FIRESTONE EAST AFRICA (1969) LIMITED

Firestone

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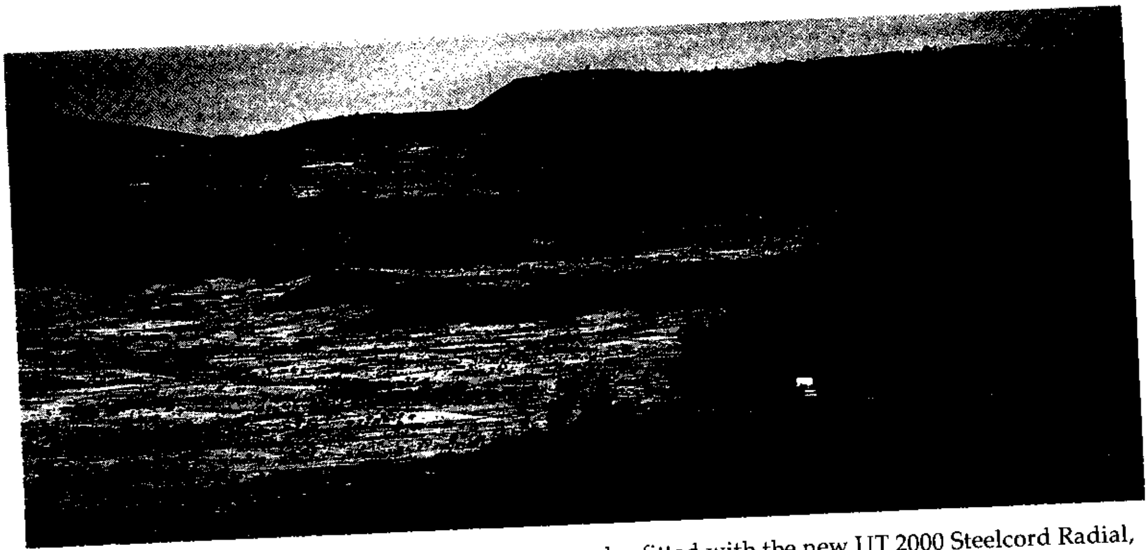

Firestone on the move. One of our own delivery trucks, fitted with the new UT 2000 Steelcord Radial, takes a gradient in the Rift Valley.

CMA-LIBRARY

NAIROBI S... RECEIVED 13 MAR 1995 ... LIMITED

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Cover: The aggressive block tread pattern of our MS212 Steelbelted Radial tyre. Ideal as an all-terrain tyre, particularly for four wheel drive vehicles.

HD
9161
.C54
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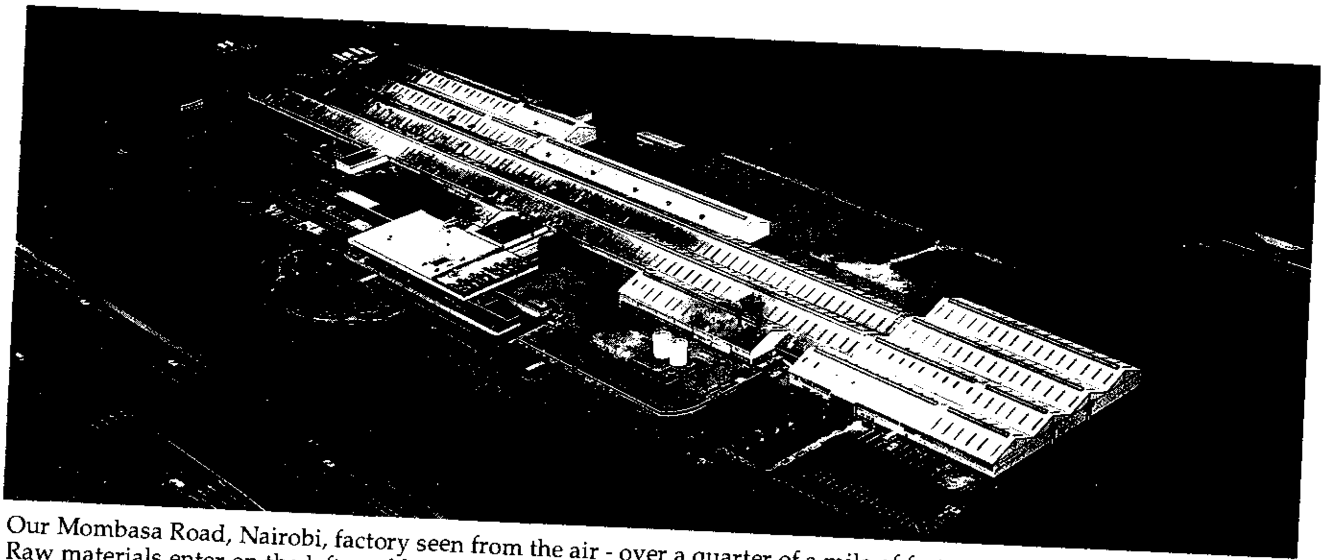
1991
c.1

1. Sameer Africa - periodicals
2. Sameer Africa -- Kenya -- Periodicals

FIRESTONE EAST AFRICA (1969) LIMITED
ADMINISTRATION

Firestone



Our Mombasa Road, Nairobi, factory seen from the air - over a quarter of a mile of factory space. Raw materials enter on the left, and high quality finished tyres exit the factory on the right.

