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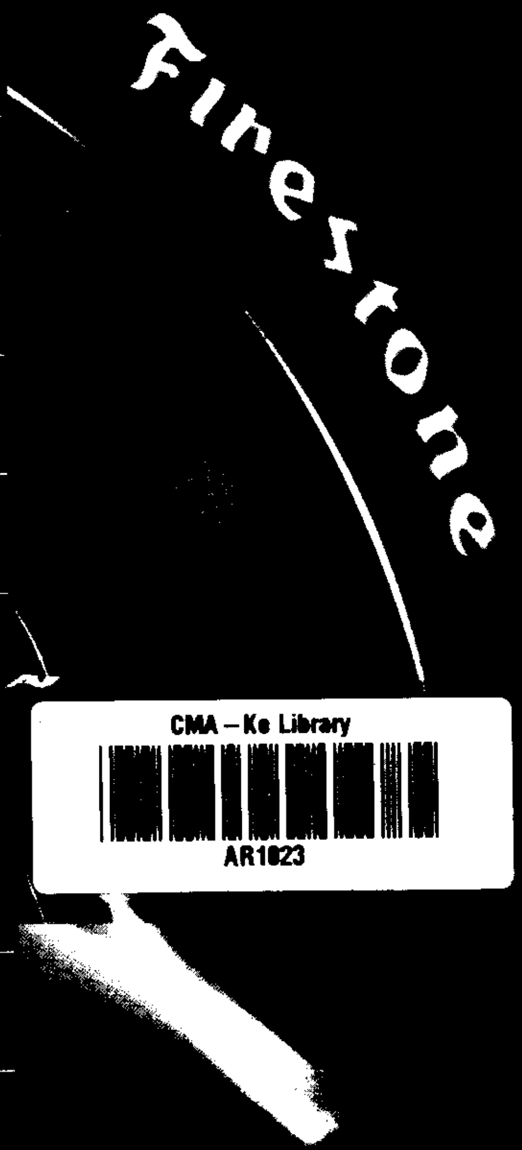


1. Sameer Africa -- Periodicals
2. Sameer Africa - Kenya - periodicals

Corporate Information

To the members of the Firestone East Africa (1969) Limited

BOARD OF DIRECTORS

Naushad Noorali Merali, C.B.S	Chairman
Hiroshi Yamazaki	Managing Director
Toshiyuki Yano	Technical Director
Mirabeau Humberto Da Gama-Rose	Non - Executive Director
James Kanyotu	Non- Executive Director
Iqbal Ismail Mandviwalla	Non- Executive Director

SECRETARY

Issa Abdalla Timamy	Certified Public Secretary

AUDITORS

PricewaterhouseCoopers

Certified Public Accountants

Rahimtulla Tower, Upper Hill Road

P.O. Box 43963, Nairobi

PRINCIPAL BANKERS

First American Bank of Kenya Limited

7th Floor, ICEA Building, Kenyatta Avenue

P.O. Box 30691, Nairobi

Standard Chartered Bank Kenya Limited

Stanbank House, Moi Avenue

P.O. Box 30003, Nairobi

SHARE REGISTRARS

Barclays Advisory & Registrar Services Limited

Barclays Plaza, Loita Street

P.O. Box 30120, Nairobi

REGISTERED OFFICE

L.R. NO: 12081

MOMBASA ROAD

P.O. Box 30429, Nairobi

2007/1023

All our products are ISO 9002 Certified.

Consolidated Profit and Loss Account

Firestone

For the year ended 31 December 2001

	Notes	2001 Shs'000	2000 Shs'000
Sales	1	**3,073,773**	2,686,256
Cost of sales		**(2,139,543)**	(1,745,727)
Gross profit		**934,230**	940,529
Other operating income	2	**53,271**	31,725
Distribution costs		**(31,189)**	(32,483)
Administrative expenses		**(134,444)**	(128,029)
Other operating expenses		**(375,691)**	(392,115)
Operating profit	3	**446,177**	419,627
Finance income/(costs)	5	**2,702**	(23,215)
Profit before tax		**448,879**	396,412
Tax	6	**(115,279)**	(103,928)
Net Profit attributable to the shareholders	7	**333,600**	292,484
Earnings per share		**Shs**	Shs
-basic	8	**1.20**	1.05
-diluted	8	**1.20**	1.05
Dividends:-			
Interim dividends - paid in the year	9	**139,171**	139,171
Proposed final dividend for the year	9	**139,171**	139,171
		278,342	278,342

Consolidated Balance Sheet

as at 31 December 2001

	Notes	2001 Shs'000	2000 Shs'000
CAPITAL EMPLOYED			
Share capital	10	**1,391,712**	1,391,712
Retained earnings		**547,611**	492,353
Translation reserve	11	**(23,984)**	(2,047)
Proposed dividend	9	**139,171**	139,171
Shareholders' funds		**2,054,510**	2,021,189
Non-current liabilities			
Deferred tax	13	**79,309**	77,108
Provisions for liabilities and charges	14	**63,485**	52,144
		142,794	129,252
		2,197,304	2,150,441
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	15(a)	**953,514**	995,134
Investment property	16	**95,440**	95,440
		1,048,954	1,090,574
Current assets			
Inventories	18	**1,249,131**	1,123,516
Trade and other receivables	19	**387,892**	392,671
Cash and cash equivalents	20	**126,863**	133,547
Tax recoverable		**11,512**	-
		1,775,398	1,649,734
Current liabilities			
Payables and accrued expenses	21	**618,418**	550,205
Current tax		**-**	19,662
Borrowings	12	**8,630**	20,000
		627,048	589,867
Net current assets		**1,148,350**	1,059,867
		2,197,304	2,150,441

The financial statements on pages 15 to 29 were approved by the board of directors on15th February, 2002 and signed on its behalf by:

Naushad Noorali Merali, CBS, Chairman

Hiroshi Yamazaki, Managing Director

Report of the auditors- page 14. Statement of principal accounting policies- page 21-22.
The notes on pages 23 to 29 form part of these accounts.

Ripoti ya Wakurugenzi

Kwa wanachama wa Firestone East Africa (1969) Limited

Wakurugenzi wanawasilisha ripoti yao pamoja na taarifa zilizokaguliwa za kifedha za mwaka ulioishia tarehe 31 Desemba 2001, ambayo inaarifu hali ya shughuli za kampuni na za kundi.

NCHI ILIKOANDIKISHWA

Kampuni imeandikishwa nchini Kenya chini ya sheria ya Makampuni na ina maskani Kenya.

SHUGHULI KUU ZA KAMPUNI

Shughuli kuu za kundi zinabakia utengenezaji, uingizaji wa bidhaa kutoka nje na uuzaji wa matairi,tyubu na ukodishaji wa majengo katika eneo la utengenezaji wa bidhaa nje (EPZ).

MATOKEO NA FAIDA

Faida ya jumla ya mwaka ya Shs 333,600,000 (2000: Shs 292,4B4,000) imeongezwa kwenye mapato yaliobakishwa.
Katika mwaka mgawo wa faida ya muda ya Shs 139,171,200 (2000: Shs 139,171,200) ililipwa.
Wakurugenzi wapendekeza idhini ya mgawo wa faida ya mwisho ya Shs 139,171,200 (2000: Shs 139,171,200).

MALENGO NA SERA ZA USIMAMIZI WA KIFEDHA

Shughuli za kundi zinaiacha wazi kwa hatari tofauti za kifedha, pamoja na hatari za mkopo na athari za mabadiliko katika deni la bei za soko, viwango vya ubadilishanaji wa fedha za kigeni na viwango vya riba.
Mpango wa jumla wa kundi wa usimamizi wa hatari unalenga kwenye kutotabirika kwa masoko ya kifedha na unajitahidi kupunguza athari mbaya zinazoweza kutokea kwenye utendaji wake wa kifedha miongoni mwa uchaguzi mchache uliopo Kenya kujikinga kutokana na hatari kama hizo.
Kundi lina sera kuhakikisha kuwa mauzo yanauzwa kwa wateja wenye historia ya mkopo ifaayo.

