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ISO 9001:2000 SGS SYSTEM CERTIFICATION

Firestone

corporate information

BOARD OF DIRECTORS

Naushad Noorali Merali, C.B.S.
Chairman

Dr. S.K Chatterji
Managing Director

Ali Ghaffari
Technical Director

Mirabeau Humberto Da Gama-Rose
Stephen Maina Githiga
Tom Diju Owuor
Non-Executive Directors

SECRETARY

Issa Abdalla Timamy

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
The Rahimtulla Tower, Upper Hill Road
P.O. Box 43963-00100, Nairobi

PRINCIPAL BANKERS

First American Bank of Kenya Limited
First American Bank Centre, Nyerere Road
P.O. Box 30691, Nairobi

Standard Chartered Bank Kenya Limited
Stanbank House, Moi Avenue
P.O. Box 30003, Nairobi

SHARE REGISTRARS

Barclays Advisory and Registrar Services Limited
Bank House, Moi Avenue
P.O. Box 30120, Nairobi

REGISTERED OFFICE

L.R. NO: 12081
Mombasa Road
P.O. Box 30429-00100
Nairobi

New Tyre being removed from the manufacturing line

2007/1031

notice of meeting
ilani ya mkutano

Notice is hereby given that the 36th Annual General Meeting of the Members will be held at the Company's Sameer Industrial Park premises off Mombasa Road, Nairobi on 30th March, 2005 at 11:00 a.m for the following purposes:

1. To confirm the minutes of the 35th Annual General Meeting held on 26th March, 2004.

2. To receive, consider and if deemed fit, adopt the Financial Statements for the year ended 31st December, 2004 together with the reports thereon of the Directors and the Auditors.

3. To confirm the interim dividend of Shs.0.50 per share paid in August, 2004 and the final dividend of Shs.0.50 per share.

4. To elect Directors:-

(a) Under article 94 - Mr. N. N. Merali, a director retiring by rotation who being eligible, offers himself for re-election.
(b) Under article 101 -
(i) Mr. S. M. Githiga, a director retiring by rotation who being eligible, offers himself for re-election.
(ii) Mr. T. D. Owuor, a director retiring by rotation who being eligible, offers himself for re-election.
(iii) Mr. A. S. Ghaffari, a director retiring by rotation who being eligible, offers himself for re-election.

5. To confirm the Director's emoluments.

6. To appoint PricewaterhouseCoopers 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 Drder of the Board

Issa Timamy
Company Secretary
Nairobi
18th February, 2005.

NOTE:
- 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 39
- The final dividend, will be paid on or about 18th April, 2005 to members on the register at close of business on 22nd March, 2005.

Ilani inatolewa hapa kuwa mkutano wa thelathini na sita (36) wa kila mwaka wa wanachama utafanyika katika majengo ya Sameer Industrial Park kando ya barabara ya Mombasa, Nairobi, siku ya Jumatano, tarehe 30 Machi 2005, saa tano asubuhi kwa madhumuni yafuatayo:

1. Kuidhinisha yaliosemwa kwenye mkutano mkuu wa 35 wa kila mwaka uliofanyika tarehe 26 Machi 2004.

2. Kupokea, kuchunguza na ikifikiriwa sawa, kuidhinisha taarifa za fedha za mwaka uliomalizikia 31 Desemba 2004, 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 yaliolipwa Agosti 2004, na mgawo wa faida ya mwisho ya Shs.0.50 kwa kila hisa.

4. Kuchagua wakurugenzi:-

(a) Chini ya kifungu 94 - Bw. N.N. Merali, mkurugenzi anayestaafu kwa zamu ambaye kwa kuwa anastahili, anajitolea kuchaguliwa tena.
(b) Chini ya kifungu 101 -
(i) Bw. S. M. Githiga, mkurugenzi anayestaafu kwa zamu ambaye kwa kuwa anastahili, anajitolea kuchaguliwa tena.
(ii) Bw. T. D. Owuor, mkurugenzi anayestaafu kwa zamu ambaye kwa kuwa anastahili, anajitolea kuchaguliwa tena.
(iii) Bw. A. S. Ghaffari, mkurugenzi anayestaafu kwa zamu ambaye kwa kuwa anastahili, anajitolea kuchaguliwa tena.

5. Kuidhinisha malipo ya wakurugenzi.

6. Kuwateuwa PriceWaterhouseCoopers kama wakaguzi wa vitabu vya hesabu kwa mwaka unaofuata na kuidhinisha wakurugenzi kuamua malipo ya wakaguzi wa vitabu vya hesabu.

7. Kushughulikia jambo lingine lolote linaloweza kushughulikiwa katika mkutano mkuu wa kila mwaka.

Kwa amri ya Halmashauri

Issa Timamy
Katibu wa Kampuni
Nairobi
18th Februari, 2005.

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 39.
- Malipo ya gawio la faida ya mwisho yatalipwa tarehe 18 Aprili, 2005 au wakati karibu na hapo kwa wanachama walio katika kitabu cha orodha ya majina kufikia wakati wa kufunga biashara tarehe 22 Machi, 2005.

chairman's statement
taarifa ya mwenyekiti

The year 2004 started with renewed optimism for economic recovery in Kenya with the anticipation of various economic and policy reforms set to take effect within the year. The public transport reforms generated more interest in the sector with the expectation of better returns on investments. A low interest rate regime prevailed in the early part of the year and there was increased access to cheaper credit by both individuals and corporations. There were also indications that donor support would resume.

However, the overall economic performance remained below expectation despite some improvement in certain sectors. The Kenyan GDP increased by 2.5% up from 1.8% in 2003 fueled mainly by the export sector, particularly tea, horticulture, tourism and textiles. The Kenya shilling weakened against all major currencies by between 5% and 10% in 2004. Interest rates increased from below 2% early in the year to about 8% by December 2004 for the 91-day Treasury bill, resulting in increased costs of borrowing as the year progressed. The inflation rate also remained fairly high in 2004 and the international raw material prices took an upward trend. These factors resulted in increased cost of production, which could not be fully passed on to consumers thus adversely affecting margins.

Despite the slow growth in the economy, our Company's turnover and net profit in 2004 increased by approximately 30% and 75% respectively over the 2003 levels. Our growth in sales was principally due to management's increased focus in both export and domestic markets. The domestic market growth was supported by increased commercial vehicle sales and enhanced activity in the agricultural, tourism, construction and transport sectors. Export sales grew by 57% and the Group total sales of Shs 3.27 billion were a marked improvement over the previous year's Shs 2.54 billion.

Our profitability improved due to increased sales, greater efficiency in our factory and a more prudent cost management of our operations in all areas of the business.

Mwaka wa 2004 ulianza na matumaini mema mapya ya kupata nafuu ya kiuchumi nchini Kenya kukiwa na matarajio ya mageuzi tofauti ya kiuchumi na kisera yaliyotarajiwa kuanza katika mwaka. Mageuzi ya usafiri wa umma yalileta hamu nyingi katika sekta hii kukiwa na matarajio ya faida nzuri zaidi kutoka kwa vitega uchumi. Mfumo wa kiwango kidogo cha riba ulienea katika nyakati za mwanzo wa mwaka na kulikuwa na kuongezeka kwa upataji wa mikopo rahisi kwa wote watu binafsi na mashirika. Pia kulikuwa na dalili kuwa msaada wa wafadhili utarejeshwa.

Hata hivyo, utendaji wa jumla wa kiuchumi ulibakia chini ya matarajio dhidi ya maendeleo yalioonekana katika baadhi ya sekta. Jumla ya pato la taifa la Kenya liliongezeka kwa 2.5% juu kutoka 1.8% katika mwaka 2003 lililosababishwa hasa na sekta ya biashara nje hususan majanichai, kilimo cha bustani, utalii na biashara ya vitambaa. Shilingi ya Kenya ilidhoofika dhidi ya sarafu zote muhimu kwa baina 5% na 10% katika mwaka 2004. Viwango vya riba viliongezeka kutoka kiwango kilichokuwa chini ya 2% mapema katika mwaka kuwa kama 8% kufikia Desemba 2004 kwa Hawala za Serekali za siku tisini na moja, iliosababisha kuongezeka kwa gharama za ukopaji mwaka ulivyozidi kuendelea. Viwango vya gharama za maisha pia vilibakia vya juu kiasi katika mwaka 2004, na bei za kimataifa za malighafi zilichukua mwelekeo wa juu.

Mr. N. N. Merali, CBS, Chairman

The Board of Directors recommends a final dividend of Ksh. 0.50 per share, which together with the interim dividend of Ksh. 0.50 per share paid in August 2004 brings the total dividend for the year to Ksh. 1.00 (20%) per share which is twice that of the previous year.

A review of performance and activity within the different areas of operations follows:

MANUFACTURING

The increase in raw material prices, petroleum products and power costs pushed our material costs up by 14%. However, our overall factory costs only went up by 5% due to the 23% increase in production volume and better cost management.