BOARD OF DIRECTORS

NAUSHAD NOORALI MERALI
CHAIRMAN

CLYDE WILLIAM TABOR
MANAGING DIRECTOR

GARY BRANT CRIGGER
NON-EXECUTIVE DIRECTOR &
SENIOR VICEPRESIDENT
FOR BUSINESS PLANNING OF
BRIDGESTONE/FIRESTONE INC.

MIRABEAU HUMBERTO DA GAMA-ROSE
NON-EXECUTIVE DIRECTOR

JAMES KANYOTU
NON-EXECUTIVE DIRECTOR

SECRETARY

ISSA ABDALLA TIMAMY
CERTIFIED PUBLIC SECRETARY

AUDITORS & REPORTING ACCOUNTANTS

COOPERS & LYBRAND
CERTIFIED PUBLIC ACCOUNTANTS,
QUEENSWAY HOUSE, KAUNDA STREET,
P.O. BOX 30158, NAIROBI.

PRINCIPAL BANKERS TO THE COMPANY

FIRST AMERICAN BANK OF KENYA LIMITED
7TH FLOOR, ICEA BUILDING, KENYATTA AVE,
P.O. BOX 30691, NAIROBI.

STANDARD CHARTERED BANK KENYA LIMITED,
STANBANK HOUSE, MOI AVENUE,
P.O. BOX 30003, NAIROBI.

SHARE REGISTRARS TO THE COMPANY

STANDARD CHARTERED KENYA NOMINEES LTD,
9TH FLOOR, STANBANK HOUSE, MOI AVENUE,
P.O. BOX 30003, NAIROBI.

2007/1005

REGISTERED OFFICE OF THE COMPANY: L.R. NO: 12081, MOMBASA ROAD, P. O. BOX 30429, NAIROBI.

NOTICE OF MEETING

Firestone

NOTICE IS HEREBY GIVEN THAT THE 26TH ANNUAL GENERAL MEETING OF THE MEMBERS WILL BE HELD AT THE COMPANY'S FACTORY PREMISES OFF MOMBASA ROAD, NAIROBI, ON FRIDAY, 31ST MARCH, 1995 AT 11.00AM FOR THE FOLLOWING PURPOSES:-

1. To confirm the minutes of the 25th Annual General Meeting held on 25th February, 1994.

2. To receive, consider and if deemed fit, adopt the financial statements for the year ended 31st December, 1994 together with the reports thereon of the Directors and of the Auditors.

3. To confirm the interim dividend of 30% paid in June, 1994 and to declare a final dividend of 10%.

4. To elect Directors.

5. To confirm the Directors' emoluments.

6. To authorise the Directors to fix the Auditors' remuneration.

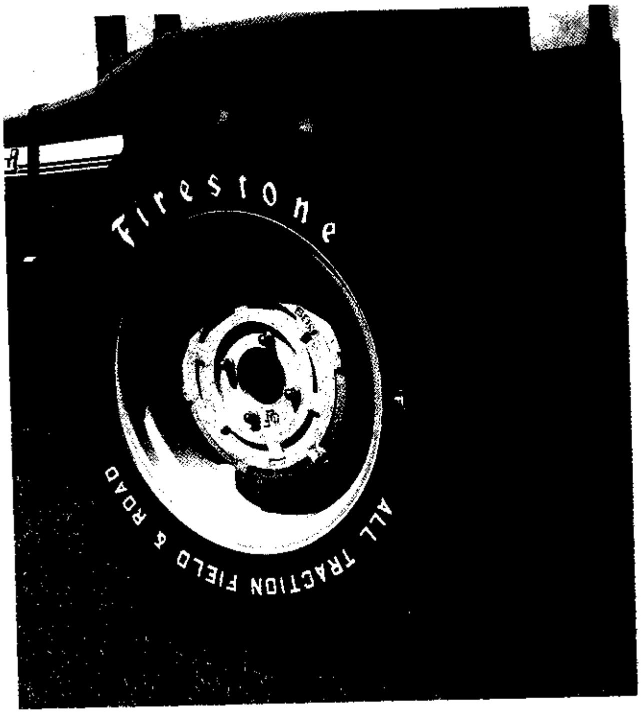
7. To transact any other buiness which may be transacted at an Annual General Meeting.

By Order of the Board.

ISSA TIMAMY,
COMPANY SECRETARY,
NAIROBI,
3RD MARCH, 1995.

NOTE: A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his behalf and such proxy need not be a member of the Company.
A form of proxy is enclosed.

The final dividend, if approved, will be paid on or about 7th April, 1995 to members on the register at the close of business on 20th March, 1995.



Our F151 rear tractor tyre is a driving force in Kenyan agriculture. Designed for our heavy soil conditions, the F151 creates minimal soil disturbance.

Mr. N. N. Merali, Chairman of the Company.

BACKGROUND

The year 1994 provided great challenges to Leaders of Industry and Trade, as Kenya continued its implementation of the Structural Adjustment Programmes. While the liberalisation of the economy is in the long term best interests of Trade, Industry and Consumers it has created short term dramatic changes in our operating environment. To maintain profitable levels in any economic endeavour, Management must adjust promptly to these changes.

Exchange rates, Interest rates and inflation reached all time highs during 1993. Commendably the Government was very successful in reducing all three rates in 1994 and by year end, the reported three month annualised inflation rate was below 10%. The shilling had greatly appreciated against major foreign currencies from a peak in excess of Sh.80/- per US dollar in 1993 to around Sh.45/- at the end of 1994.