WAKURUGENZI

Wakurugenzi walioshikilia afisi katika mwaka na mpaka tarehe ya ripoti hii walikuwa:

Bw. N.N. Merali	(Mwenyekiti)
Bw. H. Yamazaki	(Mkurugenzi Msimamizi)
Bw. M.H. Da Gama-Rose	
Bw. J. Kanyotu	
Bw. T. Yano	
Bw. I.I. Mandviwalla	(Amechaguliwa tarehe 15 Februari 2002)

Kulingana na kifungu cha 94 cha Masharti na Kanuni za Kampuni, Bw. T. Yano anastaafu kwa zamu na, kwa kuwa anastahili, anajitolea kuchaguliwa tena.
Kulingana na kifungu cha 101 cha Masharti na Kanuni za Kampuni, Bw. I.I. Mandviwalla anastaafu na, kwa kuwa anastahili, anajitolea kuchaguliwa tena.

UMILIKAJI WA HISA NYINGI

Wakurugenzi wanafahamu kuhusu makampuni yanayofuata yanayomiliki asilimia 5 au zaidi ya rasilimali ya hisa zilizotolewa za Kampuni.

Sameer Investments Limited

Bridgestone Corporation ya Japan

KAMATI YA UKAGUZI

Kulingana na hitaji la makampuni yalioorodheshwa katika soko la hisa la Nairobi, kampuni ina kamati ya wakaguzi wasiokuwa wanachama watendaji wa Halmashauri na weledi wengine, ambao wako huru na shughuli za siku kwa siku za uendeshaji wa shughuli za kampuni.
Kamati ya ukaguzi inashughulikia mambo yote yanayohusiana na taarifa za kifedha na mifumo ya udhibiti wa ndani ya kampuni pamoja na wakaguzi huru wa fedha.

WAKAGUZI WA HESABU

Wakaguzi wa hesabu wa kampuni, PricewaterhouseCoopers, wanaendelea kuwa wakaguzi kuambatana na sehemu 159(2) ya Sheria za Makampuni.

Kwa amri ya Halmashauri

Issa A Timamy
Katibu wa Kampuni
15 Februari, 2002

Report of the Auditors / Ripoti ya Wakaguzi

To the members of the Firestone East Africa (1969) Limited / Kwa wanachama wa Firestone East Africa (1969) Limited

We have audited the financial statements set out on pages 15 to 29. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. The company's balance sheet on page 17 is in agreement with the books of account.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the group and the company. Our responsibility is to express an independent opinion on the financial statements based on our audit.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit includes an examination, on a test basis, of evidence supporting the amounts and disclosures in the financial statements. It also includes an assessment of the accounting policies used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements.

OPINION

In our opinion proper books of account have been kept and the financial statements give a true and fair view of the state of financial affairs of the group and of the company as at 31 December 2001 and of the group profit and cash flows for the year then ended and comply with International Accounting Standards and the Kenyan Companies Act.

PricewaterhouseCoopers
Certified Public Accountants
Nairobi
15 February, 2002

Tumekagua taarifa za kifedha zilizoonyeshwa katika ukurasa 15 hadi 29. Tumepata habari na maelezo yote ambayo kwa kadri tunavyojua na kuamini yalihitajika kutekeleza ukaguzi wetu. Taarifa za fedha kwenye ukurasa wa 17 zinakubaliana na vitabu vya hesabu.

MAJUKUMU BINAFSI YA WAKURUGENZI NA WAKAGUZI WA HESABU

Wakurugenzi wana jukumu la kutayarisha taarifa za fedha zinazotoa picha ya kweli na isiyo ya kupendelea ya hali ya shuguli za kampuni na kundi pamoja na faida na hasara yake. Jukumu letu ni kutoa maoni yasiyo ya mapendeleo kuhusu taarifa za fedha kufuatia ukaguzi wetu.

JINSI TULIVYOFIKIA MAONI YETU

Tulifanya ukaguzi wetu kwa kufuatana na viwango vya ukaguzi wa hesabu vya kimataifa. Viwango hivyo vinahitaji kuwa tupange na kutekeleza ukaguzi wetu ili kupata uhakika ufaao kuwa taarifa hizo za fedha hazina makosa. Ukaguzi unahusu upimaji ili kupata ushahidi unaothibitisha kiasi kinachoonyeshwa katika taarifa za fedha, pia kupima mbinu zilizotumika na makadirio muhimu yaliofanywa na wakurugenzi na pia utathmini wa wasilisho la taarifa za fedha kwa jumla.

MAONI

Kwa maoni yetu, vitabu vya hesabu vimewekwa kwa njia sahihi na taarifa za fedha zinaeleza kwa ukweli na bila ya upendeleo hali ya shughuli za kifedha za kundi na za kampuni kufikia tarehe 31 Desemba 2001 na za faida na mapato halisi ya kundi kwa mwaka ulioishia tarehe hiyo na zinakubaliana na viwango vya hesabu vya kimataifa na Sheria za Makampuni za Kenya.

PricewaterhouseCoopers
Kampuni Ya Wahasibu
Nairobi
15 Februari, 2002

Company Balance Sheet

Firestone

as at 31 December 2001

	Notes	2001 Shs'000	2000 Shs'000
CAPITAL EMPLOYED			
Share capital	10	**1,391,712**	1,391,712
Retained earnings		**512,833**	515,885
Proposed dividends	9	**139,171**	139,171
Shareholders' funds		**2,043,716**	2,046,768
Non-current liabilities			
Deferred tax	13	**83,136**	79,485
Provisions for liabilities and charges	14	**63,485**	52,144
		146,621	131,629
		2,190,337	2,178,397
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	15(b)	**917,495**	955,972
Other investments	17	**152,227**	152,227
		1,069,722	1,108,199
Current assets			
Inventories	18	**1,009,451**	908,927
Receivables and prepayments	19	**577,170**	640,721
Cash and cash equivalents	20	**109,251**	107,854
Tax recoverable		**28,757**	-
		1,724,629	1,657,502
Current liabilities			
Payables and accrued expenses	21	**595,384**	551,410
Current tax		**-**	15,894
Borrowings	12	**8,630**	20,000
		604,014	587,304
Net current assets		**1,120,615**	1,070,198
		2,190,337	2,178,397

The financial statements on pages 15 to 29 were approved by the board of directors on15th February, 2002 and signed on its behalf by:

Naushad Noorali Merali, CBS, Chairman

Hiroshi Yamazaki, Managing Director

Report of the auditors- page 14. Statement of principal accounting policies- page 21-22.
The notes on pages 23 to 29 form part of these accounts.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2001

	Notes	Share Capital Shs'000	Retained earnings Shs'000	Translation reserve Shs'000	Proposed Dividends Shs'000	Total Shs'000
Year ended 31 December 2000						
At start of year		1,391,712	478,211	447	139,171	2,009,541
Currency translation differences	11	-	-	(2,494)	-	(2,494)
Net profit		-	292,484	-	-	292,484
Dividends:						
- 1999 final (paid)		-	-	-	(139,171)	(139,171)
- Interim for 2000 (paid)	9	-	(139,171)	-	-	(139,171)
- Proposed final for 2000	9	-	(139,171)	-	139,171	-
At end of year		**1,391,712**	**492,353**	**(2,047)**	**139,171**	**2,021,189**
Year ended 31 December 2001						
At start of year		1,391,712	492,353	(2,047)	139,171	2,021,189
Currency translation differences	11	-	-	(21,937)	-	(21,937)
Net Profit		-	333,600	-	-	333,600
Dividends:						
- 2000 final (paid)		-	-	-	(139,171)	(139,171)
- Interim for 2001 (paid)	9	-	(139,171)	-	-	(139,171)
- Proposed final for 2001	9	-	(139,171)	-	139,171	-
At end of year		**1,391,712**	**547,611**	**(23,984)**	**139,171**	**2,054,510**

