan Companies Act (Cap. 486).

6. Employees

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

7. Approval of Financial Statements

The financial statements were approved at a meeting of the directors held on 25 August 2011.

BY ORDER OF THE BOARD

A Murgor (Mrs)
Company Secretary

Date: 25 August 2011.



Taarifa ya Wakurugenzi

Wakurugenzi wanafuraha kuwasilisha ripoti yao pamoja na taarifa za kifedha zilizokaguliwa kwa mwaka uliomalizika tarehe 30 Juni 2011, kulingana na Kifungu 157 cha sheria za Makampuni nchini Kenya ambazo zinadhihirisha hali ya mambo ya Kundi na Kampuni.

1. Shughuli Muhimu

Kampuni ya East African Breweries ni kampuni kuu yenye matawi tanzu yanayohusika katika uuzaji na utengenezaji wa vinywaji, vifaa vya kioo, kimea na shayiri..

2. Matokeo

Matokeo ya mwaka yamechapishwa kwenye ukurasa wa 44.

3. Mgao wa faida

Wakurugenzi wanapendekeza mgao wa faida wa mwisho wa shilingi 6.25 kwa kila hisa ya kawaida utakaolipwa kufikia tarehe 11 Novemba 2011 kwa wanachama walio kwenye daftari ya usajili kufikia kumalizika kwa shughuli za biashara tarehe 30 Septemba 2011. Wakati wa kipindi cha mwaka, mgao wa faida wa muda wa shilingi 2.50 kwa kila hisa, wa jumla ya shilingi 1,976,935,890 ulilipwa. Hivyo basi jumla ya mgao wa faida kwa mwaka mzima ni shilingi 8.75 kwa kila hisa (2010: Shilingi 8.75), na kufanya jumla ya mgao uliotolewa kuwa shilingi 6,919,275,615 (2010: shilingi 6,919,275,615).

4. Wakurugenzi

Wakurugenzi waliohudumu wakati wa kipindi cha mwaka na kufikia wakati wa kutolewa kwa ripoti hii wamechapishwa kwenye ukurasa wa 28.

5. Wakaguzi

Wakaguzi wa hesabu, KPMG Kenya, wataendelea na jukumu hili kulingana na Kifungu cha 159 (2) cha Sheria za Makampuni nchini Kenya (Cap. 486).

6. Wafanyakazi

Wakurugenzi wanafuraha, kwa mara nyingine, kutoa shukurani zao kwa jitihada zisizo na kikomo za wafanyakazi wote wa Kampuni na matawi yake tanzu.

7. Kuidhinishwa kwa Taarifa za Kifedha

Taarifa za kifedha ziliidhinishwa kwenye mkutano wa wakurugenzi uliofanywa tarehe 25 August 2011.

KWA AMRI YA HALMASHAURI

Bi. A. Murgor
Katibu wa Kampuni

Tarehe: 25 Agosti 2011.



Statement of Directors' Responsibilities

The Directors are responsible for the preparation and presentation of the Group financial statements of East African Breweries Limited set out on pages 44 to 111 which comprise the statement of financial position of the Group and the Company at 30 June 2011, and the Group and Company income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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, preparation and presentation of financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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 of 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 Group and the Company's ability to continue as a going concern and have no reason to believe the Group and the Company 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 25 August 2011 and were signed on its behalf by:

Seni Adetu

Director

Peter Ndegwa

Director

Date: 25 August 2011



Taarifa ya Majukumu ya Wakurugenzi

Wakurugenzi wana jukumu la kutayarisha na kuwasilisha taarifa za kifedha za Kundi la Kampuni ya East African Breweries zilizochapishwa kwenye ukurasa wa 44 hadi 111 ambazo zinajumuisha taarifa ya hali ya kifedha ya Kundi na Kampuni kufikia tarehe 30 Juni 2011, na taarifa ya mapato ya Kundi na Kampuni, taarifa pana ya mapato, taarifa ya mabadiliko katika hisa zisizo na riba ya kudumu na mtiririko wa fedha kwa mwaka uliomalizika, na pia muhtasari wa sera muhimu za uhasibu na maelezo mengine.

Majukumu ya Wakurugenzi yanajumuisha: kuhakikisha kwamba mbinu iliyotumika ya uhasibu kama ilivyofafanuliwa kupitia dokezo 2 ni mbinu inayokubalika ya kuandaa na kuwasilisha taarifa za kifedha kwa hali ilivyo, kutayarisha na kuwasilisha taarifa za kifedha kuambatana na Viwango vya Kimataifa vya Utoaji Taarifa za Kifedha na kwa njia inayohitajika kulingana na Sheria ya Makampuni nchini Kenya na kwa ukaguzi wa ndani ambao wakurugenzi wataamua unahitajika kuwezesha uandalizi wa taarifa za kifedha ambazo hazipotoshi iwe ni kutokana na udanganyifu au makosa.

Chini ya Sheria za Makampuni nchini Kenya, Wakurugenzi wanahitajika kuandaa taarifa za kifedha kwa kila mwaka wa matumizi ya fedha ambazo zinadhahirisha hali halisi ya mwelekeo wa Kundi na Kampuni kufikia mwisho wa kipindi cha matumizi ya fedha na matokeo ya uendeshaji shughuli ya Kundi kwa mwaka huo. Pia inawahitaji Wakurugenzi kuhakikisha kwamba kundi linahifadhi vyema rekodi za uhasibu ambazo zinafichua ukweli halisi wa hali ya kifedha ya Kundi na Kampuni.

Wakurugenzi wanakubali jukumu la taarifa za kifedha za mwaka, ambazo zimetayarishwa kwa kutumia sera za uhasibu zinazohitajika zinazoungwa mkono na uhakiki wa maana na makadirio yanayofaa, kwa kufungamana na viwango vya kimataifa na kwa njia inayoambatana na Sheria za Makampuni nchini Kenya. Wakurugenzi wanakubaliana kwa kauli moja kwamba taarifa za kifedha zinaonyesha hali halisi kuhusiana na masuala ya kifedha ya Kundi na Kampuni na matokeo ya uendeshaji shughuli za Kundi.

Zaidi ya hayo, Wakurugenzi wanakubali kuchukua jukumu la kudumisha rekodi za uhasibu ambazo zinaweza kutegemewa wakati wa kuandaa taarifa za kifedha pamoja na taratibu zinazofaa za kudhibiti ukaguzi wa ndani wa kifedha.

Wakurugenzi wamekadiria uwezo wa Kundi na Kampuni kuendelea na shughuli zake na hawana sababu yoyote ya kuamini kwamba Kundi na kampuni zitasitisha shughuli zao kwa kipindi cha miezi kumi na miwili ijayo kuanzia siku ya kutolewa kwa taarifa hii.

Kuidhinishwa kwa taarifa za kifedha

Taarifa za kifedha, kama zilivyoonyeshwa hapo juu ziliidhinishwa na Halmashauri ya Wakurugenzi tarehe 25 Agosti 2011 na kutiwa sahihi kwa niaba yake na :

Seni Adetu
Mkurugenzi

Peter Ndegwa
Mkurugenzi

Tarehe: 25 Agosti 2011



Report of the Independent Auditors

to the members of east african breweries limited

Report on the financial statements

We have audited the Group financial statements of East African Breweries Limited set out on pages 44 to 111. These financial statements comprise the consolidated and separate statements of financial position at 30 June 2011, the consolidated and separate income statements and the statements of 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 notes.

Directors' responsibility for the financial statements

As stated on page 40, 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 Kenyan 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.

Auditor's 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 financial position of the Group and the Company at 30 June 2011, and the Group and Company financial performance and the Group and Company cash flows for the year then ended in accordance with International Financial Reporting Standards and 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 is in agreement with the books of account.

KPMG Kenya
Certified Public Accountants
P.O. Box 40612 - 00100
Nairobi, Kenya
25 August 2011



Ripoti kuhusu taarifa za kifedha

Tumekagua taarifa za kifedha za Kundi la Kampuni ya East African Breweries zilizochapishwa katika ukurasa wa 44 hadi 111. Taarifa hizi za kifedha zinajumuisha taarifa za kifedha zilizounganishwa na zilizotenganishwa za hali ya kifedha kufikia tarehe 30 Juni 2011, taarifa za mapato zilizounganishwa na zilizotenganishwa na taarifa pana za mapato, taarifa za mabadiliko katika hisa zisizokuwa na riba ya kudumu na taarifa za mtiririko wa fedha kwa mwaka uliomalizika, na muhtasari wa sera muhimu za uhasibu na maelezo mengine.

Jukumu la Wakurugenzi kwa taarifa za kifedha

Kama ilivyotajwa kwenye ukurasa wa 40, Wakurugenzi wa Kampuni ndiyo wenye jukumu la kuandaa na kuwasilisha ipasavyo taarifa hizi za kifedha kulingana na Viwango vya Kimataifa vya utoaji taarifa za kifedha na kwa njia inayohitajika kuambatana na sheria za makampuni nchini Kenya, na kwa udhibiti wa ndani ambao Wakurugenzi wataamua unahitajika kuwezesha utayarishaji wa taarifa za kifedha ambazo hazipotoshi iwe ni kutokana na udanganyifu au makosa.

Jukumu la Wakaguzi

Wajibu wetu ni kutoa maoni kuhusu taarifa hizi za kifedha kwa mujibu wa ukaguzi wetu. Tulifanya ukaguzi kuambatana na Viwango vya Kimataifa vya Ukaguzi wa hesabu. Viwango hivyo vinatuhitaji kuzingatia maadili muhimu, kupanga na kutekeleza ukaguzi wa fedha ili kupata uhakika wa maana kwamba taarifa za kifedha hazina udanganyifu wowote.

Ukaguzi wa pesa unahusu uzingatiaji taratibu ili kupata ushahidi wa idadi na fichuzi katika taarifa za kifedha. Taratibu zinazochaguliwa zinategemea uamuzi wetu, ikiwemo kukadiria hatari ya udanganyifu katika taarifa za kifedha, iwe ni kutokana na hila au makosa. Wakati wa ukadiriaji huo, tunazingatia udhibiti wa ndani unaohusiana na maandalizi na uwasilishaji sawa wa taarifa hizo za kifedha ili kubuni taratibu za ukaguzi zinazohitajika katika hali hiyo, lakini sio kwa lengo la kutoa maoni kuhusu kufaa kwa sera za udhibiti wa ndani. Ukaguzi pia unajumuisha kutathmini kufaa kwa sera za uhasibu zilizotumiwa na makadirio ya maana ya uhasibu yaliyoandaliwa na wasimamizi pamoja na kukadiria kwa ujumla uwasilishaji wa taarifa za kifedha.

Tunaamini kwamba ushahidi kuhusu ukaguzi wa fedha tuliopata unatosha na unafaa kutupatia msingi wa maoni yetu.

Maoni

Kwa maoni yetu, taarifa za kifedha zinadhihirisha hali halisi ya kifedha ya Kundi na Kampuni kufikia tarehe 30 Juni 2011, na utendaji wa kifedha pamoja na mtiririko wa fedha wa Kundi na Kampuni kwa mwaka uliomalizika kuambatana na Viwango vya Kimataifa vya utoaji Taarifa za Kifedha na sheria za Makampuni nchini Kenya.