In September 1994, this Company was converted to a public quoted Company. During the year exchange control regulations were further relaxed and the Nairobi Stock Exchange was opened to overseas investors. We were indeed one of the first companies to sell shares to non-residents in a primary issue.

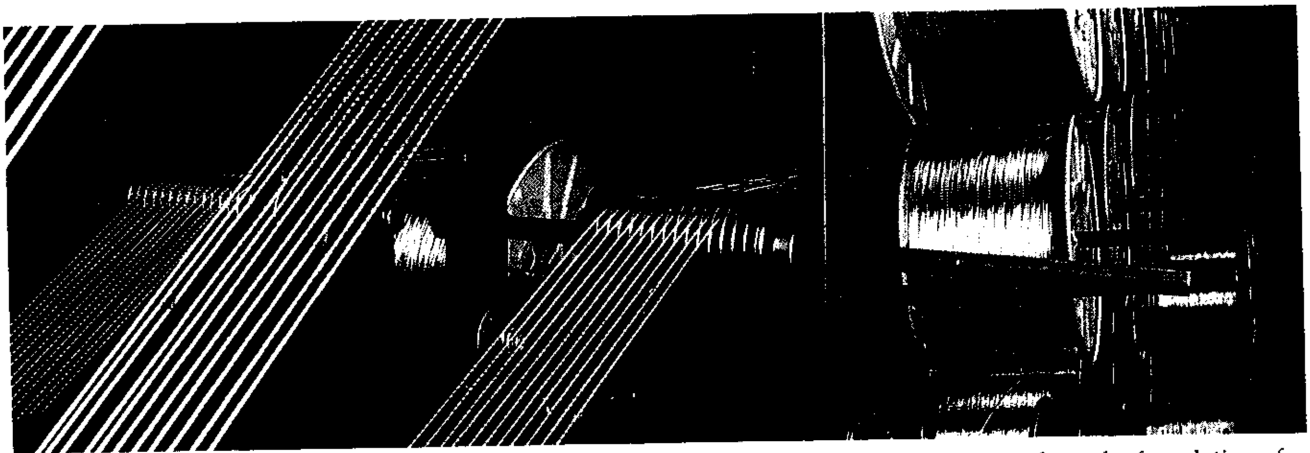
THE RESULTS

Despite the uncertainty about the business environment, I am pleased to report that our tyre sales totalled 492,000 Units in 1994 which was an increase of 12% or 51,000 Units over 1993 sales. This was a commendable performance taking into consideration the above mentioned economic environment.

Firestone is in a good financial position as a result of a long-standing conservative management policy, which has provided a sound base for sustained growth. As a result our Company's strength improved during the year with consolidated net assets increasing to Shs. 1.1 billion, an increase of Shs.120 million over 1993. Our level of profits provided a respectable Return on Assets of over 30%.

Sales by Product Category

Domestic passenger and tractor tyre sales were strong. Sales to our original equipment customers far exceeded expectations as these customers enjoyed the benefits of an improved business climate. Export sales were above expectations and significantly above 1993 as our traditional export markets also experienced economic growth.



Delicate yet strong. Brass coated steel wire is covered with rubber in the Steelastic machine to form the foundation of steel radial tyres, an increasingly important part of our business.

Domestic truck tyre sales declined during the middle of the year due to the availability of low priced imports. However sales in this category began to improve during the latter part of the year, driven by our aggressive marketing and advertising campaign featuring our warranty programme, an increased emphasis on fleet customer sales and service and a review of our pricing policies. We expect the upward trend in truck tyre sales to continue in 1995.

New Capital Expenditures - Equipment

In 1994 the Company completed capital expenditure projects totalling Shs. 156 million. These have increased production capacity and improved the quality of our products. We are now well prepared to produce the next generation of high quality tyres.

The biggest expenditure was on a new Banbury mixing machine installed and commissioned in December 1994. This state of the art machine provided much needed additional capacity for the future and will enable Firestone to further improve quality in this important first stage of tyre manufacturing.

Shilling Performance

During the year, the steep appreciation of the shilling meant that domestic prices had to be reduced to counter competition, but earlier imported and more expensive raw materials were being used in production. In addition each dollar in export sales realised fewer shillings. The cost of local materials, supplies and services continued largely at inflation impacted 1993 levels. In spite of this dual negative effect we accomplished an increase in both shilling and unit sales.

Although both shilling and unit sales increased, our net profit of Shs.494 million was lower than that of 1993. This was below our expectations and as previously explained, due mainly to factors beyond our control. A major emphasis on cost reduction by our Management team was immediately put in place, however this could not

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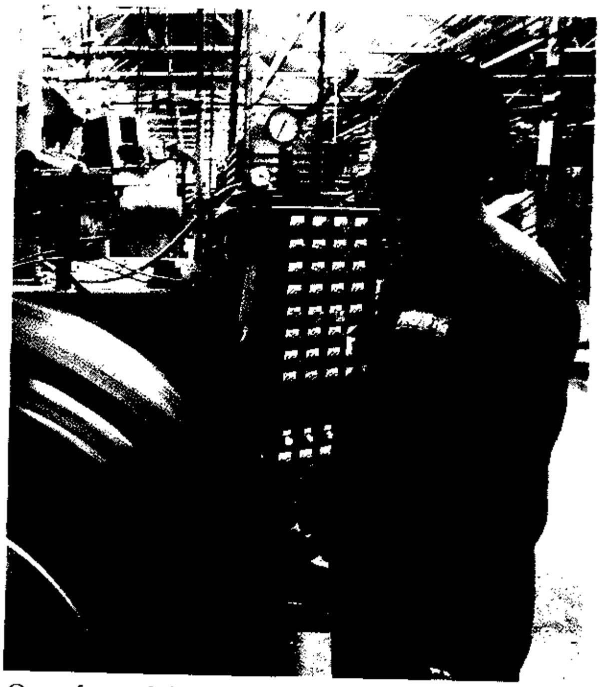


One of our skilled operators builds a tyre using the computerised RB 100 tyre assembly machine.

totally offset the effects of the appreciating Kenya shilling.