Capital investment of Ksh. 169 Million was made in the factory mainly to purchase the new Truck and Bus Radial Tyre Assembly Machine (TBR-TAM) and to upgrade and improve our existing machines and production equipment. The TBR machine will be used in the production of tubeless Truck and Bus Tyre and it will also enhance the quality of our existing products. This new machine is the only one of its kind in East and Central Africa.

We will commission the new state-of-the-art Truck and Bus Tyre Assembly Machine by March this year. The machine will enable us to improve our product range with Tubeless Radial Truck and Bus Tyre whose demand is increasing. This project is in line with our commitment to quality improvements and aggressive expansion into the new regional markets.

All our systems are Certified through ISO 9001:2000 and also by the Kenya Bureau of Standards.

The New TBR TAM Machine being installed

Kwa jumla vipengele hivi vilisababisha kuongezeka kwa gharama za uzalishaji ambazo hazikuweza zote kupitishwa kwa wateja hivyo kuathiri sana faida.

Dhidi ya ukuaji wa polepole katika uchumi, faida ya kampuni yetu na faida halisi katika mwaka wa 2004 iliongezeka kwa kama 30% na 75% kupita viwango vya 2003. Ukuaji wetu wa mauzo hasa ulitokana na kulenga kulikoongezeka kwa usimamizi katika masoko yote ya biashara nje na nchini. Ukuaji wa soko la nchini ulisaidiwa na ongezeko la mauzo ya magari ya biashara na shughuli zilizoongezeka katika sekta za kilimo, utalii, ujenzi na usafiri. Mauzo ya biashara nje yalikua kwa 57% na jumla ya mauzo ya kundi ya Shs bilioni 3.27 yalikuwa maendeleo makubwa dhidi ya Shs bilioni 2.54 za mwaka uliopita.

Faida yetu iliongezeka kutokana na mauzo yalioongezeka, kuimarika kwa ufanisi katika kiwanda chetu na usimamizi wa busara wa

chairman's statement
taarifa ya mwenyekiti (kuendelea)

SALES AND MARKETING

The turnover for the year at Shs 3.2 Billion was the highest in the last five years.

Domestic sales volumes were 20% higher than the previous year despite the continued importation of cheap Tyres from China, India and other countries. The export sales growth was 57% mainly in East Africa Markets. We continued to improve and increase our product line-up. During the year, we successfully introduced the Firehawk 810 Tubeless Passenger Car Tyre and the Super All Traction rugged 4 x 4 tyre. We also launched the CV3000 'matatu tyre' to further strengthen our offering in the light truck radial Tyre segment. A number of new products are scheduled for release in 2005.

During the year, two Firestone Model Shops commenced operations. The two shops are located on Koinange Street and Pandya Road in Nairobi and Mombasa respectively. The two new centers recorded brisk sales in 2004. We plan to open two more Firestone Tyre Centres in Nairobi, one in Dar-es-Salaam and another one in Kampala in 2005. We also successfully started our Tyre Management Service in 2004 with some major fleet operators and expect to see growth in the business

Mr. N. N. Merali, Chairman with Dr. S. K. Chatterji, M.D., and Mr. A. Ghaffari, Technical Director

gharama za shughuli zetu katika maeneo yote ya biashara.

Halmashauri ya Wakurugenzi yapendekeza mgawo wa mwisho wa faida wa Ksh.0.50 kwa kila hisa, ambayo pamoja na mgawo wa muda wa Ksh.0.50 kwa kila hisa uliolipwa Agosti 2004, unafanya jumla ya faida kwa mwaka kuwa Ksh 1.00 (20%) kwa kila hisa ambayo ni mara mbili ya ile ya mwaka uliopita.

Mapitio ya utendaji na amali katika maeneo tofauti ya shughuli yanafuata :

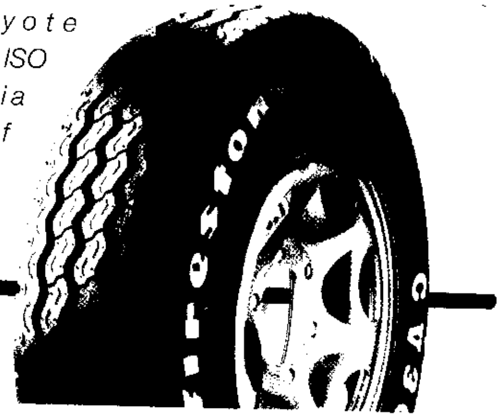
UTENGENEZAJI

Ongezeko katika bei za malighafi na ongezeko kubwa katika bidhaa za petroli na bei za umeme zilisukuma juu bei zetu za vifaa kwa 14%. Ingawa hivyo, gharama zetu za jumla za kiwanda ziliongezeka kwa 5% tu kutokana na kuongezeka kwa 23% kwa kiwango cha utengenezaji na usimamizi mzuri wa gharama.

Utegaji uchumi wa kifedha wa Ksh. milioni 169 ulifanywa katika kiwanda hasa kununua mtambo mpya wa uunganishaji matairi ya basi na lori (TBR-TAM), kustawisha na kuimarisha mashine zetu zilizoko na vifaa vya utengenezaji. Mashine ya TBR itatumika katika utengenezaji wa matairi yasiokuwa na tyubu ya basi na lori na utasaidia kuendeleza ubora wa bidhaa zetu zilizoko. Mashine hii mpya itakuwa ya aina yake ya kipekee katika Afrika Mashariki na ya Kati.

Tutaanza kutumia mashine hii ya kisasa ya uunganishaji wa matairi ya lori na basi kufikia Machi mwaka huu. Mashine hii itatuwezesha kuimarisha bidhaa zetu anuwai na matairi yasiokuwa na tyubu ya lori na basi ambayo mahitaji yake yanaongezeka. Mradi huu unalingana na msimamo wetu wa kuendeleza ubora na upanukaji wetu wa hima katika masoko ya maeneo mapya.

Mifumo yetu yote imeidhinishwa kupitia ISO 9001:2000 na pia Kenya Bureau of Standards.



during the current year. We also relocated our Uganda sales depot from Jinja to Kampala to optimize our Ugandan operations and to serve our customers better.

SAMEER INDUSTRIAL PARK.

Sameer EPZ Limited, represents the second phase of our Export Processing Zone and was officially inaugurated on December 6th 2004. This new development is home to Kenya's first Call Center that is now fully operational. We expect to let out the rest of the floor space in 2005 to investors who wish to take advantage of the tax and other EPZ benefits as well as the strategic location of the Sameer Industrial Park.

CORPORATE SOCIAL RESPONSIBILITY AND GOOD GOVERNANCE.

In 2004, our Company played a significant role as a responsible corporate citizen of our country. During the famine that afflicted many areas of our country, Firestone donated and distributed famine relief food to thousands of Kenyans in famine stricken areas.

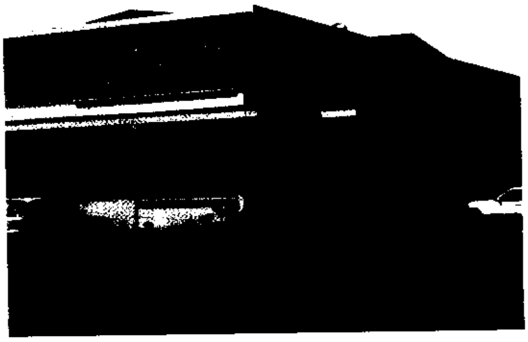
The protection of our environment remains an important concern in all our operations. To this end, we set up a comprehensive environmental policy and dedicated resources to set up an internationally accepted system of environmental management. After thorough assessment based on international environmental management standards, our Company qualified for the prestigious ISO 14001 Environment Management Systems Certification. This certification not only ensures that we shall be operating within the country's environmental regulations but will also improve our standing with our original equipment (OEM) customers.

The Board will continue to steer the

MAUZO NA UUZAJI

Jumla ya mapato na matumizi ya Shs bilioni 3.2 kwa mwaka ilikuwa ya juu zaidi katika miaka mitano iliyopita. Viwango vya mauzo ya nchini vilikuwa juu kwa 20% kuliko mwaka