Ripoti kuhusu mahitaji mengine ya kisheria

Kama inavyohitajika kupitia sheria za makampuni nchini Kenya tunariporti kwenu, kwa mujibu wa ukaguzi wetu kwamba :

- (i) Tumekusanya habari zote na fafanuzi ambazo kwa hekima yetu na imani zilikuwa muhimu kufanya ukaguzi wetu wa fedha ;
- (ii) Kwa maoni yetu, kampuni imehifadhi vyema rekodi ya vitabu vya uhasibu kama ilivyodhihirika kupitia uchunguzi wetu wa vitabu hivyo; na
- (iii) Taarifa ya Kampuni kuhusu hali ya kifedha inaafikiana na vitabu vya hesabu.

KPMG Kenya
Wahasibu wa umma walioidhinishwa
P.O. Box 40612 - 00100
Nairobi, Kenya
25 Agosti 2011



Consolidated Income Statement

Year ended 30 June

	Notes	2011 KShs'000	2010 KShs'000
Revenue	6	44,895,037	38,679,196
Cost of sales		(22,831,067)	(19,536,924)
Gross profit		22,063,970	19,142,272
Selling costs		(3,491,554)	(2,570,619)
Administrative expenses		(6,481,062)	(4,842,028)
Other income/(expenses)	7	320,673	(473,756)
Finance income	8	109,633	358,585
Finance costs	8	(272,156)	(190,365)
Results before share of associate's profit after tax		12,249,504	11,424,089
Share of associate's profit after tax	23(a)	-	1,143,998
Profit before income tax		12,249,504	12,568,087
Income tax expense	11	(3,235,329)	(3,730,527)
Profit for the year		9,014,175	8,837,560
Profit attributable to:			
Equity holders of the Company		7,353,190	7,179,029
Non-controlling interest		1,660,985	1,658,531
Profit for the year		9,014,175	8,837,560
Earnings per share for profit attributable to the equity holders of the Company			
- basic and diluted (Kshs per share)	12	9.30	9.08
Dividends:			
Interim dividends – paid in the year	15	1,976,936	1,976,936
Proposed final dividend for the year	15	4,942,340	4,942,340
		6,919,276	6,919,276

The notes set out on pages 56 to 111 form an integral part of these financial statements.



Consolidated Statement of Comprehensive Income

Year ended 30 June

Notes	2011 KShs'000	2010 KShs'000
Profit for the year	9,014,175	8,837,560
Other comprehensive income, net of tax:		
Exchange differences from translation of net foreign operations	179,466	200,341
Total comprehensive income for the year	9,193,641	9,037,901
Total comprehensive income for the year attributable to:		
Equity holders of the Company	7,408,286	7,379,691
Non-controlling interest	1,785,355	1,658,210
Total recognised income for the year	9,193,641	9,037,901

The notes set out on pages 56 to 111 form an integral part of these financial statements.



Company Income Statement

Year ended 30 June

	Notes	2011 KShs'000	2010 KShs'000
Revenue		632,596	523,387
Administrative expenses		(2,866,387)	(2,375,516)
Other income	7	2,960,562	1,610,097
Dividend income receivable		5,400,014	4,986,413
Finance income	8	109,651	223,253
Finance costs	8	(302,930)	(338,261)
Results before share of associate's profit after tax		5,933,506	4,629,373
Share of associate profit after tax		-	1,143,998
Profit before income tax		5,933,506	5,773,371
Income tax credit / (expense)	11	319,221	(101,196)
Profit for the year		6,252,727	5,672,175
Dividends			
Interim dividends – paid in the year	15	1,976,936	1,976,936
Proposed final dividend for the year	15	4,942,340	4,942,340
		6,919,276	6,919,276

The notes set out on pages 56 to 111 form an integral part of these financial statements.



Company Statement of Comprehensive Income

Year ended 30 June

	2011 KShs'000	2010 KShs'000
Profit for the year	6,252,727	5,672,175
Other comprehensive income, net of tax:	-	-
Total comprehensive income for the year	6,252,727	5,672,175

The notes set out on pages 56 to 111 form an integral part of these financial statements.

Consolidated Statement of Financial Position

At 30 June

	Notes	2011 KShs'000	2010 KShs'000
Equity attributable to the owners of parent			
Share capital	13	1,581,547	1,581,547
Share premium	13	1,691,151	1,691,151
Revaluation surplus	14	1,473,289	1,473,289
Retained earnings		11,202,570	10,768,656
Proposed dividends	15	4,942,340	4,942,340
Translation reserve		410,074	354,978
		21,300,971	20,811,961
Non-controlling interest (Page 50 and 51)		5,587,156	3,140,665
Total equity		26,888,127	23,952,626
Non-current liabilities			
Borrowings	16	3,917,688	-
Deferred income tax liabilities	17(a)	3,397,129	2,783,675
		7,314,817	2,783,675
Total equity and non-current liabilities		34,202,944	26,736,301
Non-current assets			
Property, plant and equipment	18(a)	28,496,792	17,137,468
Intangible asset – software	19	380,026	531,226
Intangible asset – Goodwill	20(a)	3,577,191	648,664
Intangible asset – Brand	20(b)	563,005	-
Prepaid operating lease rentals	21(a)	29,715	30,262
Investment in associate company	23(a)	-	2,465,213
Other investments	23(d)	10,400	10,400
Financial assets	24	97,961	97,562
Deferred income tax assets	17(a)	236,583	141,023
		33,391,673	21,061,818
Current assets			
Inventories	25	4,399,365	3,465,054
Trade and other receivables	26(a)	7,066,073	5,593,453
Current income tax recoverable		740,353	405,251
Term deposits	28(b)	-	6,570,036
Cash and bank balances	28(b)	1,649,453	1,325,079
		13,855,244	17,358,873
Non-current asset held for sale	23(b)	2,465,213	-
		16,320,457	17,358,873
Current liabilities			
Trade and other payables	27(a)	13,581,299	9,922,149
Current income tax payable		352,772	1,454,193
Borrowings	16	1,229,970	-
Dividends payable		345,145	308,048
		15,509,186	11,684,390
Net current assets		811,271	5,674,483
Net assets		34,202,944	26,736,301

The financial statements on pages 44 to 111 were approved by the Board of Directors on 25 August 2011 and were signed on their behalf by:

Director: **Seni Adetu**

Director: **Peter Ndegwa**

The notes set out on pages 56 to 111 form an integral part of these financial statements.



Company Statement of Financial Position

At 30 June

	Notes	2011 KShs'000	2010 KShs'000
Capital & Reserves			
Share capital	13	1,581,547	1,581,547
Share premium	13	1,691,151	1,691,151
Revaluation surplus	14	109,693	109,693
Retained earnings		2,159,911	2,826,460
Proposed dividends	15	4,942,340	4,942,340
Total equity		10,484,642	11,151,191
Non-current liabilities			
Deferred income tax liability	17(b)	-	29,503
Total equity and non-current liabilities		10,484,642	11,180,694
Non-current assets			
Property, plant and equipment	18(b)	343,271	149,190
Intangible asset – software	19	380,026	531,226
Prepaid operating lease rentals	21(b)	1,547	1,617
Investment in subsidiaries	22	9,273,391	4,330,393
Investment in associate company	23(c)	-	5,169,997
Other investments	23(d)	10,400	10,400
Financial assets	24	97,961	97,562
Deferred income tax asset	17(b)	98,294	-
		10,204,890	10,290,385
Current assets			
Receivables and prepayments	26(b)	4,119,631	3,885,274
Current income tax		553,081	262,886
Term deposits	28(b)	-	6,446,640
Cash and cash equivalents	28(b)	491,025	333,370
		5,163,737	10,928,170
Non-current asset held for sale	23(b)	5,169,997	-
		10,333,734	10,928,170
Current liabilities			
Payables and accrued expenses	27(b)	9,708,837	9,729,813
Dividends payable		345,145	308,048
		10,053,982	10,037,861
Net current assets		279,752	890,309
Net assets		10,484,642	11,180,694

The financial statements on pages 44 to 111 were approved by the Board of Directors on 25 August 2011 and were signed on their behalf by:

Director: **Seni Adetu**

Director: **Peter Ndegwa**

The notes set out on pages 56 to 111 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity At 30 June

Year ended 30 June 2010	Share capital KShs'000	Share premium KShs'000	Share Revaluation reserves KShs'000	Translation reserves KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total KShs'000	Non-controlling interest KShs'000	Total Equity KShs'000
At start of year	1,581,547	1,691,151	1,473,289	154,316	10,508,903	4,388,798	19,798,004	2,650,519	22,448,523
Comprehensive income									
Profit for the year	-	-	-	-	7,179,029	-	7,179,029	1,658,531	8,837,560
Other comprehensive income net of tax									
Exchange differences on translation of foreign subsidiaries	-	-	-	200,662	-	-	200,662	(321)	200,341
Total comprehensive income for the year	-	-	-	200,662	7,179,029	-	7,379,691	1,658,210	9,037,901
Transactions with owners									
Dividends:									
- 2009 final paid	-	-	-	-	-	(4,388,798)	(4,388,798)	(1,168,064)	(5,556,862)
- 2010 interim paid	-	-	-	-	-	(1,976,936)	-	(1,976,936)	(1,976,936)
- 2010 final proposed	-	-	-	-	(4,942,340)	4,942,340	-	-	-
Total transactions with owners	-	-	-	-	(6,919,276)	553,542	(6,365,734)	(1,168,064)	(7,533,798)
At end of year	1,581,547	1,691,151	1,473,289	354,978	10,768,656	4,942,340	20,811,961	3,140,665	23,952,626

The translation reserve comprises the transfer of the cumulative foreign exchange differences arising from the translation of financial statements of foreign operations.

The notes set out on pages 56 to 111 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity (continued)

Year ended 30 June 2011	Share capital KShs'000	Share premium KShs'000	Revaluation reserves KShs'000	Translation reserves KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total KShs'000	Non-controlling interest KShs'000	Total Equity KShs'000
At start of year	1,581,547	1,691,151	1,473,289	354,978	10,768,656	4,942,340	20,811,961	3,140,665	23,952,626
Comprehensive income									
Profit for the year	-	-	-	-	7,353,190	-	7,353,190	1,660,985	9,014,175
Other comprehensive income net of tax									
Exchange differences on translation of foreign subsidiaries	-	-	-	55,096	-	-	55,096	124,370	179,466
Total comprehensive income for the year	-	-	-	55,096	7,353,190	-	7,408,286	1,785,355	9,193,641
Transactions with owners									
Non-controlling interest arising on business combination	-	-	-	-	-	-	-	1,935,472	1,935,472
Dividends:									
- 2010 final paid	-	-	-	-	-	(4,942,340)	(4,942,340)	(1,274,336)	(6,216,676)
- 2011 interim paid	-	-	-	-	(1,976,936)	-	(1,976,936)	-	(1,976,936)
- 2011 final proposed	-	-	-	-	(4,942,340)	4,942,340	-	-	-
Total transactions with owners	-	-	-	-	(6,919,276)	-	(6,919,276)	661,136	(6,258,140)
At end of year	1,581,547	1,691,151	1,473,289	410,074	11,202,570	4,942,340	21,300,971	5,587,156	26,888,127

The translation reserve comprises the transfer of the cumulative foreign exchange differences arising from the translation of financial statements of foreign operations.

