

The CHAIRMAN said:-

GENTLEMEN,-

This is the Fifth General Meeting of the Company held for the purpose of presenting to the Shareholders the Report and Accounts for the Nine Months ended 31st December, 1902, but before I proceed to ask you to pass them, I wish to explain some of the reasons why the Financial Year and date of General Meeting have been changed. You are all probably aware that the demand for beer during the winter months is not so large as during the Spring and Summer so that, in making up the Accounts to 30th Sept. and 31st March, we got a very uneven division of profits. The first six months always showed a much larger balance of profits than the following six months, and when considering the question of an interim dividend, it was difficult to estimate accurately what would be a safe sum to set aside for that purpose. This has especially been the case since the Excise Tax was enforced, and although your Directors have for some time had the change under consideration it was difficult to alter it till this term. Another reason which makes the change desirable is that all the other Breweries in Japan close their Accounts at the end of the year, so by coming into line with them we shall be able to form an estimate of the Accounts, and watch the development of the business.

In June last our Chief Brewer, Mr. Kayser, resigned and in his place we appointed Mr. Eichelberg, who for some years has ably filled the position of Assistant. This gentleman has the full confidence of your Directors; and since the beer brewed by him has been placed on the market, nothing but the highest praise has been received as to its quality, both from Japanese and European consumers.

Sales during the period under review have been disappointing, inasmuch as they have not increased over the previous year, but this is accounted for by the continued depression of trade in the country. With a freer circulation of money and a more prosperous outlook, the consumption would doubtless largely increase. The advance in the price of beer for home consumption, which it was confidently expected would have been arranged last year, has not materialised. The falling-off in demand and severe competition have been the causes, and unfortunately there is not much chance in the near future of this advance in price being accomplished as a new Brewery is in course of erection in Tokyo and its beer is expected to be placed on the market during the coming summer, which means still greater competition.

The imposition of the Excise Tax has told heavily on the net result of the Working Account. As previously stated, it has not been possible to advance the price of beer, therefore the whole of the tax has to be taken off the profits made on current prices. The business of the company is on a sound and healthy basis, but it will be seen from the

accounts that although the profits made by the Brewery are not far short of previous years, the Excise Tax has absorbed no less a sum than ¥83,000.

It is hoped that the Osaka Exhibition may have a stimulating influence on the beer industry, and steps have been taken to bring "Kirin" prominently before the public in the Exhibition grounds.

I think it may only be right to say that, had the accounts been held over for the next three months, the profit might have shown a reduced instead of an increased amount, as these months, January to March, have usually proved the unfortunate months of the year. These now go into the average of the current year which I am glad to say has opened satisfactorily.

You will notice from the Accounts that it would have been possible to have declared a larger dividend than ¥5 per share, but taking into consideration that the paid up capital of the Company is hardly adequate, unless helped by other means, your Directors have thought it desirable to add to the Reserve Fund, which they hope to continue to build up as opportunities offer.

I think this is all that it is necessary to add to the Report, but if there is any other information the Shareholders may require, we shall be happy to give it.

It may expedite matters if I now formally move from the chair, the adoption of the Report and Accounts, as presented to the Meeting.