With regard to the Sameer Industrial Park Limited (SIP), it also suffered from high exchange losses on its US dollar deposits and rental income and, consequently, incurred a small shilling net loss for the year. At the year end SIP held US dollar deposits totalling 1.6 million dollars. These dollars will continue to be maintained in hard currency for future development. We expect SIP to return to its previous profitable levels in 1995.

For the convenience of the Company's non-resident shareholders the consolidated profit and loss account has been converted to US dollars at the exchange rates realised by the Company during 1993 and 1994. Without the exchange losses on SIP US dollar deposits and on the tyre business export proceeds, we would have been at 1993 dollar profit levels.

In summary, I believe that Firestone has successfully weathered the downturn, and is well positioned to participate in the renewed economic growth era we see ahead.

THE FUTURE

We believe that the future looks extremely positive. We foresee an increasing trend in Kenya's economic stability during 1995 and expect its consumption level to expand. Similarly, we expect the economies of our traditional export markets to expand. We therefore forecast an increased tyre demand resulting in increased sales and profits for the year 1995. The Company is certainly well positioned to take advantage of these long-term opportunities.

Having this objective and challenge ahead of us, we have instituted a rigorous yet prudent cost reduction programme, to continue streamlining our cost structure. We have put new emphasis on sales and marketing. We have identified new products like the new second tyre size in the popular MS212 design for four wheel drive vehicles and the HP3000 - 1 truck tyre line which will incorporate the latest technological know-how provided by Bridgestone/ Firestone, Inc. We will continue to develop our export markets.

Firestone will always strive to achieve excellence in performance, superiority in its finished products and a high degree of efficiency, utilising all available resources to the maximum benefit of employees, shareholders, customers and the community at large.

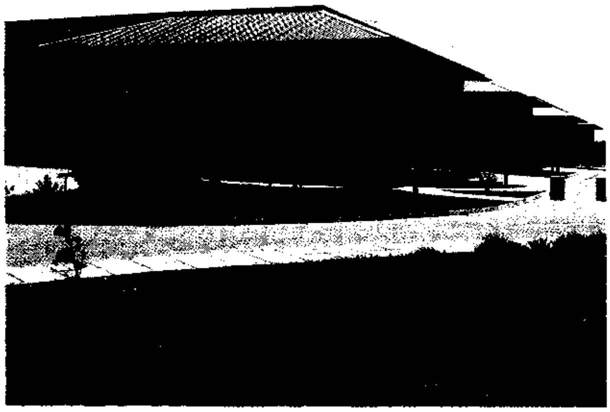
Needless to say, the Company will continue its long standing relationship with Bridgestone/Firestone, Inc. and will continue to utilise the benefit of their know-how and research to upgrade its production facilities and product quality to meet the ever changing needs of its customers.

DIVIDENDS

I am pleased to report that the Board of Directors are recommending a final dividend payment of 10% which translates to Shs.92,780,800/- in total. This will mean a total 1994 dividend payout of Shs.2.02 per share translating to Shs.374,437,000/- in total compared to the Shs.1.68 per share or Shs.311,478,000/- in total paid out during 1993.

In closing I would like to thank our Board of Directors, shareholders, employees, customers, suppliers and well wishers for their commitment to the success of our Company.

At the very beginning of our production process, our new Banbury mixer, with computer controls, enables us to mix more rubber to a higher standard than ever before.



Prestigious business units in Sameer Industrial Park.

N. N. Merali
Chairman

Nairobi
20th February 1995

DIRECTORS

MR N.N. MERALI
MR C.W. TABOR
MR J. KANYOTU
MR M.H. DA GAMA-ROSE
MR G.B. CRIGGER (ALTERNATE MR S.M.C. THOMSON)

SECRETARY

MR ISSA TIMAMY

The Directors present their report with the audited accounts for the year ended 31st December 1994.

PRINCIPAL ACTIVITIES:

The parent company, Firestone East Africa (1969) Limited manufactures and sells tyres and related products. The subsidiary, Sameer Industrial Park Limited leases out premises in an export processing zone. The company obtained a quotation on the Nairobi Stock Exchange on 21st November 1994, following a successful sale of shares to the public by the existing shareholders.

RESULTS:

The profit for the year and the appropriation thereof are set out in the profit and loss account on page 10.

DIVIDENDS:

During the year an interim dividend of Kshs. 281,656,000 was declared on 27th May 1994 and paid. The Directors propose a final dividend of Kshs. 92,780,800.

DIRECTORS:

The names of the Directors at 31st December 1994 are set out above.

Industrial and Commercial Development Corporation resigned as a Director on 20th May 1994.

