

## Japan Brewery Company, Limited.

*Report and Accounts to be presented to the Fourth Ordinary General Meeting of Shareholders, to be held at No. 7, Water Street, Yokohama, on Monday, the 29th day of April, 1889, at 4 o'clock p.m.*

The last Shareholders' meeting was held on May 31st, 1888, and a few days later the Company commenced to make sales and business came into full operation.

When the first estimates were placed before the subscribers, the Directors were of opinion that a capital of \$75,000 would be sufficient for all requirements; but that sum proved wholly inadequate to supply the large and varied stock indispensable for a complete and well-equipped Brewery; and acting in the best interests of the Shareholders the Directors resolved to perfect the work, with the result that the establishment is, in every respect, complete and in through working order, capable of supplying the anticipated increased demand for the beer.

The cost of this establishment and its equipment is as follows:-

Land and buildings.....	\$	40,753
Machinery.....		42,742
Plant, comprising bottling, corking, and various machines, tools, spare gear, vats, casks, bottles, horses, wagons and stores of all kinds	}	20,348
Malt and hops in stock.....		<u>16,050</u>
<i>Cost of Works and Working Stock</i> .....		<u><u>\$119,893</u></u>

The condition of business, which having begun at the end of June is for a period of half a year only, must be regarded as satisfactory, the concrete result being the discharge of all preliminary expenses, that is, expenses incurred from the incorporation of the Company to the commencement of business, three years, amounting to nearly \$10,000; and the carrying forward to 1889 of a balance to credit of working account of \$4,247, after writing off interest to date on account of loans \$3,361, and a loss on beer condemned of \$2,950. The net result of the half-year's work carried forward, after payment of all expenses from the inception of the scheme, is equivalent to 11 1/3 per cent per annum on the paid-up capital.

The difficulties encountered in bringing the works to completion were many and

great; and the Directors desire to record, for the endorsement of the shareholders, the obligations they are under to Messrs. Carl Rohde & Co., for the personal supervision and excellent service of their senior partner, Mr. Rohde, in selecting machinery, obtaining plans and designs for buildings, and arranging shipments; and to Mr. Diack, the Architect, whose professional knowledge and practical experience have been of the highest service to the Company. The course pursued by these gentlemen throughout has been that of earnest and friendly co-operation and assistance.

The beer produced has been received with favour by consumers of all chases. The quality has, of course, been criticised from different stand –points; some good judges holding it to be deficient in strength; others regarding it as sufficiently full-bodied. The object the Directors have had in view throughout has been the production of a perfectly pure and sound beer of the average strength of that obtainable from the best Breweries in Germany for home consumption. No comparison is, therefore, justifiable between this beer and imported brands from Germany, any more than there is between the latter and the beer consumed by the German people at home. Of the quality and purity of the beer, when obtained direct or from responsible agents, there can be no doubt, as the following analytical certificate will attest:-

A sample of the Japan Brewery beer has been analysed and examined in winter-time, the following points being experimentally determined:- Specific gravity- alcohol-specific gravity after deprival of alcohol- maltose- nitrogen- ash- phosphoric acid- avidity- smallness of quantity of hop-bitters, of acetic acid, glycerol, and succinic acid- something as to the nature of the nitrogen compounds- absence of salicylic acid or other added preservatives- condition as to brightness and as to charge of carbonic acid. From the observations made, the beer proved to contain:-

*Volatile Matters.*

In 100 parts  
by weight.

Alcohol.....	4.35
Carbonic acid, about.....	0.30

*Non-volatile Matters.*

Maltose.....	1.15
Dextrin, with small quantities of other matter.....	3.85
True albumenoids, minute quantity only, if any•	
Other nitrogenous matters, containing 0.063 nitrogen, about.....	0.19
Lactic acid, (principally).....	0.06

Ash, containing 0.084 phosphoric oxide.....	0.20
Total non-volatile matters.....	5.45
Specific gravity of beer, at 60 deg. F.....	1013.6
Specific gravity of wort.....	1053.0
Ratio of maltose to dextrin.....	1 : 3 1/2

The beer was therefore perfect in chemical composition as a *lager bier*, of medium alcoholic strength, of good body, very lightly hopped, and fully carbonated. It was pure and must have been made from nothing but grain and hops, by the use of yeast of exceptional purity, was thoroughly freed from ferment, and in a very quiescent state. When very cold, it showed indeed, like wine, slight turbidity and sediment, but this entirely disappeared in moderate warmth, leaving the beer very bright, the sediment being soluble in water.

The sediment therefore was quite innocuous, and probably phosphatic.

The framer of this report bases his statements entirely upon the result of his examination of the beer itself, not having seen or heard anything of the materials and methods used in the brewery. It only remains to add that the Company's bottled beer in stock for home consumption, and bought at the Tokyo Ginza, Kameya's Store, appeared to be in no way inferior to the sample supplied for analysis.

(Signed) EDGARD DIVERS, M.D., F R S., &c.  
*Professor of Chemistry at the Imperial University,*  
Hongo, Tokyo.

March, 1889.

The Directors will be pleased to see this analysis compared or contrasted with that of any brand of imported German beer.

The domestic trade has commanded considerable attention. The control of the business in the interior of Japan has been placed unreservedly in charge of Mr. Hakaru Isono, whose judicious efforts to bring the beer to the notice of consumers have been very satisfactory to the Directors, who desire that the beer should make its way to public favour upon its merits, the greatest care being taken to maintain the quality to the present standard until a demand arises for a different kind.