The recently inaugurated Sameer Industrial Park

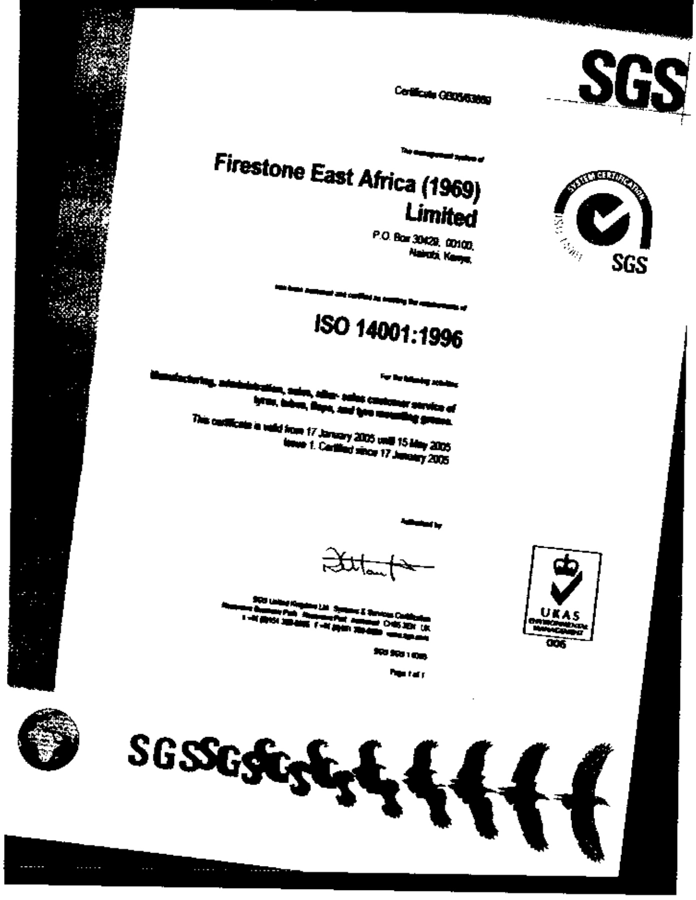


uliopita dhidi ya uingizaji ulioendelea wa matairi rahisi kutoka China, India na nchi nyingine. Ukuaji wa mauzo ya biashara nje ulikuwa 57% hasa katika masoko ya Afrika Mashariki. Tuliendelea kuimarisha na kuongeza ratiba ya bidhaa zetu. Katika mwaka, tulifaulu kuanzisha matairi yasiokuwa na tyubu ya magari ya abiria ya Firehawk 810 na tairi bora la nguvu ya kuvuta na kunyanzi la 4x4. Pia tulitoa 'tairi la matatu' la CV3000 kuzidi kuimarisha bidhaa zetu katika sehemu ya matairi ya malori mepesi. Idadi kadhaa ya bidhaa mpya inatarajiwa kutolewa katika mwaka wa 2005.

Maduka ya kimfano ya Firestone yalianza shughuli katika mwaka. Maduka haya mawili yako barabara za Koinange na Pandya, Nairobi na Mombasa mtawalia. Vituo hivi viwili vipya vilirekodi mauzo ya haraka katika 2004. Tunapanga kufungua vituo vingine viwili zaidi vya matairi ya Firestone Nairobi, Dar-es-salaam kimoja na kingine Kampala katika mwaka 2005. Pia tulifaulu kuanzisha

Company with a strong focus on good corporate governance, care for the environment and a sense of corporate social responsibility as we carry out our business. Our Company's contribution to the economies of Kenya, Uganda and Tanzania shall remain significant with more than 700 direct employees and over 8,000 indirect workers through the region-wide dealer network. The Company is also a major contributor to the exchequer and received the Kenya Revenue Authority, Commissioner General's Distinguished Tax Payer Commendation in 2004.

The ISO 14001 Environment Management System Certificate awarded to Firestone E. A. (1969) Ltd.


SGS

Firestone East Africa (1969) Limited

ISO 14001:1996

SGS

UKAS

2005 – OUTLOOK.

We have started the current year with much more optimism for our business in Kenya and within the region. Kenya's economic growth rate is expected to accelerate to more than 3% in 2005. Recent developments in the East African region, particularly the coming into operation

huduma yetu ya usimamizi wa matairi katika mwaka 2004 na baadhi ya waendeshaji wa magari wakuu na tunataraji kuona ukuaji katika biashara katika mwaka uliopo. Pia tulihamisha ghala letu la mauzo la Uganda kutoka Jinja hadi Kampala kufaidisha zaidi shughuli zetu za Uganda na kuhudumia zaidi wateja wetu.

SAMEER INDUSTRIAL PARK

Sameer EPZ Limited, inawakilisha awamu ya pili ya eneo letu la Utengenezaji Bidhaa Nje na lilifunguliwa rasmi Desemba 6, 2004. Maendeleo haya mapya ni nyumbani kwa kituo cha kwanza cha mwito cha Kenya ambacho sasa kinafanya kazi kamili. Tunataraji kukodisha nafasi iliobakia katika mwaka 2005 kwa wategaji uchumi wanaotaka kufaidika na kodi na faida nyingine za EPZ na pia eneo kimkakati la Sameer EPZ Limited.

WAJIBU WA KIJAMII WA SHIRIKA NA UONGOZI MZURI

Katika mwaka 2004, kampuni yetu ilichukua nafasi muhimu kama raia wa kishirika aliyewajibika kwa nchi yetu. Wakati wa baa la njaa lililoumiza maeneo mengi ya nchi yetu, Firestone ilitoa na kugawanya chakula cha kusaidia kumaliza njaa kwa maelfu ya Wakenya wanaoishi katika maeneo yalioathiriwa na njaa.

Uhifadhi wa mazingira yetu unabakia jambo muhimu katika shughuli zetu zote. Kutimiza lengo hili, tumeanzisha sera pana ya mazingira na kutenga rasilimali kuanzisha mfumo unaokubaliwa kimataifa wa usimamizi wa mazingira. Baada ya ukadiriaji kamili ulioegemezwa kwenye viwango vya kimataifa vya usimamizi wa mazingira, kampuni yetu ilistahiki hadhi kubwa ya uidhinishaji wa Mifumo ya Usimamizi wa Mazingira ya ISO 14001. Uidhinishaji huu sio tu kuwa unahakikisha kuwa tutakuwa tunashughulika kulingana na sheria za mazingira za nchi bali pia utaimarisha nafasi yetu kwa wateja wetu wa vifaa halisi (OEM).

Halmashauri itaendelea kuongoza kampuni ikiwa imelenga madhubuti kwenye

Firestone was awarded the KRA Distinguished Tax Payer's Award in 2005

of the East African Customs Union, the signing of the peace agreement in Sudan and the establishment of the new Government in Somalia will boost regional trade to Kenya's advantage. Our Board has positioned the Company to take full advantage of all the opportunities presented by these new developments.

As you are aware the Technical Services Agreement and all other Agreements between the Company and Bridgestone Corporation are due to expire on 30th September, 2005 and will not be renewed. Our Board will endeavour to strengthen the Company's technological capability and build on the local expertise we have developed over the last 35 years. There exist more opportunities for us to build new strategic alliances with technical partners in order to keep up with global tyre industry trends and to offer a wider variety of products / brands to the market.

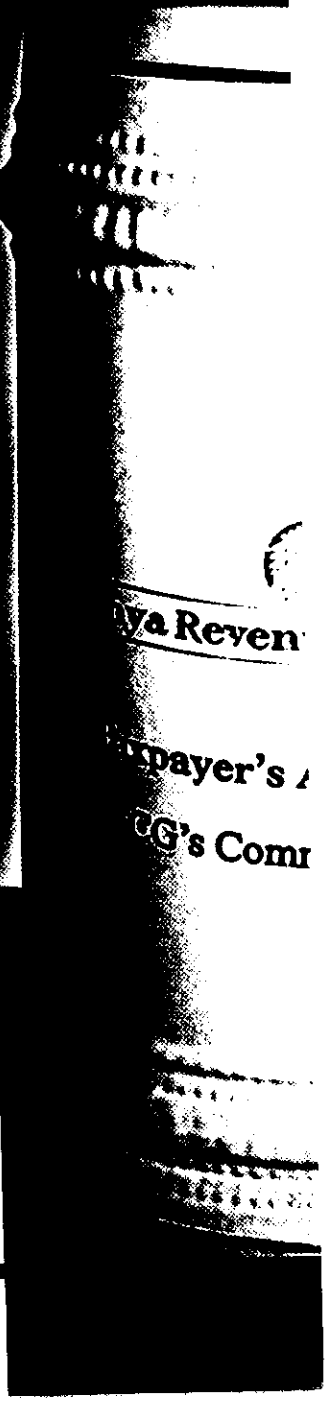
We shall be consolidating our position in the Kenyan market and establishing a stronger presence in the regional markets to maintain the growth within the COMESA region. Our

usimamizi mzuri wa shirika, uhifadhi wa mazingira na hisia ya wajibu wa kijamii wa shirika, tunapoendeleza biashara yetu. Mchango wa kampuni yetu kwa chumi za Kenya, Uganda na Tanzania utabakia muhimu ikiwa na zaidi ya wafanyikazi 700 walioandikwa moja kwa moja na zaidi ya 8000 walioandikwa kwa njia isiokuwa ya moja kwa moja kupitia mfumo mtandao wa wafanyi biashara katika upana wa eneo. Kampuni pia ni mchangizi muhimu kwa wizara ya fedha na ilipata tuzo maarufu ya kamishna mkuu wa Kenya Revenue Authority ya mlipaji ushuru wa 2004.

MTAZAMO KATIKA MWAKA 2005

Tumeuanza mwaka tulionao na matarajio mengi zaidi katika biashara yetu nchini Kenya na katika eneo. Kiwango cha ukuaji wa kiuchumi cha Kenya kinatarajiwa kuongezeka kwa zaidi ya 3% katika mwaka 2005. Maendeleo ya karibuni katika eneo la Afrika Mashariki, hasa kuanzishwa kwa Muungano wa Forodha wa Afrika Mashariki, utiaji sahihi mkataba wa amani ya Sudan na kuanzishwa kwa Serikali mpya Somalia kutaongeza biashara ya eneo kwa faida ya Kenya. Halmashauri yetu imeitayarisha kampuni kuchukua fursa kamili ya nafasi zote zinazotolewa na maendeleo haya mapya.