The notes set out on pages 56 to 111 form an integral part of these financial statements.



Company Statement of Changes in Equity

Year ended 30 June 2010	Share capital KShs'000	Share premium KShs'000	Revaluation reserves KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total KShs'000
At start of year	1,581,547	1,691,151	109,693	4,073,561	4,388,798	11,844,750
Comprehensive income						
Profit for the year	-	-	-	5,672,175	-	5,672,175
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	5,672,175	-	5,672,175
Transactions with owners						
Dividends:						
- Final for 2009 final paid	-	-	-	-	(4,388,798)	(4,388,798)
- Interim for 2010 paid	-	-	-	(1,976,936)	-	(1,976,936)
- Proposed final for 2010	-	-	-	(4,942,340)	4,942,340	-
Total transactions with owners	-	-	-	(6,919,276)	553,542	(6,365,734)
At end of year	1,581,547	1,691,151	109,693	2,826,460	4,942,340	11,151,191

The notes set out on pages 56 to 111 form an integral part of these financial statements.



Company Statement of Changes in Equity (continued)

Year ended 30 June 2011	Share capital KShs'000	Share premium KShs'000	Revaluation reserves KShs'000	Retained earnings KShs'000	Proposed dividends KShs'000	Total KShs'000
At start of year	1,581,547	1,691,151	109,693	2,826,460	4,942,340	11,151,191
Comprehensive income						
Profit for the year	-	-	-	6,252,727	-	6,252,727
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	6,252,727	-	6,252,727
Transactions with owners						
Dividends:						
- Final for 2010 final paid	-	-	-	-	(4,942,340)	(4,942,340)
- Interim for 2011 paid	-	-	-	(1,976,936)	-	(1,976,936)
- Proposed final for 2011	-	-	-	(4,942,340)	4,942,340	-
Total transactions with owners	-	-	-	(6,919,276)	-	(6,919,276)
At end of year	1,581,547	1,691,151	109,693	2,159,911	4,942,340	10,484,642

The notes set out on pages 56 to 111 form an integral part of these financial statements.



Consolidated Statement of Cash Flows

Year ended 30 June

	Notes	2011 KShs'000	2010 KShs'000
Operating activities			
Cash generated from operations	28(a)	14,176,244	13,214,725
Interest paid		(272,156)	(9,584)
Interest received		109,633	358,432
Income tax paid		(5,136,026)	(1,361,025)
Net cash generated from operating activities		8,877,695	12,202,548
Investing activities			
Purchase of property, plant and equipment	18(a)	(6,372,916)	(3,786,659)
Dividends received from associate	23(a)	-	453,205
Net cash outflow on acquisition of subsidiary	29	(4,579,402)	-
Proceeds from disposal of property, plant and equipment		1,217,812	-
Proceeds from disposal of prepaid operating lease rentals		-	97,838
Net cash used in investing activities		(9,734,506)	(3,235,616)
Financing activities			
Dividends paid to company's shareholders		(6,882,179)	(6,392,214)
Dividends paid to non-controlling interests		(1,274,336)	(1,168,064)
Proceeds from borrowings		1,796,316	-
Net cash used in financing activities		(6,360,199)	(7,560,278)
Net (decrease)/increase in cash and cash equivalents		(7,217,010)	1,406,654
Movement in cash and cash equivalents			
Cash and cash equivalents at start of year		7,895,115	6,488,461
Net (decrease)/increase in cash and cash equivalents		(7,217,010)	1,406,654
Cash and cash equivalents at end of year	28(b)	678,105	7,895,115

The notes set out on pages 56 to 111 form an integral part of these financial statements.



Company Statement of Cash Flows

Year ended 30 June

	Notes	2011 KShs'000	2010 KShs'000
Operating activities			
Cash generated from operations	28(a)	(1,302,709)	12,120,914
Interest received		92,803	223,100
Interest paid		(302,930)	(338,261)
Income tax paid		(98,772)	(298,540)
Net cash (used in)/ generated from operating activities		(1,611,608)	11,707,213
Investing activities			
Purchase of property, plant and equipment	18(b)	(75,937)	(11,433)
Inter-group transfer of fixed assets		(165,000)	-
Proceeds from disposal of property, plant and equipment		1,211,120	-
Acquisition of subsidiary	29	(4,128,298)	-
Net cash used in investing activities		(3,158,115)	(11,433)
Financing activities			
Dividends paid		(6,919,276)	(6,365,734)
Dividends received		5,400,014	453,205
Net cash used in financing activities		(1,519,262)	(5,912,529)
Net (decrease)/increase in cash and cash equivalents		(6,288,985)	5,783,251
Movement in cash and cash equivalents			
Cash and cash equivalents at start of year		6,780,010	996,759
Net (decrease)/increase in cash and cash equivalents		(6,288,985)	5,783,251
Cash and cash equivalents at end of year	28(b)	491,025	6,780,010

The notes set out on pages 56 to 111 form an integral part of these financial statements.



Notes to the Financial Statements

for the year ended 30 June 2011

1 General information

East African Breweries Limited 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
PO Box 30161
00100 Nairobi GPO

The consolidated financial statements for the Company as at 30 June 2011 and for the year then ended comprise the Company and the subsidiaries (together referred to as the Group and individually as 'Group entities') and the Group interest in associates. The Group is primarily involved in marketing, brewing/ manufacture and selling of drinks, glass, containers, malt and barley.

During the year, the group acquired control of Serengeti Breweries Limited, a beer brewing and selling company based in Tanzania (refer to note 29)

The Company's shares are listed on the Nairobi, Kampala and Dar-es-salaam stock exchanges.

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

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, as modified by the revaluation of land and buildings. The financial statements are presented in Kenya Shillings, rounded to the nearest thousand.

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Kenya Shillings which is the Company's functional currency.

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.



2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy and disclosures

(i) Amendments to existing standards adopted by the Group

IFRS 3, 'Business combinations'-' Measurement of non-controlling interests' applicable to annual periods beginning on or after 1 July 2010. The choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by IFRS.

IAS 27, 'Consolidated and separate financial statements' - effective 1 July 2010. Clarifies that the consequential amendments from IAS 27 made to IAS 21, 'The effect of changes in foreign exchange rates', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', apply prospectively for annual periods beginning on or after 1 July 2009, or earlier when IAS 27 is applied earlier.

(ii) Standards, amendments and interpretations to existing standards effective in 2011 but not relevant

IFRIC 19, 'Extinguishing financial liabilities with equity instruments' - effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. It is not expected to have any impact on the Group's financial statements.

Prepayments of a minimum funding requirement' (amendments to IFRIC 14). – effective for financial periods beginning on or after 1 January 2011. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset some voluntary prepayments for minimum funding contributions. This was not intended when IFRIC 14 was issued, and the amendments correct this. The amendments should be applied retrospectively to the earliest comparative period presented.



2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

The Group's and parent entity's assessment of the impact of these new standards and interpretations is set out below:

IFRS 7, 'Financial instruments' - effective for financial periods beginning on or after 1 January 2011. The amendment emphasises the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments.

IAS 1, 'Presentation of financial statements' – effective 1 January 2011. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

IAS 24 (Revised) 'Related party disclosures' – effective for financial periods beginning on or after 1 January 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. When the revised standard is applied, the subsidiaries of the Group will need to disclose any transactions between itself and associates of its parent Company. The Group is currently putting systems in place to capture the necessary information. It is, therefore, not possible at this stage to disclose the impact, if any, of the revised standard on the related party disclosures.

IFRS 9, 'Financial instruments' – effective 1 January 2013. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. It introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets.

IFRS 10 'Consolidated Financial Statements' – effective 1 January 2013. This standard replaces the requirements and guidance in IAS 27 relating to consolidated financial statements. The objective of this standard is to improve the usefulness of consolidated financial statements by developing a single basis for consolidation and robust guidance for applying that basis to situations where it has proved difficult to assess control in practice and divergence has evolved. The basis for consolidation is control and it is applied irrespective of the nature of the investee.

IFRS 11 – 'Joint arrangements' – effective 1 January 2013. The objective of this IFRS is to establish principles for financial reporting by entities that have an interest in arrangements that are controlled jointly (i.e. joint arrangements).

IFRS 12 – 'Disclosure of interests in other entities' - effective 1 January 2013. The objective of this IFRS is to require 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.



2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

IFRS 13 – 'Fair value measurement' - effective 1 January 2013. This IFRS defines fair value, sets out in a single IFRS a framework for measuring fair value; and requires disclosures about fair value measurements.

The directors have assessed the relevance of the new standards, interpretations, and amendments to existing standards with respect to the Group's operations and concluded that they will not have a significant impact on the Group's financial statements.

(b) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are those entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain the benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Associates

An associated company is that in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee. Consolidation adjustments are also made to ensure consistency with the Group's accounting policies. Associates are accounted for using the equity method and are initially recognised at cost.



2 Summary of significant accounting policies (continued)

(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 Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company'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 Company 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 collectibility of the related receivables is reasonably assured.
- (ii) Interest income is recognised on a time proportion basis using the effective interest method.
- (iii) Dividend income is recognised as income in the period in which the right to receive payment is established.

(d) Finance income and costs

Finance income comprises interest income and is recognised in profit or loss on a time proportion basis using the effective interest method.

Finance costs comprise interest expense and are recognised in profit or loss using the effective interest method.

(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 income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income'.



2 Summary of significant accounting policies (continued)

(e) Foreign currency translation (continued)

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 balance sheet presented are translated at the closing rate at the reporting date;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

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 income statement as part of the gain or loss on sale.

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

(f) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Property, plant and equipment is subsequently shown at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Valuations are performed by external independent valuers.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to the income statement.

Keg barrels, bottles and crates in circulation are recorded within plant, property and equipment at cost net of accumulated depreciation less any impairment loss.

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

Buildings	25 years or the unexpired period of the lease
Plant and machinery	5 – 33 years
Equipment and motor vehicles	4 – 5 years
Bottles	5 years
Crates	10 years



2 Summary of significant accounting policies (continued)

(f) Property, plant and equipment (continued)

Freehold land is not depreciated.

Depreciation methods, useful lives and residual values, if not insignificant, are reassessed annually at each reporting date.

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

Gains and losses on disposal of 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 income statement.

(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 balance sheet date, the Group assesses the goodwill carried in the books for impairment.

(iii) Brands

Brands acquired in a business combination are recognised at fair value at the acquisition date. The brands have an indefinite useful life and are carried at fair value on date of acquisition less subsequent impairment provisions. At the balance sheet date, the Group assesses the brands carried in the books for impairment.

(h) Investment property

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



2 Summary of significant accounting policies (continued)

(i) Financial assets

(i) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the reporting date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables', 'non current receivables and prepayments' and 'cash and cash equivalents' in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting date.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date, which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value, plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.



2 Summary of significant accounting policies (continued)

(i) Financial assets (continued)

(ii) Recognition and measurement (continued)

Changes in the fair value of monetary and non monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in profit or loss.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payments is established.