In accordance with the Articles of Association, Mr J. Kanyotu retires by rotation and being eligible, offers himself for re-election.

AUDITORS:

The Auditors, Coopers & Lybrand, will continue in office in accordance with Section 159(2) of the Companies Act (Cap.486).

BY ORDER OF THE BOARD

MR ISSA TIMAMY,
SECRETARY,
NAIROBI.

10TH FEBRUARY 1995.

Firestone

REPORT OF THE AUDITORS TO THE
MEMBERS OF FIRESTONE EAST AFRICA (1969) LIMITED

We have audited the accounts set out on pages 10 to 21. The accounts of the Company on page 12 are in agreement with the books which have been properly kept. We obtained the information and explanations we required.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group as at 31st December 1994 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act (Cap.486).

Coopers & Lybrand
Certified Public Accountants of Kenya

Nairobi, 14th February 1995.

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CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1994

	Note	1994 Shs'000	1993 Shs'000	1994 US$'000	1993 US$'000
TURNOVER		2,818,033	2,654,028	50,872	37,088
GROUP OPERATING PROFIT BEFORE EXCHANGE LOSS/GAIN	1	833,900	930,756	14,596	12,948
EXCHANGE (LOSS)/GAIN		(43,966)	33,119	(832)	508
GROUP OPERATING PROFIT		789,934	963,875	13,764	13,456
TAXATION	3	(296,160)	(306,126)	(5,110)	(4,262)
PROFIT AFTER TAXATION		493,774	657,749	8,654	9,194
DIVIDENDS		374,437	311,478	6,562	4,354
RETAINED PROFITS/(LOSS)					
Firestone East Africa (1969) Limited		122,084	299,880	2,140	4,192
Subsidiary company: Sameer Industrial Park Limited		(2,747)	46,391	(48)	648
		119,337	346,271	2,092	4,840
		Kshs.	Kshs.	US$	US$
Earnings per Share	4	2.7	3.5	0.05	0.05

STATEMENT OF CONSOLIDATED RETAINED PROFITS

	Note	Shs'000	Shs'000
1 JANUARY	5	642,029	295,758
BONUS ISSUE		(596,448)	-
RETAINED PROFIT FOR THE PERIOD		119,337	346,271
31 DECEMBER		164,918	642,029

REPORT OF THE AUDITORS - PAGE 9
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES - PAGE 14
THE NOTES ON PAGES 15 TO 21 FORM PART OF THESE ACCOUNTS.

Firestone

CONSOLIDATED BALANCE SHEET
31ST DECEMBER 1994

	Note	1994 Shs'000	1993 Shs'000
FIXED ASSETS	6(a)	434,965	332,304
INVESTMENTS	7	95,440	95,440
CURRENT ASSETS			
Stocks and work in progress	9	766,684	855,738
Debtors		99,265	106,010
Bank balances and cash		94,933	112,112
		960,882	1,073,860
CURRENT LIABILITIES			
Bank overdraft	10	85,578	3,992
Creditors		235,086	257,990
Taxation		(14,884)	160,082
Dividends	11	92,781	106,151
		398,561	528,215
NET CURRENT ASSETS		562,321	545,645
		1,092,726	973,389
Financed by:-			
SHARE CAPITAL	12	927,808	331,360
RETAINED PROFITS	13(a)	164,918	642,029
		1,092,726	973,389

The accounts were approved by the Board of Directors on 10 February 1995 and signed on its behalf by:-

CLYDE W TABOR Director

MIRABEAU H DA GAMA-ROSE Director

REPORT OF THE AUDITORS - PAGE 9
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THE NOTES ON PAGES 15 TO 21 FORM PART OF THESE ACCOUNTS.

FIRESTONE EAST AFRICA (1969) LIMITED
BALANCE SHEET (THE COMPANY)
31ST DECEMBER 1994

Firestone

	Note	1994 Shs'000	1993 Shs'000
FIXED ASSETS	6(b)	433,781	330,990
INTEREST IN SUBSIDIARY	8	120,000	120,000
CURRENT ASSETS			
Stocks and work in progress	9	[illegible]	855,738
Debtors		[illegible]	98,426
Due from group company		[illegible]	-
Bank balances and cash		[illegible]	42,652
		884,132	996,816
CURRENT LIABILITIES			
Bank overdraft	10	85,578	3,992
Creditors		226,683	244,983
Taxation		(14,884)	160,082
Dividend	11	92,781	106,151
Due to group company		-	6,927
		390,158	522,135
NET CURRENT ASSETS		493,974	474,681
		1,047,755	925,671
Financed by:-			
SHARE CAPITAL	12	927,808	331,360
RETAINED PROFITS	13(b)	119,947	594,311
		1,047,755	925,671

The accounts were approved by the Board of Directors on 10th February 1995 and signed on its behalf by:-