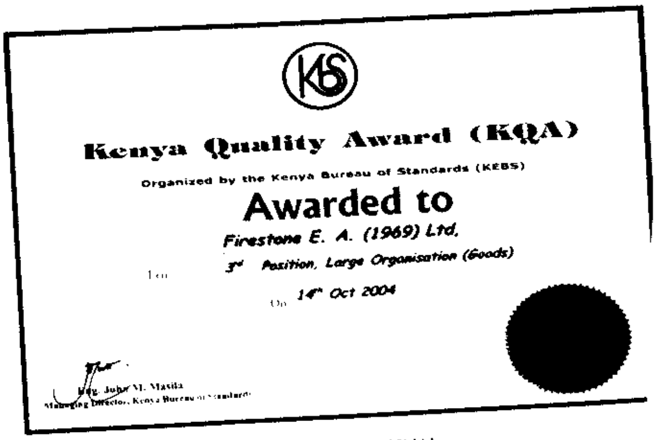
Kama mnavyojua Mkataba wa Huduma za Kiufundi na Mikataba mengine yote baina ya kampuni na Bridgestone Corporation inafikia mwisho tarehe 30 Septemba, 2005 na haitoafikiwa tena. Halmashauri yetu itajitahidi kuimarisha uwezo wa kiteknolojia wa kampuni na kujenga kwenye ustadi wa nchini tulioendeleza katika miaka 35 iliopita. Kuna nafasi zaidi kwetu kujenga ushirikiano mpya kimkakati na washirika kiufundi ili kuwa katika mstari wa mbele katika mielekeo ya biashara ya matairi ya kilimwengu na kutoa bidhaa/aina anuwai zaidi katika soko.



chairman's statement
taarifa ya mwenyekiti (kuendelea)

Kenya Quality Award that was received during the year

Awards to Firestone EA (1969) Ltd


Kenya Quality Award (KQA)

Organized by the Kenya Bureau of Standards (KEBS)

Awarded to

Firestone E. A. (1969) Ltd.

For 3rd Position, Large Organisation (Goods)

On 14th Oct 2004

Firestone EA (1969) Ltd

product development shall continue to comply with the highest international standards while we develop them to suit the African driving conditions.

I would like to recognize the Government's efforts in helping fight the importation of substandard and uncustomed goods into our country. We have also noticed a reduction of accidents on our roads due to the stronger enforcement of the law. We continue to produce high quality Tyres in our efforts to promote greater road safety.

Finally, I would like to thank you, the shareholders, all our customers, business partners, all Board members and each and every member of our staff for the dedicated contribution to our Company's impressive performance in 2004. I look forward to the Year 2005 with a lot of optimism.

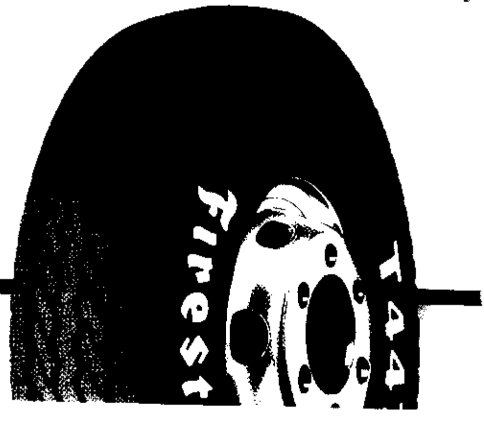
N. N. Merali, CBS
Chairman.

Tutakuwa tunaimarisha nafasi yetu katika soko la Kenya na kujitokeza kwa nguvu katika masoko ya kieneo ili kuhakikisha ukuaji katika eneo la COMESA. Maendeleo ya bidhaa zetu yataendelea kulingana na viwango vya juu kabisa vya kimataifa, wakati tukiziendeleza kufaa hali za upelekaji za Afrika.

Ningependa kutambua juhudi za Serikali katika kusaidia kupigana na uingizaji wa bidhaa za viwango vya ubora wa chini na zisizolipiwa ushuru nchini kwetu. Pia tumeweza kuona upunguaji wa ajali katika barabara zetu kutokana na ushurutishaji imara wa sheria. Tunaendelea kutengeneza matairi ya viwango vya juu vya ubora katika juhudi zetu za kuendeleza usalama mkuu zaidi barabarani.

Mwisho, ningependa kuwashukuru wenye hisa, wateja wetu wote, washiriki wa kibiashara, wanachama wote wa Halmashauri na kila mfanyikazi kwa mchango wenu wa kujitolea katika utendaji wa kuvutia wa kampuni yetu mwaka 2004. Nina matumaini mengi kwa mwaka mpya – 2005

N.N. Merali CBS
Mwenyekiti



report of the directors
repoti ya wakurugenzi

The directors submit their report together with the audited financial statements for the year ended 31 December 2004, 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 275,171,000 (2003: Shs 157,194,000) has been added to retained earnings.

During the year an interim dividend of Shs 139,171,200 (2003: Shs 69,585,600) was paid. The directors recommend the approval of a final dividend of Shs 139,171,200 (2003: Shs 69,585,600).

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 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.

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)
Dr. S.K. Chatterji	(Managing Director appointed 26 March 2004)
Mr. S. Githiga	(appointed 23 July 2004)
Mr. T. Owuor	(appointed 23 July 2004)
Mr. A. Ghaffari	(appointed 8 December 2004)
Mr. H. Yamazaki	(resigned on 26 March 2004)
Mr. J. Kanyotu	(resigned on 24 July 2004)

Wakurugenzi wanawasilisha ripoti yao pamoja na taarifa za kifedha zilizokaguliwa za mwaka ulioishia tarehe 31 Desemba 2004, ambayo inaarifu hali ya shughuli za kundi na kampuni.

NCHI ILIKOANDIKISHWA
Kampuni imeandikishwa nchini Kenya chini ya Sheria za Makampuni na ina maskani Kenya.

SHUGHULI KUU ZA KAMPUNI
Shughuli kuu za kundi zinabakia utengenezaji, uingizaji wa bidhaa kutoka nje na uuzaji wa matairi na tyubu na ukodishaji wa majengo katika eneo la Utengenezaji Bidhaa Nje.

MATOKEO NA FAIDA
Faida ya jumla ya mwaka ya Shs.275,171,000 (2003: Shs.157,194,000) imeongezwa kwenye mapato yaliobakishwa.

Katika mwaka mgawo wa faida ya muda ya Sh.139,171,200 (2003: Shs.69,585,600) ililipwa. Wakurugenzi wapendekeza idhini ya mgawo wa faida ya mwisho ya Shs 139,171,200 (2003: Shs.69,585,600).

MALENGO NA SERA ZA USIMAMIZI WA HATARI YA KIFEDHA
Shughuli za kundi zinaiacha kampuni wazi kwa hatari tofauti za kifedha, pamoja na hatari za mkopo na athari za mabadiliko katika deni la bei za soko, viwango vya ubadilishaji 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.
Kundi limeunda sera za 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)
Dkt. S.K Chatterji	(Mkurugenzi Msimamizi- aliyechaguliwa tarehe 26 Machi, 2004.)
Bw. S. Githiga	(aliyechaguliwa tarehe 23 Julai, 2004)
Bw. T. Owuor	(aliyechaguliwa tarehe 23 Julai,2004)
Bw. A. Ghaffari	(aliyechaguliwa tarehe 8 Desemba, 2004)
Bw. H. Yamazaki	(alijiuzulu tarehe 26 Machi 2004)

report of the directors (continued)

Mr. I. I. Mandviwalla (resigned on 23 July 2004)
Mr. Y. Murakami (resigned on 8 December 2004)
Mr. M. H. Da Gama-Rose

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

In accordance with Article 101 of the Articles of Association, Mr. S.M. Githiga, Mr. T.D. Owuor and Mr. A.S. Ghaffari having been appointed in the year, retire and, being eligible, offer themselves for election.

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 including dealing with the independent auditors.

DIRECTORS' CONFLICT OF INTEREST

Directors are required to disclose all areas of conflict of interest to the Board and are excluded from voting on such areas. They are sensitised on the rules of insider trading and are required to report and register regularly any changes in their shareholding.

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

18 February 2005

Products undergoing testing in the laboratories

Bw. J. Kanyotu (alijiuzulu tarehe 24 Julai 2004)
Bw. I. I. Mandviwalla (alijiuzulu tarehe 23 Julai 2004)
Bw. Y. Murakami (alijiuzulu tarehe 8 Desemba, 2004)
Bw. M. H. Da Gama Rose

Kulingana na kifungu cha 94 cha Masharti na Kanuni za Kampuni, Bw. N. N. Merali anastaafu kwa zamu na, kwa kuwa anastahili, anajitolea kuchaguliwa tena.