(iii) Offsetting financial instruments

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

(iv) Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- a) significant financial difficulty of the issuer or obligor;
- b) a breach of contract, such as a default or delinquency in interest or principal payments;
- c) the group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- d) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- e) the disappearance of an active market for that financial asset because of financial difficulties; or
- f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - adverse changes in the payment status of borrowers in the portfolio;
 - national or local economic conditions that correlate with defaults on the assets in the portfolio.



2 Summary of significant accounting policies (continued)

(i) Financial assets (continued)

(iv) Impairment of financial assets (continued)

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria referred to (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the income statement.

(j) Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and, except for investment property, the leased assets are not recognised on the Group's statement of financial position.

Payments made under operating leases are recognised in income statement 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.



2 Summary of significant accounting policies (continued)

(k) Inventories

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

(l) Receivables

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

(m) 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.

The Group's contributions to the defined contribution schemes are charged to the income statement in the year to which they relate. The Company has no further obligation once the contributions have been paid.

(ii) Other entitlements

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

(i) 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 acquired shares from the market and recognised the expense in the income statement upfront.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as staff expense in profit or loss.



2 Summary of significant accounting policies (continued)

(m) Employee benefits (continued)

(ii) 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.

(n) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the income statement 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 income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation. The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date.

Deferred income 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 income 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 and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred income tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred income tax is measured at the 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 income tax assets and liabilities are offset if there is a legally enforceable right to offset current income 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 income 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.

(o) Dividends

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



2 Summary of significant accounting policies (continued)

(p) Segmental reporting

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

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

(q) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(r) Offsetting financial assets and liabilities

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

(s) Impairment

The carrying amounts of the Group's assets other than inventories (Note 2(k)) and deferred income tax (Note 2(n)) are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss recognised in the income statement whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The basis for impairment of financial assets is disclosed in Note 2(i).

(i) Calculation of recoverable amount

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

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



2 Summary of significant accounting policies (continued)

(s) Impairment (continued)

(ii) Reversal of impairment

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

An impairment loss in respect of goodwill is not reversed.

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

(t) Cash and cash equivalents

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

Cash and cash equivalents are measured at amortised cost.

(u) 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 convertible notes and share options granted to employees.

(v) Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(w) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.



2 Summary of significant accounting policies (continued)

(s) Impairment (continued)

(ii) Reversal of impairment

(x) Non-current assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

(y) 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.

(z) Comparatives

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

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.

(i) 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

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.



3 Critical accounting estimates and judgements (continued)

(i) Critical accounting estimates and assumptions (continued)

Brands

The fair value of the brand was determined by using valuation techniques. The Group used its judgement to select a method and make assumptions that were mainly based on market conditions existing at acquisition date. The Group used discounted cash flow analysis for the valuation of the brand. The useful economic life of the brand was estimated to be indefinite.

The group tests annually whether brands have suffered any impairment, in accordance with the accounting policy stated in note 2 (g). Calculations made to determine whether brands are impaired require the use of estimates. The brand was not determined to have been impaired in course of the year and as at the year end date.

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 impaired receivables. The carrying amount of impaired receivables is set out in Note 4.

ii) Critical judgements in applying Group's accounting policies

In the process of applying the Group's accounting policies, management has made judgements in determining:

- i. the classification of financial assets and leases;
- ii. whether land and buildings meet the criteria to be classified as investment property; and
- iii. 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. Purchase 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.

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.



Notes to the Financial Statements

for the year ended 30 June 2011

4 Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

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:

Group:	2011 KShs'000	2010 KShs'000
Trade and other receivables	5,706,397	5,447,148
Term deposits	-	6,570,036
Cash and cash balances (Note 28b)	1,649,453	1,325,079
Financial assets	97,961	97,562
	7,453,811	13,439,825
Company:		
Trade and other receivables	2,864,592	3,880,221
Term deposits	-	6,446,640
Cash and bank balances (Note 28b)	491,025	333,370
Financial assets	97,961	97,562
	3,453,578	10,757,793

The ageing of trade and other receivables with a credit risk exposure at the reporting date was as follows:

Group 2011	Gross KShs'000	Impairment KShs'000	Net KShs'000
Current	4,871,545	(54,716)	4,816,829
0-30 days	589,727	(6,630)	583,097
31-120 days	279,023	(39,861)	239,162
120 days and above	587,164	(519,855)	67,309
	6,327,459	(621,062)	5,706,397



Notes to the Financial Statements

for the year ended 30 June 2011

4 Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

2010	Gross KShs'000	Impairment KShs'000	Net KShs'000
Current	4,673,853	(102,640)	4,571,213
0-30 days	199,811	(11,601)	188,210
31-120 days	60,312	(15,135)	45,177
120 days and above	1,152,410	(509,862)	642,548
	6,086,386	(639,238)	5,447,148

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

	2011 KShs'000	2010 KShs'000
At start of year	(639,238)	(477,872)
Impairment loss recognised in income statement	(46,323)	(231,148)
Reversal in the year	64,499	69,782
At end of year	(621,062)	(639,238)

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.

Company

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

2011	Gross KShs'000	Impairment KShs'000	Net KShs'000
Current	2,864,592	-	
2,864,592			
	2,864,592	-	2,864,592



Notes to the Financial Statements

for the year ended 30 June 2011

4 Financial risk management objectives and policies (continued)

(a) Credit risk (continued)

2010	Gross KShs'000	Impairment KShs'000	Net KShs'000
Current	3,880,221	-	3,880,221
	3,880,221	-	3,880,221

(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's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Group

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

2011	Total amount KShs'000	Current KShs'000	0 – 30 days KShs'000	31 and above KShs'000
Financial liabilities				
Trade and other payables (Note 27(a))	13,581,299	9,343,837	516,127	3,721,335
Borrowings (Note 16)	5,147,658	-	-	5,147,658
	18,728,957	9,343,837	516,127	8,868,993

2010	Total amount KShs'000	Current KShs'000	0 – 30 days KShs'000	31 and above KShs'000
Financial liabilities				
Trade and other payables (Note 27(a))	9,922,149	7,376,386	289,796	2,255,967

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:

2011	Total amount KShs'000	Current KShs'000	0 – 30 days KShs'000	31 and above KShs'000
Trade and other payables (Note 27(b))	9,708,837	9,708,837	-	-

2011	Total amount KShs'000	Current KShs'000	0 – 30 days KShs'000	31 and above KShs'000
Trade and other payables (Note 27(b))	9,729,813	9,729,813	-	-

(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

2011: Group	ZAR '000	EUR '000	GBP '000	TZS '000	UGX '000	USD '000
Monetary assets						
Cash and bank balances	-	1,500	15	-	-	3,265
Trade and other receivables	2,798	701	503	383,222	1,828,819	12,845
Monetary liabilities						
Trade and other payables	(826)	(1,532)	(6,263)	(10)	(3,192,749)	(6,830)
Net open position	1,972	669	(5,745)	383,212	(1,363,930)	9,280



4 Financial risk management objectives and policies (continued)

(c) Market risk (continued)

Company

2010: Group	ZAR '000	EUR '000	GBP '000	TZS '000	UGX '000	USD '000
Monetary assets						
Cash and bank balances	-	74	108	-	-	4,728
Trade and other receivables	-	16,833	22	6,468,690	23,585,468	10,130
Monetary liabilities						
Trade and other payables	(2,522)	(7,441)	(9,407)	(1,222,718)	(4,857,769)	(6,139)
Net open position	(2,522)	9,466	(9,277)	5,245,972	18,727,699	8,719

2011: Company	ZAR '000	EUR '000	GBP '000	TZS '000	UGX '000	USD '000
Monetary assets						
Cash and bank balances	-	785	15	-	-	2,783
Trade and other receivables	-	31	-	368,515	4,288	-
Monetary liabilities						
Trade and other payables	(351)	-	(294)	(10)	(161,843)	(45)
Net open position	(351)	816	(279)	368,505	(157,555)	2,738

2010: Company	EUR '000	GBP '000	TZS '000	UGX '000	USD '000
Monetary assets					
Cash and bank balances	36	108	-	-	689
Trade and other receivables	8,109	-	3,234,345	10,834,438	30
Monetary liabilities					
Trade and other payables	-	(4,293)	(611,359)	(45,662)	(4,539)
Net open position	8,145	(4,185)	2,622,986	10,788,776	(3,820)

Notes to the Financial Statements

for the year ended 30 June 2011

4 Financial risk management objectives and policies (continued)

(c) Market risk (continued)

The following exchange rates were applied during the year:

Currency	Average rates		Closing rates	
	2011	2010	2011	2010
EUR-KSHS	117.44	106.11	129.26	99.86
EUR-UGX	3,223.50	2,808.37	3,746.96	2,796.36
GBP-KSHS	131.56	121.08	143.48	122.02
GBP-UGX	3,737.75	3,201.64	4,161.35	3,411.56
KSHS-TZS	18.43	17.64	18.08	17.82
USD-KSHS	82.41	76.88	89.12	81.80
USD-UGX	2,341.01	2,034.39	2,584.69	2,274.37
KSHS-UGX	28.40	26.44	29	27.86
ZAR-UGX	337.64	268.41	383.18	297.95
KSHS-ZAR	11.88	10.11	13.21	10.63

Sensitivity analysis on foreign currency rates

A 5 percent strengthening of the Kenya shilling against the following currencies at 30 June 2011 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 for 2010.

Group:

Effect in Kenya shillings thousands Income statement

As at 30 June	2011 KShs'000	2010 KShs'000
EUR	(4,325)	(47,264)
GBP	41,215	56,599
TZS	(1,060)	(14,018)
UGX	2,352	(33,610)
USD	(41,352)	(35,661)
ZAR	(1,303)	1,340
	(4,473)	(72,614)

Company:

Effect in Kenya shillings thousands Income statement

As at 30 June	2011 KShs'000	2010 KShs'000
EUR	(5,275)	(40,668)
GBP	2,002	25,533
TZS	(971)	(7,009)
UGX	259	(18,440)
USD	(12,201)	15,624
ZAR	232	-
	(15,954)	(24,960)



Notes to the Financial Statements

for the year ended 30 June 2011

4 Financial risk management objectives and policies (continued)

(c) Market risk (continued)

A 5 percent weakening of the Kenya shilling against the above currencies at 30 June 2011 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 liabilities include term deposits that earn interest at fixed interest rates and 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 2011, an increase/decrease of 1 percentage point would have resulted in an decrease/increase in consolidated post tax profit of Kshs 38,411,000 (2010: Kshs 66,676,000), mainly as a result of higher/lower interest charges on variable rate deposits and borrowings. The impact on the Company's profit would have been NIL (2010: Kshs 65,442,000) 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 KShs'000	Total KShs'000	On demand KShs'000	Fixed term KShs'000
2011				
Borrowings	12.27%	5,147,658	971,348	4,176,310
2010				
Deposit	4.31%	6,667,598	6,667,598	-
Company - As at 30 June				
	Effective interest rate KShs'000	Total KShs'000	On demand KShs'000	Due between three and twelve months KShs'000
2011				
Deposit	-	-	-	-
2010				
Deposit	4.35%	6,544,202	6,544,202	-



4 Financial risk management objectives and policies (continued)

(c) Market risk (continued)

(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.