CLYDE W TABOR Director

MIRABEAU H DA GAMA-ROSE Director

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Firestone

CONSOLIDATED STATEMENT OF SOURCE & APPLICATION OF FUNDS FOR THE YEAR ENDED 31ST DECEMBER 1994

	1994 Shs'000	1993 Shs'000
SOURCE OF FUNDS		
Operating profit	789,934	963,875
Adjustment for items not involving the movement of funds:-		
Depreciation	49,733	41,049
Profit on sale of fixed assets	(3,303)	(698)
Funds generated from operations	836,364	1,004,226
FUNDS FROM OTHER SOURCES		
Proceeds from sale of fixed assets	6,895	3,301
Decrease in stocks	89,054	-
Decrease in debtors	6,745	-
Total from all sources	939,058	1,007,527
APPLICATION OF FUNDS		
Purchase of fixed assets	155,987	96,044
Taxation paid	471,125	240,297
Dividend paid	387,807	214,213
Increase in debtors	-	17,515
Increase in stocks	-	507,670
Decrease in creditors	22,904	104,616
	1,037,823	1,180,355
	(98,765)	(172,828)
INCREASE / (DECREASE) IN LIQUID FUNDS		
Time deposits	-	(314,058)
Bank balance and cash	(17,179)	90,111
Bank overdraft	(81,586)	51,119
	(98,765)	(172,828)

REPORT OF THE AUDITORS - PAGE 9
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES - PAGE 14
THE NOTES ON PAGES 15 TO 21 FORM PART OF THESE ACCOUNTS.

FIRESTONE EAST AFRICA (1969) LIMITED
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Firestone

THE ACCOUNTS ARE PREPARED IN ACCORDANCE WITH THE HISTORICAL COST CONVENTION.
THE FOLLOWING IS A SUMMARY OF THE MORE IMPORTANT ACCOUNTING POLICIES USED:-

CONSOLIDATED ACCOUNTS

The consolidated accounts include the accounts of Firestone East Africa (1969) Limited and its subsidiary, Sameer Industrial Park Limited made up to 31st December 1994.

DEPRECIATION

Depreciation is calculated to write off the cost of the fixed assets on a straight line basis over the expected useful lives of the assets concerned. The annual rates used for this purpose are:-

Leasehold land	over the remaining useful life of the lease
Factory and office buildings	4.0%
Machinery and equipment	12.5%
Molds	33.33%
Motor vehicles	25.0%
Office furniture and fixtures	12.5%

Depreciation is charged on additions from the month following that in which the asset concerned is brought into use.

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined as the average cost of purchases and production for the last six months and includes transport and handling costs; in the case of manufactured products cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which the stock can be realised in the normal course of business after allowing for the costs of the realisation and, where appropriate, the cost of conversion from its existing state to a finished condition. Goods in transit are stated at cost. Provision is made for obsolete, slow moving and defective stocks.

BAD AND DOUBTFUL DEBTS

Specific provision is made for known doubtful debts. Bad debts are written off when all reasonable steps to recover them have been taken without success.

TURNOVER

Turnover of the group, which excludes VAT, is the aggregate invoice value of goods and services rendered.

FOREIGN CURRENCIES

Assets and liabilities expressed in foreign currencies, are translated to Kenya shillings at the rate of exchange ruling at period end. Differences on exchange are included in the profit and loss account. The Profit & Loss Account for the year has also been stated in US Dollars, using the average exchange rates realised by the Company during the year.

		1994 Shs'000	1993 Shs'000
1.	GROUP OPERATING PROFIT		
(a)	This is stated after charging:		
	Depreciation	49,733	41,049
	Audit fees excluding VAT (Company Kshs. 610,000 - 1993: Kshs. 764,000)	700	874
	Floatation expenses	34,725	-
(b)	and after crediting:		
	Interest receivable	12,004	14,948
2.	DIRECTORS' EMOLUMENTS		
	As Directors	1,316	1,125
	For Management	14,437	10,633
		15,753	11,758
3.	TAXATION		
	Underprovision in previous year	2,025	-
	At 37.5% on the taxable profit for the year as adjusted for tax purposes	294,135	306,126
		296,160	306,126

Tax assessments have been agreed with the Income Tax Department up to and including the year ended 31st December 1991.

4. EARNINGS PER SHARE

Earnings per share of Kshs. 2.7 each are calculated by reference to the profit of the group after taxation of Kshs. 493,774,000 (1993: Kshs. 657,749,000) based on 185,561,600 shares in issue as at 31st December 1994.

5. REVERSAL OF DEPRECIATION ON PREVIOUSLY REVALUED ASSETS

Following a decision by the Company in 1994 to carry their fixed assets at cost, the excess depreciation charged as at 31st December 1993 amounting to Shs. 275,116,000 has been reversed. The operating profit for 1993 has been increased by Shs. 182,298,000, being the excess depreciation for that year. The excess depreciation relating to prior years amounting to Shs. 92,818,440 and that relating to 1993, which had previously been transferred to retained profits from revaluation reserves, has been eliminated.

Firestone.

6. FIXED ASSETS

	Leasehold Land	Buildings	Machinery & Equipment
	Shs'000	Shs'000	Shs'000
(a) The Group			
COST:			
1st January 1994	107,176	312,522	2,020,279
Revaluation adjustment	(106,176)	(176,989)	(1,790,795)
As restated	1,000	135,533	229,484
Additions	-	-	-
Disposals	-	-	-
Transfers	-	20,520	115,221
31st December 1994	1,000	156,053	344,705
DEPRECIATION:			
1st January 1994	2,745	73,948	1,173,389
Revaluation adjustment	(172)	(33,261)	(835,016)
Excess depreciation in prior years	(2,573)	(11,401)	(176,162)
As restated	-	29,286	162,211
Charge for the period	10	4,988	16,416
On disposal	-	-	-
31st December 1994	10	34,274	178,627
NET BOOK VALUES:			
31st December 1994	990	121,779	166,078
31st December 1993	1,000	106,247	67,272