Company Statement of Changes in Equity

Firestone

For the year ended 31 December 2001

	Notes	Share Capital Shs'000	Retained earnings Shs'000	Proposed Dividends Shs'000	Total Shs'000
Year ended 31 December 2000					
At start of year		1,391,712	524,392	139,171	2,055,275
Net profit		-	269,835	-	269,835
Dividends:					
- 1999 final (paid)		-	-	(139,171)	(139,171)
- Interim for 2000 (paid)	9	-	(139,171)	-	(139,171)
- Proposed final for 2000	9	-	(139,171)	139,171	-
At end of year		**1,391,712**	**515,885**	**139,171**	**2,046,768**
Year ended 31 December 2001					
At start of year		1,391,712	515,885	139,171	2,046,768
Net Profit		-	275,290	-	275,290
Dividends:					
- 2000 final (paid)		-	-	(139,171)	(139,171)
- Interim for 2001 (paid)	9	-	(139,171)	-	(139,171)
- Proposed final for 2001	9	-	(139,171)	139,171	-
At end of year		**1,391,712**	**512,833**	**139,171**	**2,043,716**

Consolidated Cash Flow Statement

For the year ended 31 December 2001

	Notes	2001 Shs'000	2000 Shs'000
Operating activities			
Cash generated from operations	24	**558,488**	795,994
Interest received		**7,274**	1,559
Interest paid		**(359)**	(17,869)
Tax paid		**(144,251)**	(132,767)
Net cash from operating activities		**421,152**	646,917
Investing activities			
Purchase of property, plant and equipment	15(a)	**(161,760)**	(106,982)
Proceeds from disposals of plant and equipment		**2,023**	5,885
Rental income received		**47,763**	45,323
Net cash used in investing activities		**(111,974)**	(55,774)
Financing activities			
Dividends paid		**(278,342)**	(278,342)
Net cash used in financing activities		**(278,342)**	(278,342)
Increase in cash and cash equivalents		**30,836**	312,801
Movement in cash and cash equivalents			
At start of year		**113,547**	(189,855)
Increase		**30,836**	312,801
Exchange differences:			
Translation of net investment in foreign subsidiary		**(21, 937)**	(2,494)
Other movements		**(4,213)**	(6,905)
At end of year	**20**	**118,233**	113,547

Notice of Meeting / Ilani ya Mkutano

Firestone

Notice is hereby given that the 33rd Annual General Meeting of the Members will be held at the Company's premises off Mombasa Road, Nairobi on Thursday 28th March 2002 at 11.00 a.m. for the following purposes:

1. To confirm the minutes of the 32nd Annual General Meeting held on 30th March 2001.
2. To receive, consider and if deemed fit, adopt the financial statements for the year ended 31st December, 2001 together with the reports thereon of the Directors and of the Auditors.
3. To confirm the interim dividend of Shs 0.50 per share paid in August 2001 and to declare a final dividend of Shs 0.50 per share.
4. To elect Directors
   (i) T. Yano, a director retiring by rotation who being eligible offers himself for re-election.
   (ii) I.I. Mandviwalla, a director retiring, who being eligible offers himself for re-election.
5. To confirm the Directors' emoluments.
6. To appoint PricewatehouseCoopers as auditors for the ensuing year and authorise the Directors to fix the auditors remuneration.
7. To transact any other business which may be transacted at an Annual General Meeting.

By order of the Board

Issa Timamy
Company Secretary
Nairobi

15th February 2002

Notes

A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/her behalf and such a proxy need not be a member of the Company. The form of proxy is attached on page 31. The final dividend, if approved, will be paid on or about 30th April, 2002 to members on the register at close of business on 17th April, 2002.

Ilani inatolewa hapa kuwa mkutano wa thelathini na tatu (33) wa kila mwaka wa wanachama utafanyika katika majengo ya kampuni kando ya barabara ya Mombasa, Nairobi siku ya Alhamisi, tarehe 28 Machi, 2002 saa tano asubuhi kwa madhumuni yafuatayo:

1. Kuidhinisha yaliosemwa kwenye mkutano mkuu wa 32 wa kila mwaka uliofanyika tarehe 30 Machi, 2001.
2. Kupokea, kuchunguza na ikifikiriwa sawa kuidhinisha taarifa za fedha za mwaka uliomalizikia 31 Desemba, 2001 pamoja na taarifa za wakurugenzi na za wakaguzi wa hesabu.
3. Kuidhinisha malipo ya mgawo wa muda wa faida ya Shs 0.50 kwa kila hisa yaliyolipwa Agosti 2001, na kutangaza mgawo wa faida ya mwisho ya Shs 0.50 kwa kila hisa.
4. Kuchagua wakurugenzi
   (i) Bw. T. Yano mkurugenzi anayestaafu kwa zamu ambaye kwa kuwa anastahili, anajitolea kuchaguliwa tena.
   (ii) Bw. I.I. Mandviwalla mkurugenzi anayestaafu, ambaye kwa kuwa anastahili, anajitolea kuchaguliwa tena.
5. Kuidhinisha malipo ya wakurugenzi.
6. Kuteuwa PricewaterhouseCoopers kama wakaguzi wa vitabu vya fedha kwa mwaka unaofuata na kuidhinisha Wakurugenzi kuamua malipo ya wakaguzi wa vitabu vya fedha.
7. Kushughulikia jambo lingine lolote linaloweza kushughulikiwa katika mkutano mkuu wa kila mwaka.

Kwa amri ya Halmashauri

Issa Timamy
Katibu wa Kampuni
Nairobi

15 Februari, 2002

Maelezo Zaidi

Mwanachama mwenye haki ya kuhudhuria na kupiga kura katika mkutano huu anaweza kuchagua wakala kuhudhuria na kupiga kura kwa niaba yake na wakala huyo si lazima awe mwanachama wa kampuni. Fomu ya wakala imewekwa ukurasa 31. Ikiidhinishwa, malipo ya gawio la faida ya mwisho yatalipwa tarehe 30 Aprili, 2002 au wakati karibu na hapo kwa wanachama walio katika kitabu cha orodha ya majina kufikia wakati wa kufunga biashara tarehe 17 Aprili, 2002.

Firestone

N.N. Merali, CBS,
Chairman

Chairman's Statement

To the members of the Firestone East Africa (1969) Limited

It gives me pleasure to present the Company's annual report and financial statements for the period ended 31st December, 2001.

Business continued to suffer from the impact of the economic recession, absence of donor funding, lack of new investment and generally from the global slowdown.

The removal of trade barriers in the region and Comesa Countries presented new challenges in both, opportunities and threats. During the year we shipped our first consignment of tyres to Egypt. I am pleased to advise that market acceptance of our product is very encouraging with re-order levels increasing. This proves that the quality of our locally manufactured tyres can meet International Standards.

Our prudent business policy, conservative management of assets and working capital coupled with innovative measures in quality assurance resulting from the implementation of the ISO 9002 Standards and focus on our distribution network all make towards a sound Company with a promising future.

Your company continues to be a significant contributor to the economies of the East African region. During the year Firestone Group paid Kshs 933 million to the Treasury by way of taxes, duties, fees and levies.

RESULTS

I am pleased to report that overall results for the year showed an improvement over the previous year.

The company recorded a 14% growth in revenue and a 13% improvement in profit before tax over the previous year despite the adverse economic conditions and increased competition from cheap imports. Turnover rose above the Kshs 3 billion mark from Kshs 2.68 billion recorded in the previous year, to Kshs 3.07 billion for the year.