(e) Fair value

The fair values of significant financial assets and liabilities is the same as the carrying amounts as shown in the statement of financial position.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.



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.

5 Segmental reporting (continued)

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

	Kenya		Uganda		Tanzania		Eliminations		Consolidated	
	2011 KShs'000	2010 KShs'000	2011 KShs'000	2010 KShs'000	2011 KShs'000	2010 KShs'000	2011 KShs'000	2010 KShs'000	2011 KShs'000	2010 KShs'000
External sales	33,338,703	31,208,044	7,567,541	6,748,881	3,988,793	722,271	-	-	44,895,037	38,679,196
Inter segment sales	5,523,805	4,070,816	249,428	510,329	88,522	-	(5,861,755)	(4,581,145)	-	-
Total sales	38,862,508	35,278,860	7,816,969	7,259,210	4,077,315	722,271	(5,861,755)	(4,581,145)	44,895,037	38,679,196
Segment profit from operations	12,304,592	10,743,316	700,337	470,783	(603,980)	41,770	-	-	12,400,949	11,255,869
Net finance income/costs	21,876	128,495	5,539	39,725	(178,860)	-	-	-	(151,445)	168,220
Share of associate profits	-	-	-	-	-	1,143,998	-	-	-	1,143,998
Profit before income tax	12,326,468	10,871,811	705,876	510,508	(782,840)	1,185,768	-	-	12,249,504	12,568,087
Income tax expense	(3,249,130)	(3,547,328)	(256,862)	(170,668)	270,663	(12,531)	-	-	(3,235,329)	(3,730,527)
Segment results	9,077,338	7,324,483	449,014	339,840	(512,177)	1,173,237	-	-	9,014,175	8,837,560
Non-controlling interest results									(1,660,985)	(1,658,531)
Net profit for the year									7,353,190	7,179,029

5 Segmental reporting (continued)

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

OTHER INFORMATION	Kenya		Uganda		Tanzania		Eliminations		Consolidated	
	2011 KShs'000	2010 KShs'000	2011 KShs'000	2010 KShs'000	2011 KShs'000	2010 KShs'000	2011 KShs'000	2010 KShs'000	2011 KShs'000	2010 KShs'000
Segment assets	32,196,779	32,690,485	5,818,359	4,616,506	11,503,881	1,113,700	-	-	49,519,019	38,420,691
Segment liabilities	10,436,610	10,000,592	4,215,254	3,388,320	8,172,139	1,079,153	-	-	22,824,003	14,468,065
Capital expenditure	2,583,582	2,982,087	1,747,364	801,310	2,042,020	3,262	-	-	6,372,966	3,786,659
Depreciation expense and amortisation	1,802,916	1,565,829	330,863	369,048	537,477	-	-	-	2,671,256	1,934,877

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 arms 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 to the Financial Statements

for the year ended 30 June 2011

6 Revenue

Group	2011 Kshs '000	2010 Kshs '000
Gross sales	75,569,595	65,432,452
Indirect taxes	(30,674,558)	(26,753,256)
	44,895,037	38,679,196

7 Other income / (expenses)

(a) Group

Profit on disposal of property, plant and equipment	1,186,523	-
Profit on disposal of prepaid operating lease rentals	-	97,828
Impairment losses movement – bad debts	18,176	(161,365)
Rental income	11,904	23,223
Impairment losses on property plant and equipment	(546,154)	(108,827)
Stock obsolescence	(82,621)	(203,857)
Other sundry income / (expenses)	30,454	(101,888)
Transactional foreign exchange losses	(297,609)	(18,870)
Other operating income / (expenses) (Net)	320,673	(473,756)

(b) Company

Management fees	1,929,234	1,753,082
Profit on disposal of property, plant and equipment	1,186,523	23
Impairment losses movement –bad debts	25,080	(79,378)
Rental income	554	338
Transactional foreign exchange losses	(114,992)	(62,480)
Sundry other income/ (expenses)	(65,837)	(1,488)
Other operating income/(expenses) (Net)	2,960,562	1,610,097



Notes to the Financial Statements

for the year ended 30 June 2011

8 Net finance (costs)/income

	2011 Kshs '000	2010 Kshs '000
(a) Group		
Finance income		
Interest income	97,711	358,585
Foreign exchange gains on cash and cash equivalents	11,922	-
	109,633	358,585
Finance cost		
Interest expense	(272,156)	(9,584)
Foreign exchange losses on cash and cash equivalents	-	(180,781)
	(272,156)	(190,365)
Net finance (costs)/income	(162,523)	168,220
(b) Company		
Finance income		
Interest income	93,202	223,253
Foreign exchange gains on cash and cash equivalents	16,449	-
	109,651	223,253
Finance cost		
Interest expense	(302,930)	(278,766)
Foreign exchange losses on cash and cash equivalents	-	(59,495)
	(302,930)	(338,261)
Net finance costs	(193,279)	(115,008)

9 Expenses by nature

The following items have been charged/ (credited) in arriving at the profit before income tax:

	2011 Kshs '000	2010 Kshs '000
(a) Group		
Depreciation on property, plant and equipment (Note 18(a))	2,519,509	1,791,543
Amortisation of intangible asset – software (Note 19)	151,200	151,200
Impairment of property, plant and equipment	(47,139)	108,827
Provision for impairment of trade receivables (Note 26(a))	-	231,148
Amortisation of prepaid operating lease rentals (Note 21(a))	547	542
Staff costs (Note 10(a))	5,039,632	3,513,450
Auditors' remuneration	29,160	20,054

Notes to the Financial Statements

for the year ended 30 June 2011

9 Expenses by nature (continued)

The following items have been charged/ (credited) in arriving at the profit before income tax:

(b) Company	2011 Kshs '000	2010 Kshs '000
Depreciation on property, plant and equipment (Note 18(b))	22,259	20,983
Amortisation of intangible asset – software (Note 19)	151,200	151,200
Provision for impairment of property, plant & equipment	-	28,213
Amortisation of prepaid operating lease rentals(Note 21(b))	70	71
Staff costs (Note 10(b))	1,028,563	900,281
Auditors' remuneration	909	856

10 Staff costs

(a) Group

Salaries and wages	4,106,326	2,620,850
Defined contribution scheme	141,592	113,846
National Social Security Funds	78,182	29,318
Other staff costs	713,532	749,436
	5,039,632	3,513,450

(b) Company

Salaries and wages	866,338	519,267
Defined contribution scheme	19,148	18,282
National Social Security Funds	5,860	2,267
Other staff costs	137,217	360,465
	1,028,563	900,281

11 Income tax

(a) Group

Current income tax	4,085,900	3,590,428
(Over)/Under-provision of current tax in prior year	(173,145)	4,676
	3,912,755	3,595,104
Deferred income tax (credit)/expense	(585,749)	116,077
(Over)/Under-provision of deferred tax in prior year	(91,677)	19,346
	(677,426)	135,423
	3,235,329	3,730,527



Notes to the Financial Statements

for the year ended 30 June 2011

11 Income tax (continued)

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

	2011 KShs'000	2010 KShs'000
Profit before income tax	12,249,504	12,568,087
Tax calculated at the domestic statutory income tax rate of 30% (2010 - 30%)	3,674,851	3,770,426
Tax effects of:		
Expenses not deductible for tax purposes	181,303	305,171
Income not subject to tax	(356,003)	(25,893)
Effect of share of associate profit	-	(343,199)
(Over)/Under-provision in prior year – income tax	(173,145)	4,676
(Over)/Under-provision in prior year – deferred tax	(91,677)	19,346
Income tax expense	3,235,329	3,730,527

(b) Company

Current income tax	-	370,550
Over-provision of current tax in prior year	(191,424)	(128,763)
	(191,424)	241,787
Deferred income tax (credit) (Note 17(b))	(127,797)	(140,591)
	(319,221)	101,196

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:

	2011 KShs'000	2010 KShs'000
Profit before income tax	5,933,506	5,773,371
Tax calculated at the domestic statutory income tax rate of 30% (2010 - 30%)	1,780,052	1,732,011
Tax effects of:		
Expenses not deductible for tax purposes	68,113	-
Income not subject to tax	(1,975,962)	(1,502,052)
Over-provision in prior year – current income tax	(191,424)	(128,763)
Income tax credit/(expense)	(319,221)	101,196



Notes to the Financial Statements

for the year ended 30 June 2011

12 Earnings per share

The calculation of basic earnings per share at 30 June 2011 was based on profit attributable to ordinary shareholders of Kshs 7,353,190,000 (2010: Kshs 7,179,029,000) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2011 of 790,774,356 (2010 – 790,774,356). There are no dilutive shares.

13 Share capital

	Number of shares shares (Thousands)	Ordinary shares KShs'000	Share premium KShs'000
Balance at 1 July 2009, 30 June 2010 and 30 June 2011	790,774	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. All issued shares are fully paid.

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.

14 Revaluation surplus

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

15 Dividends per share

Proposed dividends are accounted for as a separate component of equity until they have been ratified at an annual general meeting. A final dividend in respect of the year ended 30 June 2011 of KShs 6.25 per share (2010: KShs 6.25) amounting to a total of KShs 4,942,339,725 (2010: KShs 4,942,339,725) has been proposed. During the year an interim dividend of KShs 2.50 per share, amounting to a total of KShs 1,976,935,890 was paid. The total dividend for the year is therefore KShs 8.75 per share (2010: KShs 8.75), amounting to a total of KShs 6,919,275,615 (2010: KShs 6,919,275,615).

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.



Notes to the Financial Statements

for the year ended 30 June 2011

16 Borrowings

	2011 KShs'000	Group 2010 KShs'000
The borrowings are made up as follows:		
Non-current		
Bank borrowings	3,917,688	-
	3,917,688	-
Current		
Bank overdraft	971,348	-
Bank borrowings	258,622	-
	1,229,970	-
Total borrowings	5,147,658	-

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

The company has no borrowings.

The movement in borrowings is as follows:

	2011 KShs'000	Group 2010 KShs'000
At start of year	-	-
Advanced in the year	2,240,274	-
On acquisition of subsidiary	2,907,384	-
At end of year	5,147,658	-

Bank borrowings mature until June 2015 and bear average interest rates of 12.27% annually (2010: NIL).

Total borrowings include secured liabilities (bank and collateralised borrowings) of KShs 3,332,080,000 (2010: Nil). Collateralised borrowings are secured by land, industrial property and bank guarantees.