Kulingana na kifungu cha 101 cha Masharti na Kanuni za Kampuni, Bw. S.M. Githiga, Bw. T.D. Owuor na Bw. A.S. Ghaffari kwa kuwa wamechaguliwa mwaka huu, wanastaafu na kwa kuwa wanastahili wanajitolea kwa uchaguzi.

KAMATI YA UKAGUZI

Kulingana na mahitaji ya makampuni yalioorodheshwa katika Soko la Hisa la Nairobi, kampuni ina kamati ya ukaguzi yenye wanachama wasiokuwa watendaji wa Halmashauri na weledi wengine ambao wako huru na usimamizi wa shughuli za kampuni za siku kwa siku.

Kamati ya ukaguzi inashughulikia mambo yote yanayohusiana na taarifa za kifedha na mifumo ya udhibiti wa ndani ya kampuni pamoja na kushughulika na wakaguzi huru wa fedha.

MGONGANO WA MASLAHI YA WAKURUGENZI

Wakurugenzi wanahitajika kutaja maeneo yote ya mgongano wa maslahi kwa Halmashauri na wanatengwa katika kupiga kura kwenye maeneo hayo. Wanafahamishwa sheria za ufanyaji biashara wakihusika na wanahitajika kuripoti na kwa kawaida kuandikisha mabadiliko yoyote katika umiliki wa hisa zao.

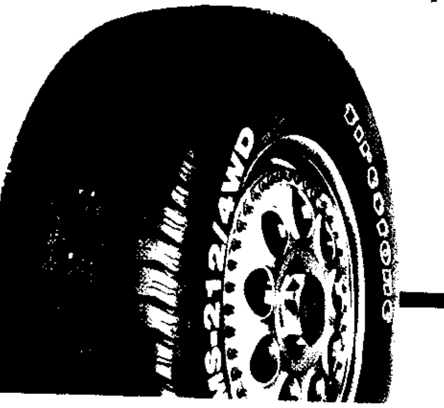
WAKAGUZI WA FEDHA

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

18 Februari 2005



corporate governance

Firestone East Africa (1969) limited is committed to the new standards of Corporate Governance introduced by the Capital Market Authority. The Board of Directors is responsible for the long-term growth and profitability of the company, whilst being accountable to the shareholders for compliance with the law and maintaining the highest standards of corporate governance and business ethics.

THE BOARD OF DIRECTORS

The Board is made up of a substantial majority of independent, non-executive Directors, including the Chairman. The Directors are given appropriate and timely information so that they can maintain full and effective control over all strategic, financial, operational and compliance issues.

Whilst the day to day running of the business of the company is delegated to the Managing Director and Chief Executive Officer, the Board is responsible for establishing and Maintaining the Company's system of internal controls so that its objectives for increased growth in the profitability and shareholder value are realised.

BOARD MEETINGS

The Board of Directors meet every quarter in order to monitor the company's planned strategy and review it in conjunction with its financial performance. Specific reviews are also undertaken of management performance, operational issues and future planning.

BOARD COMMITTEES

There are two principle committees that meet regularly under the terms of reference set by the Board.

a) 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 including dealing with the independent auditors.

b) Finance Committee

The finance committee of the company meets four times a year and it is responsible for ensuring that the systems of financial control are effectively administered, and that key financial reports are properly reviewed prior to circulation to the Board.

The Board appoints other committees as and when required.

COMMUNICATION WITH SHAREHOLDERS

The company is committed to ensuring that shareholders and the financial markets are provided with full and timely information about its performance. This is usually done through the distribution of the company's Annual Report and the release of notices in the national press of its half-yearly and annual results.

In this regard, the company complies with its obligations contained in the Nairobi Stock Exchange's Listing Rules and the Capital Markets Authority Act applicable in Kenya.

corporate governance

DIRECTORS' EMOLUMENTS AND LOANS

The aggregate amount of emoluments paid to Directors for services rendered is disclosed in Note 27 to the financial statements.

Neither at the end of the financial year nor at any time during the year did there exist any arrangement to which the company is a party, whereby Directors might acquire benefits by means of the acquisition of the company's shares.

There were no Directors loans at any time during the year.

Directors' interests in the shares of the company, the distribution of the company's shareholding and analysis of the ten largest shareholders as at 31st December, 2004 were as follows:

DIRECTOR INTERESTS

There were no director's interests in the shares of the company.

DISTRIBUTION OF SHAREHOLDING

Shares Range	No. of Shareholders	No. of Shareholders	Percentage Shareholding
0-500	3,758	1,569,899	0.56
501-5,000	3,112	4,322,243	1.55
5,001-10,000	229	1,744,948	0.63
10,001-100,000	261	8,573,023	3.08
100,001-1,000,000	52	17,131,265	6.16
Over 1,000,000	13	245,001,022	88.02
Total	7,425	278,342,400	100.00

LIST OF 10 LARGEST SHAREHOLDERS

No.	Name(s)	No. of Shares	% Shareholding
1	Sameer Investments Limited	180,654,919	64.90
2	Bridgestone Corporation	41,485,056	14.90
3	National Social Security Fund Trustees	8,176,800	2.93
4	Barclays (Kenya) Nominees Limited A/C 1256	2,001,000	0.71
5	Swani Coffee Estate Limited	1,962,760	0.71
6	Barclays (Kenya) Nominees Limited A/C 9203 (Non-Resident)	1,500,000	0.53
7	Banque Paribas (Suisse) S.A A/C no.3	1,500,000	0.53
8	Banque Paribas (Suisse) S.A A/C no.2	1,500,000	0.53
9	Banque Paribas (Suisse) S.A A/C no.1	1,500,000	0.53
10	Old Mutual Life Assurance Company Ltd.	1,350,850	0.48

SOCIAL AND ENVIRONMENTAL ISSUES

Firestone East Africa (1969) Limited is committed to our environment in line with our policies and social responsibility to our community. To this end, we achieved the ISO14001: Environmental Management System Certification in the year 2004.

statement of directors responsibilities

The Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and the company as at the end of the financial year and of the group's profit or loss. It also requires the directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company.

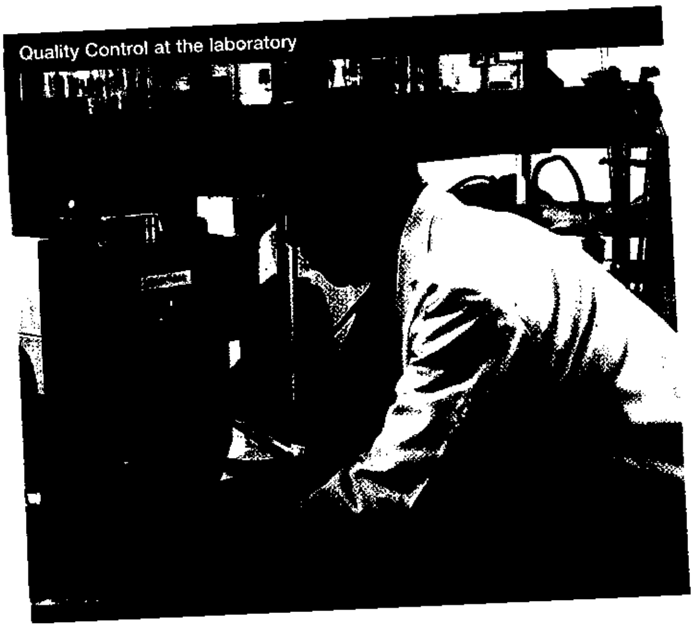
The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and the company and of the group's profit. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the twelve months from the date of this statement.

Mr. N. N. Merali
Chairman

Dr. S. K. Chatterji
Managing Director

18 February 2005



Quality Control at the laboratory

report of the independent auditors

To the members of Firestone East Africa (1969) Limited

We have audited the financial statements of Firestone East Africa Limited (1969) for the year ended 31 December 2004 set out on pages 17 to 37.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of financial statements as set out on page 15. 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.

We have obtained all the information and explanations that to the best of our knowledge and belief were necessary for the purposes of our audit and believe that our audit provides a reasonable basis for our opinion.

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 the financial affairs of the group and of the company as at 31 December 2004 and of the profit and cash flows of the group for the year then ended and comply with International Financial Reporting Standards and the Kenyan Companies Act. The balance sheet of the company is in agreement with the books of account.

