

1902 October 23<sup>rd</sup>Minutes of Meeting of Directors held at the Brewery at 3.30 p.m.on Thursday the 23<sup>rd</sup> October 1902

Present: Jas. Dodds (Chairman), J.D. Hutchison, O. Haynemann,

C.B. Bernard, F.S. James (Managing Director).

The Minutes of the Meeting held on the 23<sup>rd</sup> September were read and confirmed.

➤ Financial Statement

The Financial Statement prepared for the Meeting was read.

➤ Reports of the Chief Brewer and Engineer for September

The Reports for September of the Chief Brewer & Engineer were read, and it was decided on the recommendation of Mr. Eichelberg, to order out from Germany, new filters, sometime during the present year, at a cost of Yen 5000 to 6000.-

His suggestion for a new fermentation room was ordered in abeyance till business should improve sufficiently to warrant the outlay.

➤ Managing Director's Report

The A/cs for the half-year ended 30<sup>th</sup> September, copies of which had been distributed to the Directors some days before the Meeting, were taken in connection with the Managing Directors Report, which read as follows:-

Report

The A/cs for the half-year ended 30<sup>th</sup> September 1902 were distributed several days ago, and in comparing them with the corresponding 6 months of last year, the following explanations may be interest:-

Gross Profit on Beer Sales: This A/c shows an increase in profit of Yen

10325.44, Caused by the price of beer being charged throughout at the increased rate, although deliveries for the period are 29374 gallons short, whereas in the corresponding 6 mos, some of the beer delivered was paid for at the old price, or Yen 1 per case less.

The amount received for Waste Grains has been included in this a/c & not shown separately as in former a/cs, as the price has cheapened and may in the near future become almost nominal.

The profit on this a/c would have shown much larger had it not been for the falling off of deliveries, the higher price of some of the Brewing ingredients, and the use since June, of a larger proportion of Hops.

Interest Shows an excess of Yen 2484.11, on account of the continued Bank overdraft.

Charges & Advertising are more by Yen 1927.75 caused by return of bad beer, and extra advertisements.

Depreciation of Machinery &c is in excess Yen 3500.17 on account of New Engine &c being added to Machinery a/c, and proportion written off, also allowance for inferior pitch &c, while

Beer Tax amounting to Yen 62,166.90 is an altogether new a/c.

The decrease has been on;-

Exchange A/c

Coal A/c

Water A/c

Taxes A/c

Wear & Tear A/c

The other accounts remain practically without alteration.

The not profit for the 6 months, as shown by the A/cs, amounts to Yen 68724.60, or 17.45 Sen per gallon, after paying the excise tax.

If the prospects of the coming 6 mos were as good in proportion to the period Just closed, it would Justify the Directors in declaring a Substantial Interim Dividend, but unfortunately such is not the case.

As has been already stated, the deliveries for the past 6 mos show a falling off of nearly 30,000 gallons, and the present month will probably be 10,000 gallons short of what it was last year, but, supposing this shortage should be made up later on, and estimating the deliveries for the coming six months on the basis of last year, the a/c would stand as follows:-

Profit 1<sup>st</sup> October 1901 to 31 March 1902 as per a/c (226826

gallons were delivered) Yen 23,012.99

The amount of Beer Tax paid during

during the period, was Yen 21,748.08

So that if no tax had been paid, the profit

would have been Yen 44,761.07

If the full tax had been paid on the 226,826 gallons, it

would have amounted to Yen 39,994.50

Deduct this sum from Yen 44,761.07 and the profit for the 6 mos

would be Yen 4,766.5

or Sen 2.10 per gallon

This is the utmost that can be expected in the shape of profit for the next 6 moths, unless prices are raised or deliveries show an increase, both of which events are very unlikely to happen; but on the other hand, if deliveries fall short of last year, instead of a profit, there will most likely be a loss.

Under the circumstances I think it would be very unwise to declare an Interim dividend as it is absolutely impossible to estimate accurately what the profit (if any) will amount to.

The financial Year Closes at a very inopportune time, as the 6 mos from 1<sup>st</sup> April to 30<sup>th</sup> September is the busy season when the buck of the profit is made. The next 6 mos is most uncertain and is always the lean past of the year.

I think it would be for the best interests of the Shareholders to change the date of the Financial Year from 31<sup>st</sup> March to 31<sup>st</sup> December. This would divide the deliveries more evenly, and would enable the directors (when the half-yearly a/cs were made up to 30<sup>th</sup> June) to estimate more accurately when declaring an Interim dividend what the amount should be.

It would also place the a/cs on a line with the Japanese Breweries, so as to allow of a Correct Comparison. Further, the Bank balance would be more favorable, as Meidiyas a/cs for the summer months would a/c he paid before the end of the year.

There is nothing in the Articles of Association to preclude the Directors from changing the date of the Financial Year, but according to the Hong Kong Ordinance under which the Company is registered, the Ordinary General Meeting, if Changes without the consent of the shareholders, must be held on the 1<sup>st</sup> Monday in February.

I therefore suggest that the next ordinary General Meeting be called for Monday the 2<sup>nd</sup> February 1903, and at that Meeting, the accounts for the 9 months, from 1<sup>st</sup> April to 31<sup>st</sup> December 1902, be presented, and a Dividend for the 9 months be declared.

I further think that a letter, as per draft attached, should be sent to each

Shareholder about the middle of November, so as to plan him in possession of some of the reasons, why an Interim dividend will not be declared this year, and the change in the date of making up the A/cs-

Draft of letter referred to –

The Japan Brewery Co(L)

Notice to Shareholders.

The Directors have decided to alter the date for closing the Financial Year, from 31<sup>st</sup> March to 31<sup>st</sup> December. There are various good reasons for doing this, but the principal one is, that it will enable the management to estimate more accurately, the profit for each Six Months.

As it is now, the period from 1<sup>st</sup> April to 30<sup>th</sup> September comprises the busy season, and the profit is considerably larger than for the months of October to March. Besides which the demand during the winter months is very uncertain, which makes it difficult to firm a correct estimate as to what the proper amount should be when declaring an interim dividend.

The next Ordinary General Meeting will therefore be held early in February 1903, when the accounts for the 9 months from 1<sup>st</sup> April to 31<sup>st</sup> December 1902, will be presented, and in the meantime, no Interim dividend will be declared.

By order of the Board

The Chairman remarked that he quite concerned in the Scheme for changing the date of the fiscal year, and passing the Interim dividend as

bought forward by the Managing Director, and thought that it would put the Company on a better basis, and enable the directors to estimate more accurately the six monthly profits of the Company.

He said that Mr. Glover who unfortunately was unable to attend the Meeting, was quite in firm of the Change, and wished it to be understood that he supported it.

After Some discussion

Mr. Bernard purposed that the scheme as set forth in the Managing Directors Report be adopted.

This was unanimously agreed to & as no other business was before, the Meeting it closed at 4.30 p.m.

James Dodds

Chairman