Molds	Motor Vehicles	Office Furniture & Fixtures	Capital Work in Progress	TOTAL
Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
322,594	67,423	88,517	96,448	3,014,959
(258,680)	2,575	(69,338)	-	(2,399,403)
63,914	69,998	19,179	96,448	615,556
-	-	-	155,987	155,987
-	(11,117)	-	-	(11,117)
10,566	33,806	3,492	(183,605)	-
74,480	92,687	22,671	68,830	760,426
208,387	28,788	56,842	-	1,544,099
(96,217)	24,425	(45,490)	-	(985,731)
(68,465)	(13,228)	(3,287)	-	(275,116)
43,705	39,985	8,065	-	283,252
11,676	14,463	2,180	-	49,733
-	(7,524)	-	-	(7,524)
55,381	46,924	10,245	-	325,461
19,099	45,763	12,426	68,830	434,965
20,209	30,014	11,114	96,448	332,304

6. FIXED ASSETS	Leasehold Land	Buildings	Machinery & Equipment
	Shs'000	Shs'000	Shs'000
(b) The Company			
COST:			
1st January 1994	107,176	312,522	2,020,077
Revaluation adjustment	(106,176)	(176,989)	(1,790,795)
As restated	1,000	135,533	229,282
Additions	-	-	-
Disposals	-	-	-
Transfers	-	20,520	115,221
31st December 1994	1,000	156,053	344,503
DEPRECIATION:			
1st January 1994	2,745	73,948	1,173,340
Revaluation adjustment	(172)	(33,261)	(835,016)
Excess depreciation in prior years	(2,573)	(11,401)	(176,162)
As restated	-	29,286	162,162
Charge for the year	10	4,988	16,391
Disposals	-	-	-
31st December 1994	10	34,274	178,553
NET BOOK VALUES:			
31st December 1994	990	121,779	165,950
31st December 1993	1,000	106,247	67,120

Molds Shs'000	Motor Vehicles Shs'000	Office Furniture & Fixtures Shs'000	Capital Work in Progress Shs'000	TOTAL Shs'000
322,594	66,690	87,498	96,448	3,013,005
(258,680)	2,575	(69,338)	-	(2,399,403)
63,914	69,265	18,160	96,448	613,602
-	129	-	155,987	156,116
-	(11,734)	-	-	(11,734)
10,566	33,806	3,492	(183,605)	-
74,480	91,466	21,652	68,830	757,984
208,387	28,437	56,603	-	1,543,460
(96,217)	24,425	(45,490)	-	(985,731)
(68,465)	(13,228)	(3,287)	-	(275,116)
43,705	39,634	7,826	-	282,613
11,676	14,279	2,053	-	49,397
-	(7,807)	-	-	(7,807)
55,381	46,106	9,879	-	324,203
19,099	45,360	11,773	68,830	433,781
20,209	29,632	10,334	96,448	330,990

6. FIXED ASSETS (continued)

(c) The audited accounts for the period up to 31st December 1993 included a revaluation of certain fixed assets of the Company. Following a decision in July 1994 to carry the fixed assets at cost, the surplus arising on revaluations carried out in 1991 and 1993 has been reversed out of the revaluation reserves (Note 13).

7. INVESTMENTS

	1994 Shs'000	1993 Shs'000
Investments comprise of rental property at the Sameer Export Processing Zone and are stated at cost	95,440	95,440

8. INTEREST IN SUBSIDIARY COMPANY (The Company)

Interest in subsidiary comprises of:-		
120,000 shares of Kshs. 1,000 each at cost	120,000	120,000

Sameer Industrial Park Limited is a 100% subsidiary of Firestone East Africa (1969) Limited, the results of which have been consolidated in these accounts.

9. STOCKS AND WORK IN PROGRESS

	1994 Shs'000	1993 Shs'000
Stocks and work in progress comprise:		
Goods in transit	333,982	205,771
Raw materials	141,918	380,227
Work in progress	25,894	41,050
Finished goods	180,832	174,438
Stores and supplies	84,058	54,252
	766,684	855,738

10. BANK OVERDRAFT

The Company's bank overdraft is not secured.

11. DIVIDENDS

	1994 Shs'000	1993 Shs'000
Unpaid dividends comprise:-		
1994 - Final dividend proposed	92,781	-
1993 - Interim dividend declared	-	48,163
1993 - Final dividend declared	-	57,988
	92,781	106,151

12. SHARE CAPITAL

(a) At an extraordinary general meeting of the Company held on 15th July 1994, it was resolved to increase the authorised share capital of the Company to Shs. 1,000,000,000 by the creation of 33,432,000 ordinary shares of Shs. 20 each to rank pari passu with the existing shares of the Company. The shareholders further approved the issue of bonus shares in the ratio of 18 to 10 by the application of Shs. 596,448,000 from the revenue reserves of the Company, subject to necessary approvals being obtained. The shareholders further resolved to subdivide each ordinary share of Shs. 20 each into four ordinary shares of Shs. 5 each to bring the total issued shares of the Company to 185,561,600 of Shs. 5 each.