PricewaterhouseCoopers
Certified Public Accountants
Nairobi

18th February 2005

consolidated profit and loss account as at 31st Decemer 2004

	Notes	2004 Shs'000	2003 Shs'000
Sales	1	3,270,254	2,538,316
Cost of sales		(2,311,010)	(1,840,305)
Gross profit		959,244	698,011
Other operating income	2	66,940	46,419
Distribution costs		(49,822)	(31,813)
Administrative expenses		(163,804)	(118,905)
Other operating expenses		(391,249)	(344,965)
Operating profit	3	421,309	248,747
Finance (costs)/ income	5	(20,836)	6,962
Profit before tax		400,473	255,709
Tax	6	(125,302)	(98,515)
Net profit attributable to the shareholders	7	275,171	157,194
Earnings per share		Shs.	Shs.
- basic	8	0.99	0.56
- diluted	8	0.99	0.56
Dividends:-			
Interim dividends - paid in the year	9	139,171	69,586
Proposed final dividend for the year	9	139,171	69,586
		278,342	139,172

consolidated balance sheet

as at 31st December 2004

	Notes	2004 Shs'000	2003 Shs'000
CAPITAL EMPLOYED			
Share capital	10	1,391,712	1,391,712
Retained earnings		465,182	468,353
Translation reserve	11	16,225	(20,070)
Proposed dividends	9	139,171	69,586
Shareholders' funds		2,012,290	1,909,581
Non-current liabilities			
Deferred tax	13	16,851	33,200
Retirement benefits obligations	14	96,732	80,775
		113,583	113,975
		2,125,873	2,023,556
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	15(a)	772,064	756,806
Investment property	16	237,172	243,386
Prepaid operating lease rentals	18	1,939	1,961
		1,011,175	1,002,153
Current assets			
Inventories	19	1,165,260	886,267
Receivables and prepayments	20	585,097	389,263
Cash and cash equivalents	21	224,912	205,150
		1,975,269	1,480,680
Current liabilities			
Payables and accrued expenses	22	615,144	423,048
Current tax		2,896	21,703
Borrowings	12	235,755	7,750
Unclaimed dividends		6,776	6,776
		860,571	459,277
Net current assets		1,114,698	1,021,403
		2,125,873	2,023,556

The financial statements on pages 17 to 37 were approved for issue by the board of directors on 18th February 2005 and signed on its behalf by:

Naushad Noorali Merali, CBS, Chairman

Dr. Satya Kumar Chatterji, Managing Director

company balance sheet

as at 31st Decemer 2004

	Notes	2004 Shs'000	2003 Shs'000
CAPITAL EMPLOYED			
Share capital	10	1,391,712	1,391,712
Retained earnings		261,981	349,373
Proposed dividends	9	139,171	69,586
Shareholders' funds		1,792,864	1,810,671
Non-current liabilities			
Deferred tax	13	17,407	32,236
Retirement benefit obligations	14	96,732	80,775
		114,139	113,011
		1,907,003	1,923,682
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	15(b)	726,470	728,161
Prepaid operating lease rentals	18	890	900
Other investments	17	156,706	146,706
		884,066	875,767
Current assets			
Inventories	19	977,462	705,337
Receivables and prepayments	20	688,950	614,605
Tax recoverable		965	-
Cash and cash equivalents	21	136,533	127,887
		1,803,910	1,447,829
Current liabilities			
Payables and accrued expenses	22	538,442	369,396
Current tax		-	23,742
Unclaimed dividends		6,776	6,776
Short term borrowings	12	235,755	-
		780,973	399,914
Net current assets		1,022,937	1,047,915
		1,907,003	1,923,682

The financial statements on pages 17 to 37 were approved for issue by the board of directors on 18th February 2005 and signed on its behalf by:

Naushad Noorali Merali, CBS, Chairman

Dr. Satya Kumar Chatterji, Managing Director

consolidated statement of changes in equity

as at 31st Decemer 2004

	Notes	Share capital Shs'000	Retained earnings Shs'000	Translation reserve Shs'000	Proposed dividends Shs'000	Total Shs'000
Year ended 31 December 2003						
At start of year - as previously reported		1,391,712	500,676	(42,128)	139,171	1,989,431
Effects of adoption of IAS 21		-	(39,767)	39,767	-	-
As restated		1,391,712	460,909	(2,361)	139,171	1,989,431
Currency translation differences	11	-	(10,578)	(17,709)	-	(28,287)
Net profit		-	157,194	-	-	157,194
Dividends:						
- 2002 final (paid)		-	-	-	(139,171)	(139,171)
- interim for 2003 (paid)	9	-	(69,586)	-	-	(69,586)
- proposed final for 2003	9	-	(69,586)	-	69,586	-
At end of Year		1,391,712	468,353	(20,070)	69,586	1,909,581
Year ended 31 December 2004						
At start of year		1,391,712	518,698,	(70,415)	69,586	1,909,581
Effects of adopting IAS 21		-	(50,345)	50,345	-	-
		1,391,712	468,353	(20,070)	59,586	1,909,581
Currency translation differences	11	-	-	36,295	-	36,295
Net profit		-	275,171	-	-	275,171
Dividends:						
- 2003 final (paid)		-	-	-	(69,586)	(69,586)
- interim for 2004 (paid)	9	-	(139,171)	-	-	(139,171)
- proposed final for 2004	9	-	(139,171)	-	139,171	-
At end of Year		1,391,712	465,182	16,225	139,171	2,012,290

A prior year adjustment has been passed on early adoption of IAS 21 (revised): The Effect of Changes in Exchange Rates.

company statement of changes in equity

as at 31st Decemer 2004

	Notes	Share capital Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Total Shs'000
Year ended 31 December 2003					
At start of year		1,391,712	370,240	139,171	1,901,123
Net profit		-	123,826	-	123,826
Dividends:					
- 2002 final (paid)		-	-	(139,171)	(139,171)
- Interim for 2003 (paid)	9	-	(69,586)	-	(69,586)
- Proposed final for 2003	9	-	(69,586)	69,586	-
As previously reported		1,391,712	354,894	69,586	1,816,192
Effects of adopting IAS 21 (revised)		-	(5,521)	-	(5,521)
As restated		1,391,712	349,373	69,586	1,810,671
Year ended 31 December 2004					
As previously reported		1,391,712	354,894	69,586	1,816,192
Effects of adopting IAS 21 (revised)		-	(5,521)	-	(5,521)
As restated		1,391,712	349,373	69,586	1,810,671
Net profit		-	190,950	-	190,950
Dividends:					
- 2003 final (paid)		-	-	(69,586)	(69,586)
- Interim for 2004 (paid)	9	-	(139,171)	-	(139,171)
- Proposed final for 2004	9	-	(139,171)	139,171	-
At end of year		1,391,712	261,981	139,171	1,792,864

consolidated cash flow statement

as at 31st Decemer 2004

	Notes	2004 Shs'000	2003 Shs'000
Operating activities			
Cash generated from operations	25	291,734	556,955
Interest received		626	1,148
Interest paid		(5,945)	(5,667)
Tax paid		(160,509)	(102,106)
Net cash from operating activities		125,906	450,330
Investing activities			
Purchase of investment property, plant and equipment	15(a)	(201,249)	(115,810)
Proceeds from disposals of plant and equipment		2,552	3,575
Rental income received		52,527	48,094
Net cash used in investing activities		(146,170)	(64,141)
Financing activities			
Dividends paid		(208,757)	(201,981)
Repayment of bank borrowings		(7,750)	(58,750)
Proceeds from long term borrowings		-	21,500
Proceeds from short term borrowings		235,755	-
Net cash used in financing activities		19,248	(239,231)
Increase in cash and cash equivalents		(1,016)	146,958
Movement in cash and cash equivalents			
At start of year		205,150	97,960
Increase		(1,016)	146,958
Exchange differences:			
Translation of net investment in foreign subsidiaries		36,295	(28,287)
Other movements – effects of exchange rates		(15,517)	(11,481)
At end of year	21	224,912	205,150

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 Financial Reporting Standards (IFRS). The financial statements are presented in Kenya Shillings (Shs) and prepared under the historical cost convention.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates.

(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.

(c) Revenue recognition
Sales are recognised upon delivery of products and performance of services or on invoicing for "bill and hold" sales, 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
(i) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the Kenya Shilling. The consolidated financial statements are presented in Kenya Shillings, which is the Company's functional and presentation currency.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(iii) Group companies
The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

accounting policies *(continued)*

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

This amounts to a change in accounting policy to comply with the early adoption of International Accounting Standard no. 21 (Revised): The Effects of Changes in Foreign Exchange Rates.

(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. Depreciation is charged on the investment property at the rate of 2.5% per annum.

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 its residual values over its estimated useful life as follows:

Factory and office buildings	-	25 years
Machinery and equipment	-	8 years
Moulds, 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.

Property, plant and equipment are periodically reviewed for impairment. 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) Operating Leases

Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(i) 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.

(j) 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.

(k) 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.

(l) Borrowings
Borrowings are recognised initially as the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowing.

(m) 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.

(n) 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.

(o) 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.