Notes to the Financial Statements

for the year ended 30 June 2011

16 Borrowings (continued)

The borrowings are analysed as follows:

Currency of borrowing	Interest rate	Maturity date	2011 Kshs'000
UGX	T bill + 2.75%	2015	775,782
USD	6%	2014	320,857
USD	6%	2014	636,514
USD	6%	2014	129,485
TZS	13.50%	2013	147,706
TZS	13.50%	2012	11,057
TZS	13%	2013	677,547
TZS	T bill + 3.5%	2013	754,227
TZS	T bill + 3.25%	2013	760,513
UGX	T bill + 2.75%	2012	258,594
TZS	10%	2012	631,690
EURO	10%	2012	1
USD	9%	2012	43,686
			5,147,658

17 Deferred income tax

Deferred income tax is calculated using the enacted domestic income tax rate of 30% (2010: 30%). The movement on the deferred income tax account is as follows:

(a) Group	2011 Kshs '000	2010 Kshs '000
At start of the year	2,642,652	2,517,332
On acquisition of subsidiary	1,208,749	-
(Credit)/charge to income statement (Note 11)	(677,426)	135,423
Currency translation difference	(13,429)	(10,103)
At end of year	3,160,546	2,642,652
Presented in the statement of financial position as follows:		
Deferred tax liabilities	3,397,129	2,783,675
Deferred tax assets	(236,583)	(141,023)
At end of year	3,160,546	2,642,652
(b) Company		
At start of year	29,503	170,094
Credit to the income statement	(127,797)	(140,591)
At end of year	(98,294)	29,503

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



Notes to the Financial Statements

for the year ended 30 June 2011

17 Deferred income tax (continued)

(a) Group

Year ended 30 June 2011	1.7.2010	On acquisition	Charged/ (credited) of subsidiary	Currency changes to IS	30.6 .2011
	Kshs '000	Kshs '000	Kshs '000	Kshs '000	Kshs '000
Deferred income tax liabilities					
Property, plant and equipment	3,167,009	1,039,848	(542,520)	(23,184)	3,641,153
Intangible asset	-	168,901	-	-	168,901
Unrealised exchange gain	(49,511)	-	42,395	719	(6,397)
Tax losses carried forward	(128,715)	-	(79,099)	5,038	(202,776)
Provisions	(205,108)	-	(1,755)	3,111	(203,752)
Deferred income tax liability	2,783,675	1,208,749	(580,979)	(14,316)	3,397,129
Deferred income tax assets					
Property, plant and equipment	(94,470)	-	(79,592)	-	(174,062)
Unrealised exchange gain	(21,575)	-	(12,573)	235	(33,913)
Tax losses carried forward	(2,573)	-	-	96	(2,477)
Provisions	(22,405)	-	(4,282)	556	(26,131)
Deferred income tax asset	(141,023)	-	(96,447)	887	(236,583)
Net deferred income tax liability	2,642,652	1,208,749	(677,426)	(13,429)	3,160,546
Year ended 30 June 2010					
	1.7.2009		Charged/ (credited) to IS	Currency changes	30.6 .2010
			Kshs '000	Kshs '000	Kshs '000
Deferred income tax liabilities					
Property, plant and equipment		2,851,132	335,735	(19,858)	3,167,009
Unrealised exchange gain		26,060	(76,290)	719	(49,511)
Tax losses carried forward		(8,096)	(125,658)	5,039	(128,715)
Provisions		(202,922)	(5,297)	3,111	(205,108)
Deferred income tax liability		2,666,174	128,490	(10,989)	2,783,675
Deferred income tax assets					
Property, plant and equipment		(88,885)	(5,585)	-	(94,470)
Unrealised exchange gain		56,775	(78,585)	235	(21,575)
Tax losses carried forward		(99,295)	96,627	95	(2,573)
Provisions		(17,437)	(5,524)	556	(22,405)
Deferred income tax asset		(148,842)	6,933	886	(141,023)
Net deferred income tax liability		2,517,332	135,423	(10,103)	2,642,652



Notes to the Financial Statements

for the year ended 30 June 2011

17 Deferred income tax (continued)

(b) Company

Year ended 30 June 2011	1.7.2010	Charged/ (credited) to IS	30.6 .2011
	Kshs '000	Kshs '000	Kshs '000
Deferred income tax liabilities			
Property, plant and equipment	119,477	(46,141)	73,336
Deferred income tax assets			
Unrealised exchange gain / (loss)	(48,783)	16,619	(32,164)
Provisions	(41,191)	(98,275)	(139,466)
	(89,974)	(81,656)	(171,630)
Net deferred income tax asset	29,503	(127,797)	(98,294)
Year ended 30 June 2010	1.7.2009	Charged/ (credited) to IS	30.6 .2010
	Kshs '000	Kshs '000	Kshs '000
Deferred income tax liabilities			
Property, plant and equipment	162,763	(43,286)	119,477
Deferred income tax assets			
Unrealised exchange gain / (loss)	43,360	(92,143)	(48,783)
Provisions	(36,029)	(5,162)	(41,191)
	7,331	(97,305)	(89,974)
Net deferred income tax liability	170,094	(140,591)	29,503

Notes to the Financial Statements for the year ended 30 June 2011

18

Property, plant and equipment

(a) Group	Freehold property	Leasehold buildings	Plant & equipment	Motor vehicles	Returnable packaging materials	Capital work in progress	Total
Year ended 30 June 2011:	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cost on valuation							
At 1 July 2010	1,963,228	1,168,608	19,218,355	9,930	3,033,009	2,161,860	27,554,990
On acquisition of subsidiary (Note 29)	191,604	1,306,704	4,869,570	79,320	1,788,380	2,967,805	11,203,383
Additions	-	15,151	191,216	-	2,726,437	3,440,112	6,372,916
Transfers from work in progress	1,547	17,193	2,177,700	-	-	(2,196,440)	-
Disposals	(25,097)	-	-	-	(685,352)	-	(710,449)
Assets written off	-	-	(109,850)	-	(331,443)	(1,075)	(442,368)
Exchange differences	(11,786)	(33,395)	(301,811)	(60)	(82,712)	(24,696)	(454,460)
At 30 June 2011	2,119,496	2,474,261	26,045,180	89,190	6,448,319	6,347,566	43,524,012
Depreciation and impairment							
At 1 July 2010	670,942	245,930	7,930,105	9,924	1,560,621	-	10,417,522
On acquisition of subsidiary (Note 29)	3,780	132,078	1,317,900	55,315	1,062,710	-	2,571,783
Exchange differences	-	(6,691)	(70,695)	-	(34,445)	-	(111,831)
Charge for the year	85,770	73,229	1,536,796	-	823,714	-	2,519,509
Charge on assets written off	-	-	(19,971)	-	(248,542)	-	(268,513)
On assets disposed	(302)	-	-	-	(100,948)	-	(101,250)
At 30 June 2011	760,190	444,546	10,694,135	65,239	3,063,110	-	15,027,220
Net book value as at 30 June 2011	1,359,306	2,029,715	15,351,045	23,951	3,385,209	6,347,566	28,496,792

93

18 Property, plant and equipment (continued)

(a) Group	Freehold property KShs'000	Leasehold buildings KShs'000	Plant & equipment KShs'000	Motor vehicles KShs'000	Returnable packaging materials KShs'000	Capital work in progress KShs'000	Total KShs'000
Year ended 30 June 2010:							
Cost on valuation							
At 1 July 2009	1,963,228	1,166,279	17,895,514	9,930	2,992,427	303,877	24,331,255
Exchange differences	-	(8,057)	(57,205)	-	-	(850)	(66,112)
Additions	-	-	453,363	-	337,404	2,995,892	3,786,659
Transfers from work in progress	-	10,386	1,077,918	-	20,542	(1,108,846)	-
Assets written off	-	-	(151,235)	-	(317,364)	(28,213)	(496,812)
At 30 June 2010	1,963,228	1,168,608	19,218,355	9,930	3,033,009	2,161,860	27,554,990
Depreciation and impairment							
At 1 July 2009	584,885	211,295	6,843,005	9,924	1,285,396	-	8,934,505
Exchange differences	-	(1,929)	(25,920)	-	-	-	(27,849)
Charge for the year	86,057	36,564	1,183,640	-	485,282	-	1,791,543
Charge on assets written off	-	-	(70,620)	-	(210,057)	-	(280,677)
At 30 June 2010	670,942	245,930	7,930,105	9,924	1,560,621	-	10,417,522
Net book value as at 30 June 2010	1,292,286	922,678	11,288,250	6	1,472,388	2,161,860	17,137,468



Notes to the Financial Statements

for the year ended 30 June 2011

18 Property, plant and equipment (continued)

(b) Company

	Freehold land KShs'000	Leasehold buildings KShs'000	Plant & equipment KShs'000	Capital work in progress KShs'000	Total KShs'000
Year ended 30 June 2011:					
Cost or valuation					
At 1 July 2010	-	154,500	120,552	-	275,052
Transfer/additions	165,000	-	74,5678	1,370	240,937
Disposals	(24,597)	-	-	-	(24,597)
At 30 June 2011	140,403	154,500	195,119	1,370	491,392
Depreciation					
At 1 July 2010	-	30,470	95,392	-	125,862
Charge for the year	-	5,826	16,433	-	22,259
At 30 June 2011	-	36,296	111,825	-	148,121
Net book amount					
At 30 June 2011	140,403	118,204	83,294	1,370	343,271
Year ended 30 June 2010:					
Cost or valuation					
At 1 July 2009		154,500	109,119	28,213	291,832
Assets written off		-	-	(28,213)	(28,213)
Additions		-	11,433	-	11,433
At 30 June 2010		154,500	120,552	-	275,052
Depreciation					
At 1 July 2009		24,644	80,235	-	104,879
Charge for the year		5,826	15,157	-	20,983
At 30 June 2010		30,470	95,392	-	125,862
Net book amount					
At 30 June 2010		124,030	25,160	-	149,190

Notes to the Financial Statements

for the year ended 30 June 2011

18 Property, plant and equipment (continued)

In 2004, Knight Frank (Kenya) Limited professionally valued the Group's land and buildings in Kenya on the existing use basis. The resulting surplus was credited to a revaluation surplus account in June 2004. The valuations and appraisals were carried out in accordance with RICS Appraisal and Valuation manual ("The Red Book") and were based on expected use. The land and buildings in Uganda are still carried at the professional valuation of 1998 on the open market value for existing use. Property, plant and equipment in Tanzania were valued by M/s Nyange and Associates Company Limited, Dar es Salaam on the basis of open market value for existing use as at 30 June 2008. Other items of property, plant and equipment were valued by Lloyd and Masika Limited on the basis of open market value for existing use as at 30 June 1996.

As at 30 June 2011, the assets pledged by the Group to secure liabilities are shown in Note 16 (2010: Nil).