		1994 Shs'000	1993 Shs'00
(b)	Authorised:	1,000,000	331,360
	Issued and fully paid:		
	At 1st January	331,360	331,360
	Bonus issue	596,448	-
	At 31st December	927,808	331,360

13. RESERVES

		Revaluation Reserves Shs'000	Retained Profit Shs'000	TOTAL Shs'000
(a)	THE GROUP			
	1st January	1,138,556	642,029	1,780,585
	Revaluation adjustment on restatement of fixed assets to cost	(1,413,672)	-	(1,413,672)
	Excess depreciation in prior years (Note 5)	275,116	-	275,116
	Bonus issue of shares	-	(596,448)	(596,448)
	Retained profit for the year	-	119,337	119,337
	31st December	-	164,918	164,918
(b)	THE COMPANY			
	1st January	1,138,556	594,311	1,732,867
	Revaluation adjustment on restatement of fixed assets to cost	(1,413,672)	-	(1,413,672)
	Excess depreciation in prior years (Note 5)	275,116	-	275,116
	Bonus issue of shares	-	(596,448)	(596,448)
	Retained profit for the year	-	122,084	122,084
	31st December	-	119,947	119,947

14. CAPITAL COMMITMENTS

	1994 Shs'000	1993 Shs'000
Authorised and contracted for	15,707	38,248
Authorised but not contracted	125,283	12,918
	140,990	51,166

15. GUARANTEES

Letters of credit outstanding and other guarantees	46,348	109,492

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FIRESTONE EAST AFRICA (1969) LIMITED
CONSOLIDATED TRADING AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1994

Firestone

	COMBINED SHS'000	FIRESTONE EAST AFRICA (1969) LTD SHS'000	SAMEER INDUSTRIAL PARK LTD SHS'000
Sales	2,818,033	2,818,033	-
Dealers' rebates	(28,523)	(28,523)	-
Net sales	2,789,510	2,789,510	-
Cost of goods	1,639,027	1,639,027	-
GROSS PROFIT	1,150,483	1,150,483	-
Rental income	32,763	-	32,763
Other income	17,860	15,821	2,039
	1,201,106	1,166,304	34,802
OVERHEAD EXPENDITURE			
Administration and selling	162,214	152,722	9,492
Advertising	25,115	24,874	241
Other	156,510	156,445	65
	343,839	334,041	9,798
FINANCIAL CHARGES			
Interest paid	15,994	15,994	-
Bank charges	7,373	7,320	53
Exchange losses	43,966	16,269	27,698
	67,333	39,583	27,751
	411,172	373,624	37,549
PROFIT/(LOSS) BEFORE TAXATION	789,934	792,680	(2,747)

FIRESTONE EAST AFRICA (1969) LIMITED

TRADING AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1994

Firestone

	1994 Shs'000	1993 Shs'000
Sales	2,818,033	2,654,028
Dealers' rebates	(28,523)	(30,108)
Net sales	2,789,510	2,623,920
Cost of goods sold	1,639,027	1,465,675
GROSS PROFIT	1,150,483	1,158,245
Other income	15,821	27,901
	1,166,304	1,186,146
OVERHEAD EXPENDITURE		
Administration and selling	152,722	89,083
Advertising	24,874	15,492
Other	156,445	144,686
	334,041	249,261
FINANCIAL CHARGES		
Interest paid	15,994	22,946
Bank charges	7,320	18,670
Exchange losses/(gains)	16,269	(22,215)
	39,583	19,401
	373,624	268,662
PROFIT BEFORE TAXATION	792,680	917,484

FIRESTONE EAST AFRICA (1969) LIMITED

LAST FIVE YEARS' FINANCIAL SUMMARY

Firestone

	YEARS ENDED 31st DECEMBER				
	1990 Shs'000	1991 Shs'000	1992 Shs'000	1993 Shs'000	1994 Shs'000
A. CONSOLIDATED PROFIT AND LOSS SUMMARY					
Turnover	1,304,273	1,494,856	1,708,250	2,654,028	2,818,033
Group operating profit	453,334	510,592	502,492	963,875	789,934
Taxation	197,681	213,710	188,270	306,126	296,160
Profit after taxation	255,653	296,882	314,222	657,749	493,774
Dividends (gross)	149,112	188,460	217,455	311,478	374,437
Retained profit transferred to revenue reserve	106,541	108,422	96,767	346,271	119,337
Earnings per share (Shs.)	1.4	1.6	1.7	3.5	2.7
Dividend per share (Shs.)	0.8	1.0	1.2	1.7	2.0
B. CONSOLIDATED BALANCE SHEET SUMMARY					
Fixed Assets	266,855	307,194	375,352	332,304	434,965
Investments	0	0	0	95,440	95,440
Deferred Taxation	6,823	4,384	0	0	0
Current Assets					
Stocks and work-in-progress	276,776	452,729	348,069	855,738	766,684
Debtors	208,185	312,498	88,496	106,011	99,265
Bank balances and cash	127,161	26,274	336,059	112,112	94,933
	612,122	791,501	772,624	1,073,861	960,882
Current Liabilities					
Bank Overdraft	0	133,758	55,112	3,992	85,578
Creditors	141,069	160,834	362,607	257,991	235,086
Taxation	240,687	148,472	94,254	160,082	(14,884)
Dividends payable	82,115	129,665	8,885	106,151	92,781
	463,871	572,729	520,858	528,216	398,561
Net Current Assets	148,251	218,772	251,766	545,645	562,321
NET ASSETS	421,929	530,350	627,118	973,389	1,092,726
Financed by:					
Share Capital	41,420	331,360	331,360	331,360	927,808
Reserves	380,509	198,990	295,758	642,029	164,918
SHAREHOLDERS' FUNDS	421,929	530,350	627,118	973,389	1,092,726