(p) Comparatives
Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year, in particular to reflect changes in accounting policy.

notes forming part of the financial statements

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:

	2004 Shs'000	2003 Shs'000
(a) By products		
Tyres	3,019,561	2,310,663
Tubes	250,693	227,653
	3,270,254	2,538,316
(b) By markets		
Domestic	2,445,682	1,982,576
Export	824,572	555,740
	3,270,254	2,538,316

2 Other operating income

	2004 Shs'000	2003 Shs'000
Income from investment property	58,955	30,553
Profit on sale of plant and equipment	1,637	2,796
Miscellaneous income	6,348	13,070
	66,940	46,419

3 Operating profit

	2004 Shs'000	2003 Shs'000
The following items have been charged in arriving at operating profit:		
Depreciation on property, plant and equipment (Note 15(a))	185,077	194,306
Depreciation on investment property (Note 16)	6,264	2,386
Repairs and maintenance expenditure on property, plant and equipment	61,459	62,128
Profit on disposal of property, plant and equipment	1,637	2,796
Operating lease rentals- land	22	22
Investment property operating expenses	17,509	13,294
Staff costs (Note 4)	408,507	365,381
Auditors' remuneration (Parent company: Shs 2,002,000 (2003: Shs 1,708,875)	2,915	2,338

4 Staff costs

The following items are included within staff costs:

	2004 Shs'000	2003 Shs'000
Salaries and wages	399,344	356,347
Social security benefits	1,753	2,133
Retirement benefit costs:		
- defined contribution plan	7,410	6,901
	408,507	365,381

The number of persons employed by the group at the year end was:

	2004 Number	2003 Number
Full time	626	620
Part time	72	50

5 Finance income/ (costs)

	2004 Shs'000	2003 Shs'000
Interest income	626	1,148
Net foreign exchange (loss)/ gain	(15,517)	11,481
Interest expense	(5,945)	(5,667)
Net finance (costs)/income	(20,836)	6,962

6 Tax

	2004 Shs'000	2003 Shs'000
Current tax	144,359	116,381
Deferred tax credit (Note 13)	(16,349)	(17,866)
Under provision of current tax in prior years	(2,708)	-
	125,302	98,515

notes forming part of the financial statements (continued)

6 Tax (continued)

The tax on the group's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2004 Shs'000	2003 Shs'000
Profit before tax	400,473	255,709
Tax calculated at a tax rate of 30% (2003: 30%)	120,142	76,712
Effect of tax at a lower rate of 25% for a subsidiary	(1,894)	(1,577)
Tax effect of:		
Income not subject to tax	(2,352)	(314)
Expenses not deductible for tax purposes	11,666	9,099
(Over)/under provision of deferred tax in prior years	(2,260)	14,595
Tax charge	125,302	98,515

7 Profit attributable to the shareholders

Included in profit attributable to shareholders is Shs 190,950,000 (2003: Shs 123,826,000) which is dealt with in the books of the parent company.

8 Earnings per share

The basic earnings per share of Shs 0.99 (2003: Shs0.56) each are calculated by reference to the profit of the group after tax of Shs 275,171,000 (2003: Shs 157,194,000) based on 278,342,400 shares in issue. There were no potentially dilutive shares outstanding at 31 December 2004 or 2003.

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, a final dividend in respect of the year ended 31 December 2004 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 (2003: Shs 0.50), amounting to a total of Shs 278,342,400 (2003: Shs 139,171,200).

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 2004 and at 31 December 2004	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)

	2004 Shs'000	2003 Shs'000
At start of year	(20,070)	(42,128)
Currency translation differences	36,295	(28,287)
Effects of adopting IAS 21 (revised) on translation reserves	-	50,345
At end of year	16,225	(20,070)

12 Borrowings

	Group		Company	
	2004 Shs'000	2003 Shs'000	2004 Shs'000	2003 Shs'000
Current:				
Bank borrowings	153,000	7,750	153,000	-
Bank overdraft	82,755	-	82,755	-
	235,755	7,750	235,755	-

A subsidiary of the company had a loan from a bank of Shs 7.75 million. The facility was fully repaid in the year ending 31 December 2004. The short term overdraft facility is secured by the company by way of a negative pledge.

Maturity of current and non-current borrowings

	2004 Shs'000	2003 Shs'000
Group		
Between 1 and 2 years	235,755	7,750
Company		
Between 1 and 2 years	235,755	-

Weighted average effective interest rates at the year end were:

	2004	2003
Group and Company		
Bank borrowing	11.00%	8.48%
Bank Overdraft	11.56%	-

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

notes forming part of the financial statements (continued)

13 Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% and 25% for a subsidiary company, (2003: 30% and 25% for a subsidiary company). The movement on the deferred tax account is as follows:

	Group		Company	
	2004 Shs'000	**2003 Shs'000**	**2004 Shs'000**	**2003 Shs'000**
At start of year	33,200	51,066	32,236	65,661
Income statement credit (Note 6)	(16,349)	(17,866)	(14,829)	(33,425)
At end of year	16,851	33,200	17,407	32,236

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

(a) Group:

	1.1.04 Shs'000	**Charged (credited) to P/L Shs'000**	**31.12.04 Shs'000**
Deferred tax liabilities			
Property, plant and equipment - on historical cost basis	65,139	(3,789)	61,350
Other deductible temporary differences	305	7,312	7,617
	65,444	3,523	68,967
Deferred tax assets			
Provisions	(28,912)	(11,421)	(40,333)
Other deductible temporary differences	(3,332)	(8,451)	(11,783)
	(32,244)	(19,872)	(52,116)
Net deferred tax liability	33,200	(16,349)	16,851

(b) Company:

	1.1.04 Shs'000	**Charged (credited) to P/L Shs'000**	**31.12.04 Shs'000**
Deferred tax liabilities			
Property, plant and equipment - on historical cost basis	60,819	(3,909)	56,910
Other deductible temporary differences	285	7,238	7,523
	61,104	3,329	64,433
Deferred tax assets			
Provisions	(28,845)	(9,187)	(38,032)
Other deductible temporary differences	(23)	(8,971)	(8,994)
	(28,868)	(18,158)	(47,026)
Net deferred tax liability	32,236	(14,829)	17,407

14 Retirement benefit obligation (Group and Company)

	2004 Shs'000	2003 Shs'000
At start of year	80,775	66,347
Net charged to income statement	17,316	15,585
less gratuities paid	(1,359)	(1,157)
At end of year	96,732	80,775

15 Property, plant and equipment

	Land & buildings Shs'000	Plant & machinery Shs'000	Vehicles & equipment Shs'000	Capital work in progress Shs'000	Total Shs'000
(a) Group					
Cost:					
At start of year	315,804	1,732,591	305,828	41,322	2,395,545
Additions		17,449	14,978	168,822	201,249
Disposals	-	-	(6,534)	-	(6,534)
Transfers	4,874	164,442	-	(169,316)	-
At end of year	320,678	1,914,482	314,272	40,828	2,590,260
Depreciation:					
At start of year	107,752	1,278,783	252,204	-	1,638,739
Charge for the year	11,416	149,370	24,291	-	185,077
On disposals	-	-	(5,620)	-	(5,620)
	119,168	1,428,153	270,875	-	1,818,196
Net book amount:					
At 31 December 2004	201,510	486,329	43,397	40,828	772,064
At 31 December 2003	208,052	453,808	53,624	41,322	756,806

notes forming part of the financial statements *(continued)*

15 Property, plant and equipment (continued)

(b) Company	Land & buildings Shs'000	Plant & machinery Shs'000	Vehicles & equipment Shs'000	Capital work in progress Shs'000	Total Shs'000
Cost:					
At start of year	285,916	1,732,388	286,570	41,322	2,346,196
Additions	-	-	10,132	168,822	178,954
Disposals	-	-	(6,534)	-	(6,534)
Transfers	4,874	164,442	-	(169,316)	-
	290,790	1,896,830	290,168	40,828	2,518,616
Depreciation:					
At start of year	103,184	1,275,072	239,779	-	1,618,035
Charge for the year	10,382	148,054	21,295	-	179,731
On disposals	-	-	(5,620)	-	(5,620)
	113,566	1,423,126	255,454	-	1,792,146
Net book amount:					
As at 31 December 2004	177,224	473,704	34,714	40,828	726,470
At 31 December 2003	182,732	457,316	46,791	41,322	728,161

16 Investment property (Group)

Rental property at the Sameer Export Processing Zone at cost:	2004 Shs'000	2003 Shs'000
At start of year	243,386	90,668
Additions	50	155,104
Depreciation	(6,264)	(2,386)
At end of year	237,172	243,386

The fair value of the property as at 31 December 2004, based on directors' valuation on the basis of open market value, was Shs 330 million. The investment property is held by two subsidiary companies.