The reduction and removal of tariffs on our products in Tanzania and Egypt supported by strengthened sales activities resulted in improved regional sales. However, these were at prices which were comparatively low in relation to Kenya due to competition and as part of the Company's entry strategy into the market.

The increased regional sales together with the rapid devaluation of the Tanzania currency and our inability to effect meaningful price increases resulted in a decline in gross margins.

Overall costs were well controlled and contained below inflation levels due to stringent control measures.

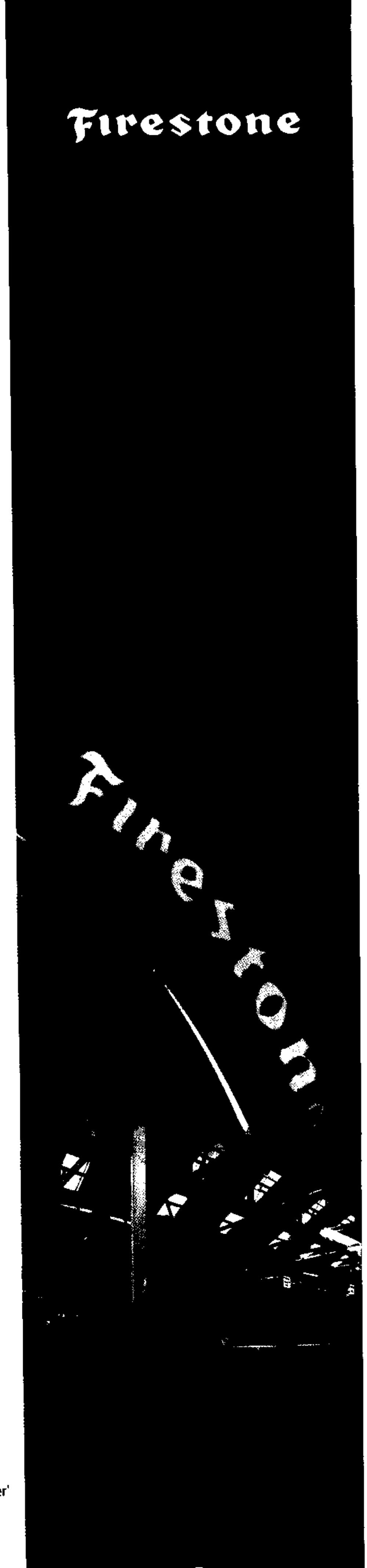
Our export processing zone was fully let out during the year. This, together with recoveries of doubtful debts and good treasury management all contributed towards increased 'other operating income' and reduced finance costs.

The Board of Directors recommend a final dividend of Kshs 0.50 (10%) per share bringing the total dividend for the year to Kshs 1.00 (20%) per share, which is at the same level as in the previous year.

MANUFACTURING

Our production volumes increased in response to improved sales and we maintained our focus on improving efficiencies and cost cutting activities during the year. This resulted in reduced conversion costs despite the high energy costs and increased raw materials and labour costs. Consequently, we were able to reduce our factory costs by 3% from the previous year.

The Kshs 124 Million capital investment in the factory was



The 'Squezee Calender' being commissioned.

OUTLOOK

With all the challenges facing the economy and the rising tempo of political activity in the run up to the general elections, the prospects for improvements in the domestic business environment, in the short term, are not very encouraging.

'Cheap imports' and the relatively high costs of production due to energy tariffs and infrastructure constraints are presenting an unlevel playing field.

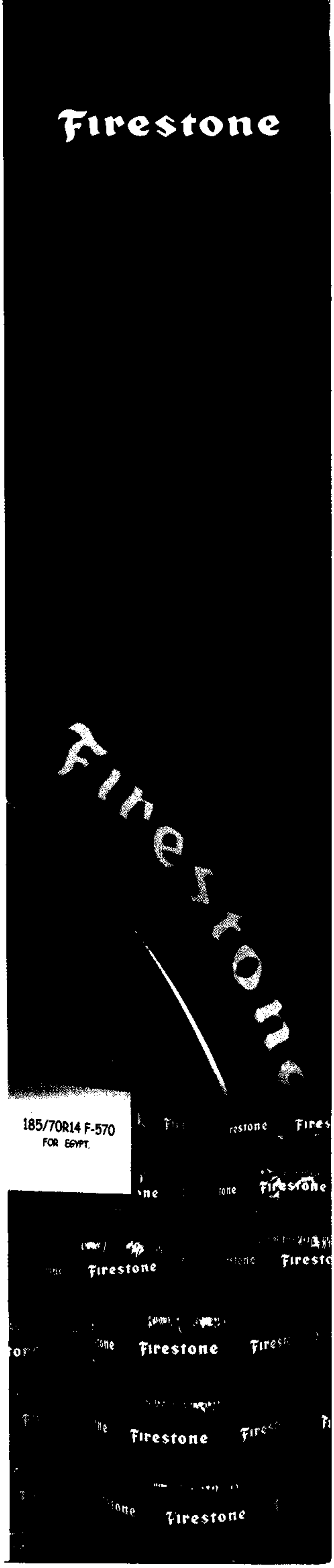
However, your company is up to the challenge and ready to exploit new opportunities. With the progress made towards the removal of trade barriers in the region and Comesa Countries, and our investment in new products and quality, we remain confident that the prospects for future growth are good.

We shall continue to consolidate and expand our strengths and leadership in the domestic market and aggressively pursue opportunities in the new emerging regional markets.

We shall continue to invest in innovative product development such as in the Truck and Bus tyres category and plan to launch the light Truck Bias Tyre-T447 in 2002.

Finally, I wish to thank my fellow Directors for their wise counsel, members of staff at all levels throughout the Organization for their diligence and contribution to the company's performance. Similarly, to all our esteemed customers, dealers, distributors and business associates for their custom and loyalty.

N.N. Merali, CBS
Chairman



Tyres ready for export to Egypt.

Firestone

Taarifa ya Mwenyekiti

Kwa wanachama wa Firestone East Africa (1969) Limited

Inanipa furaha kubwa kuwasilisha ripoti ya kila mwaka ya kampuni na taarifa za kifedha za kipindi kilichoishia 31 Desemba, 2001.

Biashara iliendelea kuathirika kutokana na athari ya mdororo wa uchumi, kutokuwepo kwa msaada wa wafadhili, ukosefu wa utegaji uchumi mpya na kwa jumla kutokana na kupunguka kwa shughuli za kiuchumi ulimwenguni.

Kuondolewa kwa vikwazo vya kibiashara katika eneo na nchi za Comesa kulileta vichocheo vipya katika zote fursa na vitisho. Katika mwaka huu tulisafirisha mzigo wetu wa kwanza wa matairi huko Misri. Ninafuraha kueleza kuwa kukubaliwa kwa bidhaa yetu katika soko kwatia moyo sana na viwango vya uagizaji tena vikiongezeka. Hili linathibitisha kuwa ubora wa utengenezaji wetu wa matairi nchini unaweza kukabiliana na viwango vya kimataifa.

Sera yetu ya kibiashara ya busara usimamizi wa hadhari wa rasilimali na fedha za kuendesha kazi pamoja na hatua za kiuvumbuzi katika uhakikisho wa ubora uliotokana na kutekelezwa kwa viwango vya ISO 9002 na kulenga kwenye mfumo wa ugawanyaji wetu, yote yamefanya kampuni kuwa imara yenye matarajio mema ya siku za usoni.

Kampuni yenu inaendelea kuwa mchangizi muhimu kwa chumi za eneo la Afrika Mashariki. Katika mwaka huu kundi la Firestone limelipa Kshs milioni 933 kwa hazina ya kitaifa kama kodi, ushuru, ada na malipo.