If the items of property, plant and equipment were stated on the historical cost basis, the amounts would be as follows:

Group	Freehold properties	Leasehold buildings	Plant & equipment	Motor vehicles	Returnable containers	Capital work in progress	Total
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000
Cost	1,124,357	1472,350	16,412,726	89,190	6,448,319	6,347,566	31,894,508
Accumulated depreciation	(414,885)	(264,570)	(6,797,887)	(65,239)	(3,063,110)		(10,605,691)
Net book amount at 30 June 2011	709,472	1,207,780	9,614,839	23,951	3,385,209	6,347,566	21,288,817
Net book amount at 30 June 2010	642,452	100,743	5,552,044	6	1,472,389	2,161,860	9,929,494
Company	Freehold land	Leasehold buildings	Plant & equipment	Capital work in progress	Total		
	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	KShs'000	
Cost	140,403	154,500	195,119	1,370	491,392		
Accumulated depreciation	-	(36,296)	(111,825)	-	(148,121)		
Net book amount at 30 June 2011	140,403	118,204	83,825	1,370	343,271		
Net book amount at 30 June 2010	-	124,030	25,160	-	149,190		



Notes to the Financial Statements

for the year ended 30 June 2011

19 Intangible asset – Software

Group and Company	2011 KShs'000	2010 KShs'000
Cost		
At start and end of year	1,264,415	1,264,415
Amortisation		
At start of year	733,189	581,989
Amortisation during the year	151,200	151,200
At end of year	884,389	733,189
Net book value at end of year	380,026	531,226

20 (a) Intangible asset - Goodwill

Year ended 30 June 2011	Cost at start of the year KShs'000	On acquisition of subsidiary KShs'000	Amortisation/ Impairment KShs'000	Net book amount KShs'000
Uganda Breweries Limited (UBL)	116,415	-	(116,415)	-
EABL International Limited (EABLI)	334,249	-	(334,249)	-
Tanzania Breweries Limited	2,129,421	-	(2,129,421)	-
UDV (Kenya) Limited (UDV)	461,662	-	(46,166)	415,496
International Distillers (Uganda) Limited (IDU)	260,324	-	(27,156)	233,168
Serengeti Breweries Limited (SBL)	-	2,928,527	-	2,928,527
Total	3,302,071	2,928,527	(2,653,407)	3,577,191

Year ended 30 June 2010

	Cost at start of the year KShs'000	Amortisation/ Impairment KShs'000	Net book amount KShs'000
Uganda Breweries Limited (UBL)	116,415	(116,415)	-
EABL International Limited (EABLI)	334,249	(334,249)	-
Tanzania Breweries Limited	2,129,421	(2,129,421)	-
UDV (Kenya) Limited (UDV)	461,662	(46,166)	415,496
International Distillers (Uganda) Limited (IDU)	260,324	(27,156)	233,168
Total	3,302,071	(2,653,407)	648,664



Notes to the Financial Statements

for the year ended 30 June 2011

20 (b) Intangible asset - Goodwill (continued)

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.

(c) Intangible asset – Brand (Group)

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.

	2011 KShs'000	2010 KShs'000
On acquisition of subsidiary (Note 29)	563,005	-
Deferred tax liability thereon	(168,901)	-

21 Prepaid operating lease rentals

Leases of land have been classified as operating leases.

(a) Group	2011 KShs'000	2010 KShs'000
Cost		
At start of year	37,915	37,925
Disposal	-	(10)
	37,915	37,915
Amortisation and impairment		
At start of year	(7,653)	(7,111)
Amortisation for the year	(547)	(542)
	(8,200)	(7,653)
Net book value at end of year	29,715	30,262



Notes to the Financial Statements

for the year ended 30 June 2011

21 Prepaid operating lease rentals (continued)

(a) Company	2011 KShs'000	2010 KShs'000
Cost		
At start and end of year	2,250	2,250
Amortisation		
At start of year	(633)	(562)
Amortisation for the year	(70)	(71)
At end of year	(703)	(633)
Net book value at end of year	1,547	1,617

22 Investments in subsidiaries

	Country of incorporation	Effective incorporation interest	2011 KShs'000	2010 KShs'000
Kenya Breweries Limited	Kenya	80%	1,806,847	1,806,847
Salopia Limited	Kenya	100%	200	200
Allsopps (EA) Sales Limited	Kenya	100%	2	2
East African Breweries (Mauritius) Limited	Mauritius	100%	389	389
Central Glass Industries Limited	Kenya	100%	790,288	790,288
Uganda Breweries Limited	Uganda	98.20%	687,647	687,647
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	-
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%	-	-
			9,273,391	4,330,393

Notes to the Financial Statements

for the year ended 30 June 2011

23 Investments in associates

(a) Group	Effective interest	2011 KShs'000	2010 KShs'000
Tanzania Breweries Limited	20%	-	2,465,213
At start of year		2,465,213	1,680,387
Group's share of profit after tax		-	1,143,998
Currency translation adjustment		-	94,033
Dividend received by the Group		-	(453,205)
Transfer to non-current assets held for sale (Note 23 (b))		(2,465,213)	-
At end of year		-	2,465,213

The above represents the Group share of net assets of the associated company incorporated in the Republic of Tanzania. The asset was reclassified to non-current asset held for sale on 1 July 2010 (Note 23 b).

b) Non-current asset held for sale

The investment in Tanzania Breweries Limited, an associate company has been presented as asset held for sale following the approval of shareholders in November 2010 to sell the investment. The completion date for the transaction is expected by October 2011. There are no cash flows or income statement items that are related to the asset held for sale in the year. (2010: share of associate profit, dividends and currency translation included in Note 23 (a) above.)

c) Company	Effective interest	2011 KShs'000	2010 KShs'000
Tanzania Breweries Limited	20%	-	5,169,997
At start of year		5,169,997	5,169,997
Transfer to non-current assets held for sale		(5,169,997)	-
At end of year		-	5,169,997



Notes to the Financial Statements

for the year ended 30 June 2011

23 Investments in associates (continued)

(d) Other investments - Group and Company	2011 KShs'000	2010 KShs'000
Unquoted: at cost		
4,000 ordinary shares (representing 20%) in Sen-Tech Limited	400	400
20% investment in Challenge Fund Limited who in turn have subscribed to 50% in Central Depository and Settlement Corporation Limited	10,000	10,000
	10,400	10,400

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

24 Financial assets – Group and company

	2011 KShs 000	2010 KShs 000
Held to maturity		
Treasury bond maturing after 91 days of acquisition	97,961	97,562

The held to maturity financial asset is a treasury bond, which is a debt security issued by the Government of Kenya. The notional principal amount of the treasury bond outstanding at 30 June 2011 was Sh 100,000,000.

The treasury bond has a fixed coupon rate of 12.5% per annum, and matures in February 2021. The maximum exposure to credit risk at the reporting date is the carrying value of the debt security. The financial asset is neither past due nor impaired. It is held as a non-current asset as the remaining period to maturity is more than 12 months.

25 Inventories – Group

	2011 KShs'000	2010 KShs'000
Raw materials and consumables	2,617,689	2,387,639
Work in progress	414,686	282,625
Finished goods	1,152,427	780,460
Goods in transit	214,563	14,330
	4,399,365	3,465,054

The cost of inventory recognised as an expense and included in cost of sales amounted to Kshs 17,988,128,000 (2010: Kshs. 10,227,686,068)

Notes to the Financial Statements

for the year ended 30 June 2011

26 Trade and other receivables

(a) Group	2011 KShs'000	2010 KShs'000
Trade receivables	3,603,341	2,598,356
Less: Provision for impairment loss	(555,563)	(564,672)
	3,047,778	2,033,684
Other receivables	2,590,408	3,182,411
Less: Provision for impairment loss	(65,499)	(74,566)
Prepayments	1,359,676	146,305
Receivable from related parties (Note 34)	133,710	305,619
	7,066,073	5,593,453

Movements on provision for impairment of trade receivables are as follows:

	2011 KShs'000	2010 KShs'000
At start of year	639,238	477,872
Provision in the year	-	231,148
Reversals in the year	(18,176)	(69,782)
At end of year	621,062	639,238

(b) Company	2011 KShs'000	2010 KShs'000
Other receivables and prepayments	1,264,004	380,060
Receivable from related parties (Note 34)	2,855,627	3,505,214
	4,119,631	3,885,274

27 Trade and other payables

(a) Group

Trade payables	4,975,995	2,170,920
Other creditors	5,724,224	6,620,469
Payable to related parties (Note 34)	2,066,380	1,130,760
Deferred consideration (Note 29)	814,700	-
	13,581,299	9,922,149



Notes to the Financial Statements

for the year ended 30 June 2011

27 Trade and other payables (continued)

(b) Company	2011 KShs'000	2010 KShs'000
Trade payables	137,888	134,865
Payable to related parties (Note 34)	8,387,139	9,581,742
Deferred consideration (Note 29)	814,700	-
Other creditors	369,110	13,206
	9,708,837	9,729,813

28 Cash generated from operations

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

Group	2011 KShs'000	2010 KShs'000
Profit before income tax	12,249,504	12,568,087
Adjustments for:		
Interest income	(109,633)	(358,585)
Interest expense	272,156	9,584
Income from associates	-	(1,143,998)
Depreciation (Note 18 (a))	2,519,509	1,791,543
Amortisation of intangible asset – software (Note 19)	151,200	151,200
Amortisation of prepaid operating lease rentals (Note 21(a))	547	542
Gain on disposal of property, plant and equipment	(1,186,523)	-
Gain on disposal of prepaid operating lease rentals	-	(97,828)
Impairment of property, plant and equipment	546,154	108,827
Loss / (Gain) upon releasing returnables deposits	160,417	(106,626)
Exchange differences	218,341	134,468
Changes in working capital:		
- receivables and prepayments	(1,319,162)	(1,432,619)
- inventories	(494,409)	488,876
- payables and accrued expenses	1,168,143	1,101,254
Cash generated from operations	14,176,244	13,214,725

Notes to the Financial Statements

for the year ended 30 June 2011

28 Cash generated from operations (continued)

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

Company	2011 KShs'000	2010 KShs'000
Profit before income tax	5,933,506	5,773,370
Adjustments for:	-	
Interest income	(93,202)	(223,253)
Interest expense	302,930	338,261
Depreciation (Note 18 (b))	22,259	20,983
Amortisation of intangible asset – software (Note 19)	151,200	151,271
Amortisation of prepaid operating lease rentals (Note 21(a))	70	-
Share of profit in associate	-	(1,143,998)
Impairment of property, plant and equipment	-	28,213
Dividend income receivable	(5,400,014)	-
Profit on disposal of property, plant and equipment	(1,186,523)	-
Changes in working capital:	-	
- receivables and prepayments	(234,356)	(1,555,864)
- payables and accrued expenses	(835,676)	8,731,931
- dividend payable	37,097	-
Cash generated from operations	(1,302,709)	12,120,914

(b) Cash and cash equivalents

Group	2011 KShs'000	2010 KShs'000
Term deposits	-	6,570,036
Cash and bank balances	1,649,453	1,325,079
Bank overdraft (Note 16)	(971,348)	-
	678,105	7,895,115
Company	2011 KShs'000	2010 KShs'000
Term deposits	-	6,446,640
Cash and bank balances	491,025	333,370
	491,025	6,780,010



28 Cash generated from operations (continued)

(c) Disposal of returnable containers

In 2011 the Group disposed returnable containers with an aggregate cost of Kshs 43,624,000 (2010 Kshs 213,934,000). The proceeds on these disposals were by means of release of deposits for returnable containers held by the company as shown below:

	2011 KShs'000	2010 KShs'000
Movement in payables	1,906,360	887,320
Deposits released	76,483	213,934
Net movement in payables as per cash flow (Note 28 (a))	1,982,843	1,101,254

29 Acquisition of Serengeti Breweries Limited

On 22 October 2010, East African Breweries Limited completed the acquisition of a 51% equity stake in Serengeti Breweries Limited (SBL), a beer brewing and distribution business based in Tanzania. As a result of the acquisition, the group is expected to consolidate its leadership position in the East Africa region adult beverages market. The fair value consideration was Kshs 4,943 million.

The goodwill of KShs 2,928,527,000 arising from the acquisition is attributed to the acquired customer base, the value of the local employees and the economies of scale expected from combining the operations of the group with Serengeti Breweries Limited.