Large as the domestic consumption promises to be, the demand for export may possibly exceed it in the near future. From Shanghai, Tientsin, Hongkong and other ports in China, as well as from Singapore, Manila, Batavia, Colombo, and Calcutta, encouraging reports are received. On all sides, therefore, prospects are promising, but in referring to them the Directors refrain from any expression of opinion until the result of this year's business has been ascertained.

The Imperial Government, ever anxious to promote native industries, has been pleased to include beer among exportable articles duty free, and an important disadvantage to export has now been removed.

Large quantities of imported beer have been received, and continue to arrive, with the result that the bulk of it is offered at prices indicative of sales below cost. This circumstance materially affects the sale of home-brewed, but the evil contains its own remedy. Persistence in beer importation is due to the extreme unwillingness of shippers to recognize the fact that Japan can produce a superior article for her own consumption, a fact that can only be demonstrated by the figures of the accounts-sale.

The necessity still exists for the importation of malt and hops, but efforts are being made to have these produced of suitable quantity in Japan; bottles are now made at the Shinagawa Glass Works: and, upon the principle that one industry stimulates others, it is hoped that within a moderate time nothing for the use of the Brewery will require to be imported.

This being the first undertaking of a public character in which Japanese and foreigners have endeavoured to work together, the Directors are confident that continued co-operation will lead to solid success.

The accounts subjoined seem to require no explanation; but questions will be gladly answered at the meeting.

In view of their indebtedness, the Directors cannot recommended the payment of a dividend at present.

In accordance with the articles of association, Messrs. Grosser and Baehr, Directors, retire from office; but, being eligible, offer themselves for re-election.

Mr. Schwabe has been good enough to act as Auditor, and as the duties this year have been arduous and responsible, the shareholders whom he has represented should sanction the payment to him of an honorarium. Mr. Schwabe retires but offers himself for re-election.

The Directors take this opportunity to advise Shareholders that, for their convenience, offers for purchase and proposals for sale of shares may be forwarded to the Secretary who will act as broker.

By Order of the Board of Directors,

J. DONALDSON,  
*Secretary.*

Yokohama, 10<sup>th</sup> April, 1889.

## Japan Brewery Company, Limited.

### General Balance Sheet to 31<sup>st</sup> December 1888.

Dr.

LIABILITIES		
To Capital: 750 shares at \$ 100 each paid up	75,000	00
" Reserve fund	1,682	00
" New Oriental Bank Corpn, Ltd.	49,842	61
" Carl Rohde & Co.	14,228	55
" Bills payable	10,572	62
" Working Account	4,247	63
	<u>\$155,573</u>	<u>41</u>

Cr.

ASSETS.			
By Landed Property - six lots ground	4,621	42	
" Buildings thereon	<u>36,131</u>	<u>96</u>	
			40,753 38
" Machinery in operation			42,742 60
" Plant, bottling, corking and other machines, tools, utensils, & c.			9,990 18
" Spare gear, working stores, vats, casks, bottles, corks, instruments & c.			10,358 34
" Malt and hops			16,050 22
" Coal			93 50
" Fire policies current			473 75
" House and office furniture			350 00
" Stock of Beer ready for delivery			20,467 80
" Due from debtors on current a/c	6,288	61	
" Do. from consignments	<u>7,901</u>	<u>72</u>	
			14,190 33
" Petty cash			103 31
			<u>\$155,573</u>
			<u>41</u>

### Beer Product Account

Dr.

To Cost of malt and hops consumed	17,159	33
" Stores and material, other than malt & hops, used in brewing, engine and refrigerator, stores and chemicals, bottles, labels, corks, capsules and sundries	15,778	56
" Working Account	31,695	22
	<u>\$64,633</u>	<u>11</u>

Cr.

By Proceeds of sales.....	32,246	51
" Consignments.....	8,808	00
" Samples distributed.....	160	00
" Beer produced Gala 96,800		
Do. condemned .. <u>7,377</u> @ 40 c.	2,950	80
89,423		
Do. delivered..... <u>43,939</u>		
Do. stock on hand @		
60 c..... <u>45,484</u> \$27,290.40	20,467	80
25 % of as margin..... <u>6,822.60</u>		
	<u>\$64,633</u>	<u>11</u>

### Working Account.

Dr.

To Balance brought forward from 1887.....	2,653	56
" Expenditure in 1888 as follows:-		
" Ground rent.....	324	24
" Fire insurance on buildings and plant.....	441	25
" Coal consumed.....	2,711	80
" Salaries & wages: Brewery 8,252.28		
Office <u>2,739.00</u> .....	10,991	28
" Various expenses for plans, specifications, traveling, inspecting plant, passage of brewer from Germany, & c.....	1,651	15
" Office expenses, rent, godown charges, customs duties, advertising, telegrams, postages and sundries.....	2,533	53
	<u>256</u>	<u>77</u>

" Written off office and house furniture.....	3,361	21
" Interest to date.....	2,950	80
" Loss on 7,377 gallons beer condemned in early brewings.....	4,247	63
" Balance carried forward to 1889.....		
	\$32,123	22

Cr.

By Working Account.....	31,695	22
" Waste grains.....	428	00
	\$32,123	22

J. DONALDSON,  
*Secretary.*

I have examined the foregoing accounts and compared them with the Books, Vouchers, and Securities in the possession of the Company, and find them to be correct.

R. S. SCHWABE, *Auditor.*