MATOKEO

Ninafuraha kuripoti kuwa matokeo ya jumla ya mwaka yameonyesha ongezeko kushinda mwaka uliopita.

Kampuni ilirekodi ukuaji wa asilimia 14 kwenye mapato na ongezeko la asilimia 13 katika faida kabla ya ushuru kushinda mwaka uliopita dhidi ya hali mbaya za kiuchumi na mashindano yalioongezeka kutokana na bidhaa rahisi za kutoka nje. Mapato

N.N. Merali, CBS, Mwenyekiti pamoja na Mkurugenzi, Bwana H. Yamazaki.

na matumizi yaliongezeka juu ya kiwango cha Kshs bilioni 3 kutoka kwa Kshs bilioni 2.68 zilizopatikana katika mwaka uliopita, na kuwa Kshs bilioni 3.07 mwaka huu.

Upunguzaji na kuondolewa kwa ushuru wa forodha wa bidhaa zetu nchini Tanzania na Misri kulikosaidiwa na kuimarika kwa shughuli za mauzo kulisababisha kuongezeka kwa mauzo ya eneo. Ingawa, hizi zilikuwa kwa bei ambazo zilikuwa chini kwa ulinganishi ikihusishwa na Kenya kutokana na mashindano na kama sehemu ya mkakati wa kampuni kuingia katika soko. Ongezeko la mauzo katika eneo pamoja na kushuka kwa haraka kwa thamani ya pesa za Tanzania na kutoweza kwetu kuongeza bei kwa kiasi cha maana kulisababisha kupungua kwa ujumla katika tofauti baina za bei halisi na bei za kuuzia.

Gharama za jumla zilidhibitiwa vizuri na kuzuiwa chini ya viwango vya kupanda kwa gharama za maisha kutokana na sheria kali za udhibiti.

Eneo letu la utengenezaji wa bidhaa nje lilikodishwa lote mwaka huu. Hili, pamoja na kulipwa kwa madeni ya wasiwasi na usimamizi mzuri wa hazina, yote yalichangia kwenye kuongezeka kwa 'mapato mengine ya kushughulikia' na kupungua kwa gharama za kifedha.

Halmashauri ya Wakurugenzi yapendekeza mgawo wa mwisho wa faida ya Kshs 0.50 (asilimia 10) kwa kila hisa inayofanya jumla ya faida kwa mwaka kuwa Kshs 1.00 (asilimia 20) kwa kila hisa, ambayo iko katika kiwango sawa na ile ya mwaka uliopita.

UTENGENEZAJI

Viwango vya uzalishaji wetu viliongezeka kutokana na kuongezeka kwa mauzo na tulidumisha kulenga kwetu kwenye kuongeza ufanisi, na shughuli za kupunguza gharama katika mwaka. Hili lilisababisha kupungua kwa gharama za ubadilishaji dhidi ya gharama za juu za nishati na kuongezeka kwa bei za

The new Light Truck tyre curing machine.

One of the many sales promotion activities undertaken to reach the end users.

Taarifa ya Mwenyekiti (Kuendelea)

Kwa wanachama wa Firestone East Africa (1969) Limited

malighafi na gharama za ufanyaji kazi. Kwa hivyo, tuliweza kupunguza gharama zetu za kiwanda kwa asilimia 3 kutoka za mwaka jana.

Utumizi wa Kshs milioni 124 katika kiwanda ulikuwa hasa niwakuendeleza ubora wa mashine na vielelezo vya bidhaa mpya. Uhakikisho wetu wa ubora umeimarishwa zaidi na utekelezaji wa kufaulu wa viwango vya ISO 9002 na juhudi za nguvu zilizofanywa kuimarisha ukaguzi wa bidhaa zilizotayari.

MAUZO NA UUZAJI

Kwa jumla, tulifikia ukuaji wa asilimia 12 katika mauzo dhidi ya hali ngumu za ufanyaji biashara. Mauzo yetu ya nchini yaliongezeka kwa asilimia 9 kupita mwaka uliopita hali mauzo ya kusafirishwa yaliongezeka kwa asilimia 24 kutokana na shughuli hima za mauzo na kupungua kwa ushuru wa bidhaa zetu nchini Tanzania na Misri.

Katika mwaka huu, tulihamisha ghala letu la Nakuru kwenye majengo makubwa zaidi kutokana na kupanuka kwa mauzo na tulifungua afisi wakilishi Arusha na afisi kama hiyo ikipangwa kufunguliwa huko Kampala mwaka huu.

Msisitizo wetu unaoendelea wa utoshekaji wa wateja, huduma za baada ya mauzo na maendeleo ya bidhaa unazalisha matokeo mazuri. Mwaka huu tulifaulu kuanzisha tairi la nyuma la Trakta - T131 na ruwaza ya TBS Lug - umbali wa zaidi ya kupita kiasi.

SAMEER INDUSTRIAL PARK LIMITED

Maeneo yote yanayoweza kukodishwa yalipangishwa katika mwaka na tulifikia asilimia 100 ya upangaji.

Sameer Industrial Park ilichangia Kshs milioni 41.8 kwa faida ya kundi ikilinganishwa na Kshs milioni 23.7 katika mwaka uliopita. Likizo ya miaka kumi ya ushuru wa EPZ inafikia mwisho mwaka huu. Halmashauri yenu inafikiria uwezekano wa kupanua EPZ kwa sababu ya kuongezeka kwa mahitaji kulikotokana na Sheria ya Ukuaji na Fursa ya Afrika (AGOA).

MTAZAMO

Kukiwa na vichocheo vyote vinavyokabili uchumi na kuongezeka kwa mwendo wa shughuli ya kisiasa kukaribia uteuzi mkuu, matarajio ya maendeleo katika mazingira ya biashara nchini ya muda mfupi, si ya kutia moyo sana.

'Bidhaa rahisi za nje' na gharama za juu kwa kiasi za uzalishaji kutokana na ushuru wa nishati na vipingamizi vya muundo msingi zinasababisha mashindano yasio sawa.

Ijapokuwa hivyo, kampuni yenu iko tayari kwa mashindano na kufuatia fursa mpya. Kutokana na maendeleo yaliofanywa kuelekea kuondolewa kwa vipingamizi vya biashara katika eneo na nchi za Comesa, na utegaji uchumi wetu katika bidhaa mpya na ubora, bado tuna imani kuwa matarajio ya ukuaji wa siku za usoni ni mazuri.

Tutaendelea kuimarisha na kuzidisha nguvu zetu na uongozi katika soko la nchini na kufuata kwa hima fursa katika masoko mapya yanayojitokeza katika eneo.

Tutaendelea kutega uchumi katika uvumbuzi wa maendeleo ya bidhaa kama vile katika viwango vya matairi ya lori na basi na kupanga kuanzisha tairi la lori dogo - T447 katika mwaka 2002. Mwisho, ningetaka kuwashukuru Wakurugenzi wenzangu kwa ushauri wao wa busara, wafanyikazi katika viwango vyote vya shirika lote kwa bidii na mchango wao katika utendaji wa kampuni. Pia, kwa wateja wetu wote wa heshima, wauzaji, wagawanyaji na washirika wa kibiashara kwa uteja na uaminifu wao.

N.N. Merali, CBS
Mwenyekiti

Ryce Tyre Centre
Mombasa.
A Bridgestone/Firestone
Fast Fit Centre.

Report of the Directors

To the members of the Firestone East Africa (1969) Limited

The directors submit their report together with the audited financial statements for the year ended 31 December 2001, which disclose the state of affairs of the group and company.

COUNTRY OF INCORPORATION

The company is incorporated in Kenya under the Companies Act and is domiciled in Kenya.

PRINCIPAL ACTIVITIES

The principal activities of the group remain the manufacture, importation and sale of tyres and tubes and letting of premises in an export processing zone.