17 Other investments (Company)

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

	2004 Shs'000	2003 Shs'000
Sameer Industrial Park Limited	120,000	120,000
Firestone East Africa (Uganda) Limited	26,612	26,612
Firestone East Africa (Tanzania) Limited	94	94
Firestone Tyre Centre Limited	10,000	-
	156,706	146,706

The details of the subsidiary companies are as follows:

Company	Share Capital	Country of incorporation	Principal activity
Sameer Industrial Park Limited	Kshs 120,000,000	Kenya	Letting of premises in an Export Processing Zone
Firestone East Africa (Uganda) Limited	Ushs 685,000,000	Uganda	Distribution of tyres and tubes
Firestone East Africa (Tanzania) Limited	Tshs 1,000,000	Tanzania	Distribution of tyres and tubes
Firestone Tyre centre Limited	Kshs 10,000,000	Kenya	Distribution of tyres and tubes
Sameer (EPZ) Limited (held through Sameer Industrial Park Limited)	Kshs 64,000,000	Kenya	Letting of premises in an Export Processing Zone

The company is in the process of acquiring Yansam Motors (Tanzania) Limited, a company incorporated in the Republic of Tanzania. A deposit of Shs. 22,973,000 was paid in the year.

notes forming part of the financial statements (continued)

18 Prepaid operating lease rentals

	Group 2004 Shs'000	Group 2003 Shs'000	Company 2004 Shs'000	Company 2003 Shs'000
At start of year	1961	1,983	900	910
Amortisation charge for the year	(22)	(22)	(10)	(10)
At end of year	1,939	1,961	890	900

19 Inventories

	Group 2004 Shs'000	Group 2003 Shs'000	Company 2004 Shs'000	Company 2003 Shs'000
Raw materials	620,379	283,618	620,379	283,618
Stores and supplies	94,594	86,507	94,594	86,507
Work in progress	36,148	28,219	36,147	28,219
Finished goods	414,139	487,923	226,342	306,993
	1,165,260	886,267	977,462	705,337

20 Receivables and prepayments

	Group 2004 Shs'000	Group 2003 Shs'000	Company 2004 Shs'000	Company 2003 Shs'000
Trade receivables	543,725	361,563	374,305	257,207
Less: Impairment charge for bad and doubtful debts	(36,379)	(37,665)	(33,509)	(31,303)
	507,346	323,898	340,796	225,904
Receivables from related companies (Note 26)	5,959	30,216	5,959	30,216
Prepayments	52,071	14,359	41,866	7,652
Receivables from subsidiaries	-	-	257,708	332,155
Other receivables	19,721	20,790	42,621	18,678
	585,097	389,263	688,950	614,605

21 Cash and cash equivalents

	Group 2004 Shs'000	Group 2003 Shs'000	Company 2004 Shs'000	Company 2003 Shs'000
Cash at bank and in hand	224,912	205,150	136,533	127,887

22 Payables and accrued expenses

	Group 2004 Shs'000	Group 2003 Shs'000	Company 2004 Shs'000	Company 2003 Shs'000
Trade payables	386,997	244,608	362,971	221,823
Payables to related companies (Note 27)	134,143	35,607	134,143	35,607
VAT payable	-	14,899	-	14,899
Accrued expenses	94,004	127,934	41,328	97,067
	615,144	423,048	538,442	369,396

23 Contingent liabilities

At 31 December 2004, the group had contingent liabilities in respect of bank and other guarantees and other matters arising in the ordinary course of business amounting to Shs 1,175,000 (2003: Shs 18,923,981). The company has an assessment from the Kenya Revenue Authority.

The company has disputed the assessment. After taking advice, the directors are of the opinion that no material liability will crystallise when the assessment is finalised.

24 Commitments

Capital commitments

Capital expenditure authorised but not contracted for at the balance sheet date is as follows:

	2004 Shs'000	2003 Shs'000
Property, plant and equipment	59,369	147,605

notes forming part of the financial statements *(continued)*

25 Cash generated from operations

Reconciliation of profit before tax to cash generated from operations:

	2004 Shs'000	2003 Shs'000
Profit before tax	400,473	255,709
Adjustments:		
Depreciation (Note 15(a))	185,077	194,306
Depreciation on investment property (Note 16)	6,264	2,386
Profit on sale of plant and equipment (Note 2)	(1,637)	(2,796)
Amortisation of prepaid operating lease rentals (Note 18)	22	22
Interest income (Note 5)	(626)	(1,148)
Rental income	(52,527)	(48,094)
Interest expense (Note 5)	5,945	5,667
Changes in working capital		
- receivables and prepayments	(195,834)	(3,460)
- inventories	(278,993)	94,816
- payables and accrued expenses	192,096	33,638
- provision for retirement benefit obligations	15,957	14,428
Effects of exchange rate movement	15,517	11,481
Cash generated from operations	291,734	556,955

26 Lease hire of motor vehicles

	Group		Company	
	2004 Shs'000	2003 Shs'000	2004 Shs'000	2003 Shs'000
Within 1 year	2,754	-	2,461	-
Between 2 and 3 years	6,036	-	5,333	-
	8,790	-	7,794	-

Lease agreements were entered into by the company during the year.

27 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:	2004 Shs'000	2003 Shs'000
i) Purchase of goods and services		
Bridgestone Americas Holdings, Inc.	450,987	247,262
Ryce Motors Limited	10,538	5,790
	461,525	253,052
ii) Sale of goods		
Ryce Motors Limited	54,297	115,718

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 Americas Holdings, Inc. of Nashville, USA during the year for technical services amounts to Shs 84,280,966 (2003: Shs 66,100,816).

iv) Outstanding balances arising from sale and purchase of goods/services	2004 Shs'000	2003 Shs'000
Receivables from:		
Ryce Motors Limited	5,959	30,216
Payables to:		
Bridgestone Americas Holdings, Inc.	132,552	35,360
Yansam Motors Limited	1,475	-
Ryce Motors Limited	116	247
	134,143	35,607

The company is in the process of acquiring Yansam Motors (Tanzania) Limited, a company incorporated in the Republic of Tanzania.
A deposit of Shs 22,973,000 was paid in the year.

v) Directors' remuneration	2004 Shs'000	2003 Shs'000
- fees	3,060	3,060
- management	32,772	33,735
	35,832	36,795

28 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 market prices, foreign currency exchange rates and interest rates. The group's overall risk management programme focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Financial risk management is carried out by the treasury department under policies approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks. Treasury manages policies in specific areas such as commodity price risks, foreign exchange risk, interest rate risk, credit risk and investing excess liquidity.

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

group five year financial results

	2000 Shs'000	2001 Shs'000	2002 Shs'000	2003 Shs'000	2004 Shs'000
Turnover	2,686,256	3,073,773	2,736,539	2,538,316	3,270,254
Group profit before tax	396,412	448,879	310,834	255,709	400,473
Taxation	(103,928)	(115,279)	(79,427)	(98,515)	(125,302)
Profit after taxation	292,484	333,600	231,407	157,194	275,171
Dividends (gross)	(278,342)	(278,342)	(278,342)	(139,172)	(278,342)
Retained profit transferred to/(from) Revenue reserve	14,142	55,258	(46,935)	18,022	(3,171)
Earnings per share (Shs)	1.05	1.20	0.83	0.56	0.99
Dividend per share (Shs)	1.00	1.00	1.00	0.50	1.00
Shares in issue (000s)	278,342	278,342	278,342	278,342	278,342
Consolidated balance sheet summary					
Fixed assets	995,134	951,472	991,185	756,806	772,064
Prepaid operating lease rentals	-	2,042	1,983	1,961	1,939
Investments	95,440	95,440	90,668	243,386	237,172
	1,203,742	1,090,574	1,048,954	1,002,153	1,011,175
Current assets:					
Stocks and work-in-progress	1,157,180	1,123,516	1,249,131	886,267	1,165,260
Debtors	429,556	392,671	387,892	389,263	585,097
Bank balances and cash	58,444	133,547	126,863	205,150	224,912
Tax recoverable	-	-	11,512	-	-
	1,645,180	1,649,734	1,775,398	1,480,680	1,975,269
Current liabilities:					
Borrowings	248,299	20,000	8,630	7,750	235,755
Creditors	429,052	550,205	618,418	429,824	621,920
Taxation	12,547	19,662	-	21,703	2,896
	689,898	589,867	627,048	459,277	860,571
Net current assets	955,282	1,059,867	1,148,350	1,021,403	1,114,698
Non current liabilities:					
Deferred taxation	(113,062)	(77,108)	(79,309)	(33,200)	(16,851)
Provision for retirement benefit obligations	(36,421)	(52,144)	(63,485)	(80,775)	(96,732)
	(149,483)	(129,252)	(142,794)	(113,975)	(113,583)
Net assets	2,009,541	2,021,189	2,054,510	1,909,581	2,012,290
Financed by:					
Share capital	1,391,712	1,391,712	1,391,712	1,391,712	1,391,712
Retained earnings	478,211	492,353	547,611	468,353	465,182
Translation reserve	447	(2,047)	(23,984)	(20,070)	16,225
Proposed dividend	139,171	139,171	139,171	69,586	139,171
Shareholders' funds	2,009,541	2,021,189	2,054,510	1,909,581	2,012,290

form of proxy
fomu ya uwakilishi

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 Sameer Industrial Park Premises, off Mombasa Road, Nairobi, on 30 March, 2005 and at any adjournment thereof.

As witness my/our hand(s) this ______________ day of __________ 2005.

____

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 authorized in writing.

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 ya Sameer Industrial Park, kando ya barabara ya Mombasa, Nairobi, siku ya Jumatano tarehe 30 Machi 2005 na kwenye uahirishwaji wake wowote.

Kama ushahidi wangu/wetu hii siku ya ______________ mwezi wa __________ 2005

____

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 kabla ya wakati wa kufanywa mkutano.
2. Ikiwa mwanachama ni shirika, uwakilishi uwe kwenye muhuri wa kawaida au kwa idhini ya afisaa au mwanasheria alioidhinishwa kwa maandishi.

FOLD

The Company Secretary
Firestone East Africa (1969) Limited
P. O. Box 30429 - 00100
Nairobi, Kenya

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Firestone