None of the goodwill arising on consolidation is expected to be deductible for income tax purposes.



Notes to the Financial Statements

for the year ended 30 June 2011

29 Acquisition of Serengeti Breweries Limited (continued)

The table below summarises the consideration paid for the 51% stake in Serengeti Breweries Limited and the amounts of assets acquired and liabilities assumed recognised at the acquisition date, as well as the value at the acquisition date of the non-controlling interest in Serengeti Breweries Limited.

	2011 KShs'000
Fair value amounts of assets acquired and liabilities assumed:	
Property, plant and equipment	8,631,600
Inventories	439,903
Trade and other receivables	153,459
Cash and cash equivalents	76,281
Brands (included in intangibles)	563,005
Trade and other payables	(1,752,784)
Bank overdrafts	(527,385)
Borrowings	(2,380,001)
Current tax	(45,386)
Deferred tax	(1,208,749)
Total identifiable net assets at fair value	3,949,943
Non-controlling interest	1,935,472
Attributable to controlling interest	2,014,471
Consideration (including deferred consideration of Kshs 814,700,000)	4,942,998
Goodwill (Note 20(a))	2,928,527
Net cash outflow on acquisition of SBL	
Total consideration	4,942,998
Add bank overdraft in SBL at acquisition	527,385
Less : Cash and cash equivalents in SBL at acquisition	(76,281)
Deferred consideration	(814,700)
Net cash out flow on acquisition	4,579,402

In the period since acquisition SBL has contributed Kshs 3,976,729,000 to sales and a loss of Kshs 454,944,000 to profit after tax in the year ended 30 June 2011. If the acquisition had occurred on 1 July 2010, the consolidated financial statements would have included sales of Kshs 5,940,574,000 and a loss after tax of Kshs 806,984,000 in the year ended 30 June 2011 relating to SBL.



Notes to the Financial Statements

for the year ended 30 June 2011

30 Employees benefit

Equity compensation benefits

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

Executive share option scheme

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

	2011 Number of shares	2010 Number of shares
Outstanding at start of year	1,148,319	1,258,730
Granted during the year	153,771	131,422
Lapsed	(56,276)	(101,019)
Exercised	(198,068)	(140,814)
Outstanding at end of year	1,047,746	1,148,319
Exercise price per share – Kshs	169.00	157.40

Options may be exercised at prices ranging between Kshs 82.72 and Kshs 169.00 (2010 – Kshs 87.72 and Kshs.157.40). The trading price of EABL share as at 30 June 2011 on the Nairobi Stock Exchange was Kshs 195 (2010: Kshs 181).

Employee Share save Scheme

As at 30 June 2011, the Trust's obligation to members under the employee share save scheme stood at 1,324,607 shares (2010 – 1,493,081). During the year, Nil (2010 – 139,175) shares were exercised by employees.

31 Contingent liabilities

Contingent liabilities incurred in the ordinary course of business:

(a) Group

	2011 KShs'000	2010 KShs'000
Guarantees	1,782,400	876,868
Pending legal cases	45,877	350,885
	1,828,277	1,227,753



Notes to the Financial Statements

for the year ended 30 June 2011

31 Contingent liabilities (continued)

(b) Company

	2011 KShs'000	2010 KShs'000
Guarantees	1,782,400	844,917

32 Commitments

i) Capital commitments – Group

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

	2011 KShs'000	2010 KShs'000
Contracted but not provided for	1,790,192	1,300,446
Authorised but not contracted for	696,240	925,235

(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:

	2011 KShs'000	2010 KShs'000
Not later than 1 year	1,177,740	666,588
Later than 1 year and not later than 5 years	2,031,201	1,157,998
Later than 5 years	23,884	-
	3,232,825	1,824,586



32 Commitments (continued)

(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:

	2011 KShs'000	2010 KShs'000
Not later than 1 year	31,775	26,653
Later than 1 year and not later than 5 years	80,098	59,106
	111,873	85,759

(c) Company leases as lessee

The Company has entered into operating lease agreements for leasing of printers.

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

	2011 KShs'000	2010 KShs'000
Not later than 1 year	2,205	2,205
Later than 1 year and not later than 5 years	2,205	2,205
	4,410	4,410

33 Events after period end

The group is in the process of acquiring the 20% stake in Kenya Breweries Limited (KBL) currently held by non-controlling interest to achieve full ownership of KBL. The transaction has obtained regulatory approvals and negotiations are ongoing. The transaction is expected to be completed in October 2011. Due to the ongoing negotiations, an estimate of the transactions cannot be made reliably.



Notes to the Financial Statements

for the year ended 30 June 2011

34 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:

	2011 KShs'000	2010 KShs'000
(a) Sale of goods and services		
Other related parties	9,480	54,020
(b) Purchase of goods and services		
Parent company	602,727	1,613,736
Other related parties	1,456,753	1,628,911
	2,059,480	3,242,647

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

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

	2011 KShs'000	2010 KShs'000
Group		
Receivables from related parties	133,710	305,619
Payable to related parties	2,066,380	1,130,760
Company		
Receivables from subsidiaries	2,849,612	2,905,564
Receivables from other related parties	6,015	599,650
	2,855,627	3,505,214
Payables to subsidiaries	7,783,436	9,023,194
Payables to other related parties	603,703	558,548
	8,387,139	9,581,742



Notes to the Financial Statements

for the year ended 30 June 2011

34 Related party transactions (continued)

(d) Directors' remuneration

	2011 KShs'000	2010 KShs'000
Group		
Fees for services as a director	8,311	3,720
Other emoluments included in key management compensation in (e) below	175,015	167,847
	183,326	171,567
Company		
Fees for services as a director	6,632	3,240
Other emoluments included in key management compensation in (e) below	55,288	42,891
	61,920	46,131
(e) Key management compensation		
	2011 KShs'000	2010 KShs'000
Salaries and other short-term employment benefits	334,489	354,916
Termination benefits	15,400	21,817
Post-employment benefits	16,863	57,889
	366,752	434,622



Principal shareholders and share distribution

for the year ended 30 June 2011

The ten largest shareholdings in the Company and the respective number of shares held at 30 June 2011 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 Board of Trustees – NSSF	35,448,720	4.48
4 Guinness Overseas Limited	20,628,804	2.61
5 Standard Chartered Nominees Ltd Non-Resident A/c 9300	19,778,700	2.50
6 Stanbic Nominees Kenya Ltd - A/c NR 70001	19,184,138	2.43
7 Standard Chartered Nominees Ltd. Non-Resident A/c 9011	13,692,732	1.73
8 Standard Chartered Nominees Ltd A/c 9326	12,648,354	1.60
9 Standard Chartered Nominees Ltd A/c 9248	7,528,848	0.95
10 Standard Chartered Nominees Ltd Non-Resident A/c 9369	6,808,000	0.86
TOTAL NUMBER OF SHARES	510,697,926	64.58

Distribution of shareholders

	Number of shares	Number of shareholders	% Shareholding
1 – 500	2,474,480	12,419	0.31%
501 – 5,000 shares	18,108,777	11,254	2.29%
5,001 – 10,000 shares	8,174,549	1,153	1.03%
10,001 – 100,000 shares	44,869,752	1,586	5.67%
100,001 – 1,000,000 shares	87,293,671	291	11.04%
Over 1,000,000 shares	629,853,127	58	79.65%
Total	790,774,356	26,761	100.00%



PROXY FORM

FOMU YA UWAKILISHI

<p>I/We _____ _____</p> <p>Share A/c No. _____ of (address) _____</p> <p>being a member(s) of East African Breweries Limited, hereby appoint _____ _____</p> <p>or failing him the duly appointed Chairman of the meeting to be my/our proxy, to vote on my/our behalf at the 89th Annual General Meeting of the Company to be held on 10th November 2011 at 11.00 a.m. or at any adjournment thereof.</p> <p>As witness to my/our hands</p> <p>This _____ day of November 2011</p> <p>Signature(s) _____</p> <p>Notes:</p> <ol style="list-style-type: none"> 1. This proxy is to be delivered to the Company Secretary not later than 11.00 a.m. on 8th November 2011 failing which it will be invalid. 2. In case of a corporation, the proxy must be under its common seal. 	<p>Mimi/Sisi _____ _____</p> <p>Nambari ya akaunti ya hisa _____ anwani _____ _____</p> <p>kama mwanahisa/wanahisa wa East African Breweries namteua/ tunamteua _____</p> <p>wa (anwani) _____</p> <p>na akikosa yeye, namteua/tutamteu Mwenyekiti wa mkutano kama mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/ yetu kwenye Mkutano Mkuu wa mwaka wa Themanini na tisa wa Kampuni utakaofanyika tarehe 10 Novemba 2010 saa tano za asubuhi ama siku yoyote ile endapo mkutano huo utahirishwa.</p> <p>Sahihi _____</p> <p>Sahihi hii/hizi imewekwa/zimewekwa tarehe _____ Novemba 2011</p> <p>Maelezo muhimu:</p> <ol style="list-style-type: none"> 1. Fomu hii ya uwakilishi inapaswa kufikishwa kwa Katibu wa Kampuni kabla ya saa tano asubuhi tarehe 8 Novemba 2011 la siyoy haitakubalika. 2. Iwapo mteuaji ni shirika, fomu hii ya uwakilishi ni lazima ipigwe muhuri wa kampuni hiyo.
Admission card	
<p>PLEASE ADMIT _____</p> <p>To the Annual General Meeting of East African Breweries Limited which will be held at Safari Park Hotel, Ruaraka, Nairobi on 10th November 2011 at 11.00 a.m.</p> <p>This admission card must be produced by the Shareholder or proxy in order to obtain entrance to the Annual General Meeting.</p> <p>A Murgor (Mrs.) Company Secretary</p>	<p>JINA LA MWENYEHISA _____</p> <p>ANWANI YA MWENYEHISA _____</p> <p>IDADI YA HISA ZINAZOMILIKIWA _____</p>

Fold 2

Pili Kunja Hapa

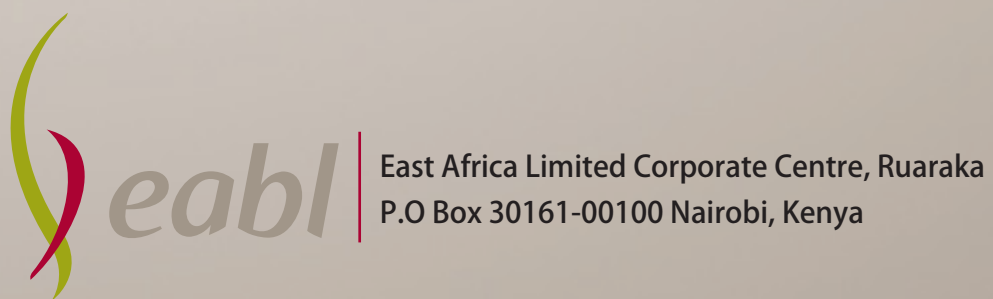
Fold 1
Kwanza Kunja Hapa

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

Fold 3

Halafu Kunja Hapa





East Africa Limited Corporate Centre, Ruaraka
P.O Box 30161-00100 Nairobi, Kenya