RESULTS AND DIVIDEND

The net profit for the year of Shs 333,600,000 (2000: Shs 292,484,000) has been added to retained earnings.

During the year an interim dividend of Shs 139,171,200 (2000: Shs 139,171,200) was paid. The directors recommend the approval of a final dividend of Shs 139,171,200 (2000: Shs 139,171,200).

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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, 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 within the limited options available in Kenya to hedge against such risks.

The group has policies in place to ensure that sales are made to customers with an appropriate credit history.

DIRECTORS

The directors who held office during the year and to the date of this report were:

Mr N.N. Merali	(Chairman)
Mr H. Yamazaki	(Managing Director)
Mr M. H. Da Gama-Rose	
Mr J. Kanyotu	
Mr T. Yano	
Mr I. I. Mandviwalla	(Appointed on 15 February 2002)

In accordance with Article 94 of the Articles of Association, Mr. T. Yano retires by rotation and, being eligible, offers himself for re-election.

In accordance with Article 101 of the Articles of Association, Mr. I.I. Mandviwalla retires and, being eligible, offers himself for re-election.

SUBSTANTIAL SHAREHOLDINGS

The directors are aware of the following companies who held 5% or more of the issued share capital of the company.

Sameer Investments Limited

Bridgestone Corporation of Japan

AUDIT COMMITTEE

In accordance with the requirements for companies listed on the Nairobi Stock Exchange, the company has an Audit Committee comprising non-executive members of the Board and other professionals, who are independent of the day to day management of the company's operations.

The Audit Committee deals with all matters relating to the financial statements and internal control systems of the company in conjunction with the independent auditors.

AUDITORS

The company's auditors, PricewaterhouseCoopers, continue in office in accordance with Section 159(2) of the Companies Act.

By order of the Board

Issa A Timamy

Secretary

15 February 2002

Accounting Policies

For the year ended 31 December 2001

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements are prepared in accordance with and comply with International Accounting Standards. The financial statements are presented in Kenya Shillings (Shs) and prepared under the historical cost convention.

(b) Consolidation

The consolidated financial statements include the financial statements of Firestone East Africa (1969) Limited and its subsidiaries up to 31 December. All intra-group transactions are eliminated in full on consolidation and the unrealised profit on stocks held by the subsidiaries at the accounting date is also eliminated.

Income statements of foreign subsidiaries are translated into Kenya shillings at average exchange rates for the year and the balance sheets are translated at year end exchange rates. Exchange differences arising from the retranslation of the net investment in foreign subsidiaries are taken to the translation reserve in shareholders' equity.

(c) Revenue recognition

Sales are recognised upon delivery of products and performance of services, and are stated net of VAT and discounts. Interest income and rental income are recognised on an accruals basis, unless collectibility is in doubt.

(d) Translation of foreign currencies

Foreign currency transactions in Group companies are accounted for at the exchange rates prevailing at the date of the transactions: gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account. Such balances are translated at year-end exchange rates and differences arising therefrom dealt with in the profit and loss account.

(e) Investment property

Investment property is held for long term rental yields and is not occupied by the group. Investment property is treated as a long-term investment and is carried at cost.

On disposal of the investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

(f) Other investments

Other non-current investments are shown at cost and provision is only made where, in the opinion of the directors, there is a permanent diminution in value. Where there has been a permanent diminution in the value of an investment, it is recognised as an expense in the period in which the diminution is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

(g) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation.

Depreciation is calculated on the straight line basis to write down the cost of each asset to their residual values over their estimated useful life as follows:

Leasehold land	-	Over the remaining useful life of the lease
Factory and office buildings	-	25 years
Machinery and equipment	-	8 years
Molds, computers and software developments costs	-	3 years
Motor vehicles	-	4 years
Office furniture and fixtures	-	8 years

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

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 property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined as the average cost of purchases and production for the last six months and includes transport and handling costs. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads based on the normal level of activity, but excludes interest expense. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(i) Trade receivables

Trade receivables are carried at original invoiced amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off in the year in which they are identified.

(j) Employee entitlements

Employee entitlements to gratuity awards are recognised when they accrue to employees. A provision is made for the estimated liability for such entitlements as a result of services rendered by employees up to the balance sheet date.

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

(k) Deferred tax

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax rates at the balance sheet date are used to determine deferred tax.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

(l) Retirement benefit obligations

The company operates a defined contribution retirement benefit scheme for all the group employees. The assets of the scheme are held in a separate trustee administered fund that is funded by contributions from both the group companies and employees.

The group's contributions to the defined contribution retirement benefit scheme are charged to the profit and loss account in the year to which they relate.

(m) 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.

Notes forming part of the Financial Statement

For the year ended 31 December 2001

1 Segment information

The directors consider the group to comprise of one business segment, which is the manufacture and sale of tyres and tubes by the parent company, Firestone East Africa (1969) Limited, with distribution extensions through wholly owned subsidiaries in Uganda and Tanzania.

Analysis of turnover is as follows:

	2001 Shs'000	2000 Shs'000
(a) By products		
Tyres	**2,838,240**	2,463,203
Tubes	**235,533**	223,053
	3,073,773	2,686,256
(b) By markets		
Domestic	**2,315,394**	2,153,365
Export	**758,379**	532,891
	3,073,773	2,686,256

2 Other operating income

	2001 Shs'000	2000 Shs'000
Net income from investment property	**41,822**	23,706
Profit on sale of plant and equipment	**1,170**	4,850
Miscellaneous income	**10,279**	3,169
	53,271	31,725

3 Operating profit

The following items have been charged in arriving at the operating profit:

	2001 Shs'000	2000 Shs'000
Depreciation on property, plant and equipment (Note 15(a)	**202,527**	219,115
Investment property operating expenses	**13,216**	12,711
Staff costs (note 4)	**309,231**	281,511
Auditors' remuneration (Parent company: Shs 1,550,000, 2000: Shs 1,550,000)	**2,050**	2,050

4 Staff costs

The following items are included within staff costs:

	2001 Shs'000	2000 Shs'000
Retirement benefits costs - defined contribution plan	**6,282**	5,838

	2001 Number	2000 Number
The number of persons employed by the group at the year end was:		
Full time	**645**	651
Part time	**32**	18

5 Finance income/(costs)

	2001 Shs'000	2000 Shs'000
Interest income	**7,274**	1,559
Net foreign exchange loss	**(4,213)**	(6,905)
Interest expense	**(359)**	(17,869)
Net finance income/(costs)	**2,702**	(23,215)

Notes forming part of the Financial Statement (Continued)

For the year ended 31 December 2001

		2001 Shs'000	**2000 Shs'000**
6	**Tax**		
	Current tax	**113,078**	139,882
	Deferred tax (Note 13)	**2,201**	(35,954)
		115,279	103,928
	The tax on the group's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:		
	Profit before tax	**448,879**	396,412
	Tax calculated at a tax rate of 30% (2000 - 30%)	**134,664**	118,924
	Tax effect of:		
	Income not subject to tax	**(20,739)**	(15,481)
	Expenses not deductible for tax purposes	**3,845**	2,740
	(Over)/Under - provision in prior years	**(2,491)**	578
	Other	-	(2,833)
	Tax charge	**115,279**	103,928

7 Profit attributable to the shareholders

Included in profit attributable to shareholders is Shs 275,290,491 (2000: Shs 269,835,704) which is dealt with in the financial statements of the parent company.

8 Earnings per share

The basic earning per share of Shs 1.20 (2000: Shs 1.05) each are calculated by reference to the profit of the group after tax of Shs 333,600,000 (2000: Shs 292,484,626) based on 278,342,400 shares in issue. There were no potentially dilutive shares outstanding at 31 December 2001 or 2000.

9 Dividends per share

Proposed dividends are accounted for as a separate component of equity until they have been ratified at the annual general meeting. At the annual general meeting, to be held on 28 March 2002, a final dividend in respect of the year ended 31 December 2001 of Shs 0.50 per share amounting to a total of Shs 139,171,200 will be proposed. During the year an interim dividend of Shs 0.50 per share, amounting to a total of Shs 139,171,200 was paid. The total dividend for the year is therefore Shs 1.00 per share (2000: Shs 1.00), amounting to a total of Shs 278,342,400 (2001: Shs 278,342,400).

Payment of dividends is subject to withholding tax at a rate of either 5% or 10%, depending on the residence of the respective shareholders.

10	**Share capital**	**Number of shares**	**Ordinary shares Shs'000**
	Balance at 1 January 2001 and at 31 December 2001	278,342,400	1,391,712

The total authorised number of ordinary shares is 300,000,000 with a par value of Shs 5.00 per share. All issued shares are fully paid.

11	**Translation reserve (Group)**	**2001 Shs'000**	**2000 Shs'000**
	At start of year	**(2,047)**	447
	Currency translation differences	**(21,937)**	(2,494)
	At end of year	**(23,984)**	(2,047)

	2001 Shs'000	2000 Shs'000
12 Borrowings (Group and company)		
Current:		
Bank overdrafts	**8,630**	20,000

The bank overdrafts are unsecured. The weighted average effective interest rate on the bank overdrafts was 8.5% (2000: 9%).

The facilities expiring within one year are annual facilities subject to review at various dates during the year.

In the opinion of the directors, the carrying amounts of bank overdrafts approximate to their fair value. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that directors expect would be available to the company at the balance sheet date.

13 Deferred tax

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 30% (2000: 30%). The movement on the deferred tax account is as follows:

	Group		Company	
	2001 Shs'000	2000 Shs'000	2001 Shs'000	2000 Shs'000
At start of year	**77,108**	113,062	**79,485**	113,062
Income statement charge/credit) (Note 6)	**2,201**	(35,954)	**3,651**	(33,577)
At end of year	**79,309**	77,108	**83,136**	79,485

Deferred tax assets and liabilities and deferred tax charge/(credit) in the profit and loss account are attributable to the following items:

	1.1.01 Shs'000	Charged/ (credited) to P/L Shs'000	31.12.01 Shs'000
(a) Group:			
Deferred tax liabilities			
Property, plant and equipment			
- on historical cost basis	99,031	2,781	**101,812**
Other deductible temporary differences	-	4,410	**4,410**
	99,031	7,191	**106,222**
Deferred tax assets			
Provisions	(17,271)	(3,890)	**(21,161)**
Other deductible temporary differences	(4,652)	(1,100)	**(5,752)**
	(21,923)	(4,990)	**(26,913)**
Net deferred tax liability	77,108	2,201	**79,309**
(b) Company:			
Deferred tax liabilities			
Property, plant and equipment			
- on historical cost basis	97,110	2,777	**99,887**
Other deductible temporary differences	-	4,410	**4,410**
	97,110	7,187	**104,297**
Deferred tax assets			
Provisions	(17,271)	(3,890)	**(21,161)**
Other deductible temporary differences	(354)	354	**-**
	(17,625)	(3,536)	**(21,161)**
Net deferred tax liability	79,485	3,651	**83,136**

For the year ended 31 December 2001

	2001 Shs'000	2000 Shs'000
14 Provisions for liabilities and charges (Group and company)		
Gratuity awards		
At start of year	**52,144**	36,421
Additional provisions	**13,539**	16,453
Utilised during the year	**(2,198)**	(730)
At end of year	**63,485**	52,144
Less: non-current liabilty	**(63,485)**	(52,144)
Current portion	-	-

15 Property, plant and equipment

	Land & buildings Shs'000	Plant & machinery Shs'000	Vehicles & equipment Shs'000	Capital WIP Shs'000	Total Shs'000
(a) Group					
Cost:					
At start of year	314,645	1,442,780	285,560	34,762	2,077,747
Additions	-	-	38,557	123,203	161,760
Disposals	-	-	(14,831)	-	(14,831)
Transfers	3,040	131,253	-	(134,293)	-
At end of year	317,685	1,574,033	309,286	23,672	2,224,676
Depreciation					
At start of year	73,237	795,015	214,361	-	1,082,613
Charge for the year	10,793	154,791	36,943	-	202,527
On disposals	-	-	(13,978)	-	(13,978)
At end of year	84,030	949,806	237,326	-	1,271,162
Net book amount:					
At 31 December 2001	**233,655**	**624,227**	**71,960**	**23,672**	**953,514**
At 31 December 2000	241,408	647,765	71,199	34,762	995,134
(b) Company					
Cost:					
At start of year	284,079	1,442,578	269,438	34,762	2,030,857
Additions	-	-	36,188	122,664	158,852
Disposals	-	-	(14,831)	-	(14,831)
Transfers	2,501	131,252	-	(133,753)	-
At end of year	286,580	1,573,830	290,795	23,673	2,174,878
Depreciation:					
At start of year	71,683	794,027	209,175	-	1,074,885
Charge for the year	9,400	154,791	32,285	-	196,476
On disposals	-	-	(13,978)	-	(13,978)
At end of year	81,083	948,818	227,482	-	1,257,383
Net book amount:					
At 31 December 2001	**205,497**	**625,012**	**63,313**	**23,673**	**917,495**
At 31 December 2000	212,396	648,551	60,263	34,762	955,972

	2001 Shs'000	2000 Shs'000
16 Investment property (Group)		
Rental property at the Sameer Export Processing Zone and is stated at cost	**95,440**	95,440

The fair value of the property as at 31 December 2001, based on directors' valuation on the basis of open market value, was Shs 150 million.

17 Other investments (Company)

Other investments comprise investments in the shares of wholly owned subsidiary companies at cost as follows:

	2001 Shs'000	2000 Shs'000
Sameer Industrial Park Limited	**120,000**	120,000
Firestone East Africa (Uganda) Limited	**32,133**	32,133
Firestone East Africa (Tanzania) Limited	**94**	94
	152,227	152,227

The details of the subsidiary companies are as follows:

Company	Share Capital	Country of incorporation	Principal activity
Sameer Industrial Park Ltd	Kshs 120,000,000	Kenya	Letting of premises in an Export Processing Zone
Firestone E.A (Uganda) Ltd	Ushs 685,000,000	Uganda	Distribution of tyres and tubes
Firestone E.A (Tanzania) Ltd	Tshs 1,000,000	Tanzania	Distribution of tyres and tubes

18 Inventories

	Group		Company	
	2001 Shs'000	2000 Shs'000	2001 Shs'000	2000 Shs'000
Raw materials (at cost)	**338,868**	206,598	**338,868**	206,598
Stores and supplies (at cost)	**61,646**	63,798	**61,646**	63,798
Work in progress (at cost)	**40,540**	54,340	**40,540**	54,340
Finished goods (at cost)	**808,077**	798,780	**568,397**	584,191
	1,249,131	1,123,516	**1,009,451**	908,927

19 Receivables and prepayments

Trade Receivables	**306,806**	329,941	**215,987**	262,258
Receivables from related companies (Note 25)	**20,192**	7,637	**20,192**	7,637
Prepayments	**31,312**	19,500	**2,364**	4,905
Receivables from subsidiary	-	-	**322,856**	328,582
Dividend receivable from subsidiary	-	-	-	25,000
Dther receivables	**29,582**	35,593	**15,771**	12,339
	387,892	392,671	**577,170**	640,721

20 Cash and cash equivalents

Cash at bank and in hand	**126,863**	133,507	**109,251**	107,854

For the purposes of the consolidated cash flow statement, the year end cash and cash equivalents comprise the following:

	2001 Shs'000	2000 Shs'000
Cash and bank balances as above	**126,863**	133,547
Bank overdrafts (Note 12)	**(8,630)**	(20,000)
	118,233	113,547

21 Payables and acrued expenses

	Group		Company	
	2001	2000	2001	2000
	Shs'000	Shs'000	Shs'000	Shs'000
Trade payables	**382,200**	387,388	**356,466**	375,229
Payables to subsidiary	-	-	**29,042**	49,989
Payables to related companies (Note 25)	**81,358**	34,355	**81,358**	34,355
VAT payable	**11,054**	22,784	**11,054**	22,784
Accrued expenses	**143,806**	105,678	**117,464**	69,053
	618,418	550,205	**595,384**	551,410

22 Contingent liabilities

At 31 December 2001 the company had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business amounting to Shs 13,297,080 (2000: Shs 13,297,080).

23 Commitments

Capital commitments

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

	2001	2000
	5hs'000	Shs'000
Property, plant and equipment	**170,926**	159,780

24 Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

Profit before tax	**448,879**	396,412
Adjustments:		
Depreciation (note 15(a))	**202,527**	219,115
Profit on sale of plant and equipment (note 2)	**(1,170)**	(4,850)
Interest income (note 5)	**(7,274)**	(1,559)
Rental Income	**(47,763)**	(45,323)
Interest expense (note 5)	**359**	17,869
Changes in working capital		
- receivables and prepayments	**4,778**	36,885
- Inventories	**(125,615)**	33,664
- Payables and accrued expenses	**68,213**	121,153
- provision for liabilities and charges	**11,341**	15,723
Effects of exchange rate movement	**4,213**	6,905
Cash generated from operations	**558,488**	795,994

25 Related party transactions

The ultimate parent company is Sameer Investments Limited, a company incorporated in Kenya. There are other companies which are related to Firestone East Africa (1969) Limited through common shareholdings or common directorships.

The following transactions were carried out with related parties:

	2001 Shs'000	2000 Shs'000
(i) Purchase of goods and services		
Bridgestone/Firestone Inc.	**275,414**	173,713
Ryce Motors Limited	**10,603**	3,114
	286,017	176,827
(ii) Sales of goods		
Ryce Motors Limited	**86,873**	44,075

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

(iii) Technical service fees

The fees payable to Bridgestone/Firestone Inc. of Nashville, USA during the year for technical servises amounts to Shs 77,911,258 (2000: Shs 73,217,000).

	2001 Shs'000	2000 Shs'000
(iv) Outstanding balances arising from sale and purchase of goods/services		
Receivables from :		
Ryce Motors Limited	**20,192**	7,637
Payables to:		
Bridgestone/Firestone Inc.	**78,040**	34,248
Ryce Motors Limited	**3,318**	107
	81,358	34,355
(v) Directors' remuneration		
-fees	**3,744**	2,496
-management	**28,360**	31,441

Group Five Year Financial Record

For the year ended 31 December 2001

	1997 Shs. '000	1998 Shs.'000	1999 Shs. '000	2000 Shs.'000	2001 Shs.'000
Consolidated profit and loss summary					
Turnover	3,449,463	3,280,145	2,843,187	2,686,256	**3,073,773**
Group operating profit	937,557	901,241	576,945	396,412	**448,879**
Taxation	(267,036)	(311,270)	(186,656)	(103,928)	**(115,279)**
Profit after taxation	670,521	589,971	390,289	292,484	**333,600**
Dividends (gross)	(463,904)	(417,514)	(278,342)	(278,342)	**(278,342)**
Retained profit transferred to revenue reserve	206,617	172,457	111,947	14,142	**55,258**
Earnings per share (shs)	2.41	2.12	1.40	1.05	**1.20**
Dividend per share (shs)	1.67	1.50	1.00	1.00	**1.00**
Shares in issue (000s)	278,342	278,342	278,342	278,342	**278,342**
Consolidated balance sheet summary					
Fixed assets	932,145	1,054,135	1,108,302	995,134	**953,514**
Investments	95,440	95,440	95,440	95,440	**95,440**
	1,027,585	1,149,575	1,203,742	1,090,574	**1,048,954**
Current assets:					
Stocks and work-in-progress	990,253	989,566	1,157,180	1,123,516	**1,249,131**
Debtors	365,373	470,288	429,556	392,671	**387,892**
Bank balances and cash	113,521	48,498	58,444	133,547	**126,863**
Tax recoverable	-	-	-	-	**11,512**
	1,469,147	1,508,352	1,645,180	1,649,734	**1,775,398**
Current liabilities:					
Bank overdraft	60,726	53,869	248,299	20,000	**8,630**
Creditors	486,179	526,905	465,473	602,349	**681,903**
Taxation	(13,388)	2,602	12,547	19,662	**-**
	533,517	583,376	726,319	642,011	**690,533**
Net current assets	935,630	924,976	918,861	1,007,723	**1,084,865**
Non current liabilities:					
Deferred taxation	-	(185,287)	(113,062)	(77,108)	**(79,309)**
Net assets	**1,963,215**	**1,889,264**	**2,009,541**	**2,021,189**	**2,054,510**
Financed by:					
Share capital	927,808	1,391,712	1,391,712	1,391,712	**1,391,712**
Retained earnings	757,065	302,712	478,211	492,353	**547,611**
Translation reserve	-	-	447	(2,047)	**(23,984)**
Proposed dividend	278,342	194,840	139,171	139,171	**139,171**
Shareholders' funds	**1,963,215**	**1,889,264**	**2,009,541**	**2,021,189**	**2,054,510**

Note: *The comparative figures for 1997 have not been restated for the effect of adoption of the International Accounting Standard (IAS)*

Form of Proxy

Firestone

I/We ____

of ______________________ being (a) member/s of Firestone East Africa (1969) Limited, do hereby appoint ______________________ or failing him/her, the duly appointed Chairman of the meeting to be my/our Proxy, to vote for me/us at the Annual General Meeting of the Company to be held at the Company's Premises off Mombasa Road, Nairobi, on Thursday 28 March 2002 and at any adjournment thereof.

As witness my/our hand(s) this ____________ day of ______________2002.

Signature ______________________________

Unless otherwise indicated, the Proxy will vote as he/she thinks fit.

Notes: 1. To be valid this proxy must be deposited at the Registered Office of the Company not less than 24 hours before the time appointed for holding the meeting.

2. If the appointer is a corporation, the proxy must be executed under its common seal or under the hands of an officer or Attorney duly authorised in writing.

Fomu ya Uakilishi

Mimi/Sisi ____

wa ______________________ nikiwa/tukiwa mwanachama/wanachama wa Firestone East Africa (1969) Limited, namchagua/twamchagua ______________________ au akikosa yeye, Mwenyekiti aliyechaguliwa kuwa kama mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/yetu kwenye mkutano mkuu wa mwaka wa kampuni utakaofanyika katika majengo ya kampuni, kando ya Mombasa Road, Nairobi, siku ya tarehe 28 March 2002 na kwenye uahirishwaji wake wowote.

Kama ushahidi wangu/wetu hii sikuya ______________________ mwezi wa 2002.

Sahihi ______________________________

Isipokuwa ikishauriwa vingine, mwakilishi atapiga kura anavyofikiria mwenyewe.

Maelezo: 1. Ili kuwa halali, fomu hii ya uakilishi lazima ifikishwe kwenye afisi ilioandikishwa ya kampuni kwa muda usiopungua masaa ishirini na nne kablaya wakati uliochaguliwa kufanya mkutano.

2. Ikiwa mwanachama ni shirika, uwakilishi uwe kwenye muhuri wa kawaida au kwa idhini ya afisaa au mwanansheria alioidhinishwa kwa maandishi.

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The Secretary

Firestone East Africa (1969) Limited

P. O. Box 30429

Nairobi, Kenya

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