CONTENTS

DIRECTORATE AND ADMINISTRATION

DIRECTORS

C.W.Obura (Dr.)	-	Chairman
R.B. Markham		
L. Serafino**	-	Appointed 12 January 2000
G. Serobe**		
M. Nuesch*	-	Resigned 31 January 2001
H. Ralefeta**		
K.H. Balzer***		
Hon. M. Too		

*Swiss **South African ***German

AUDIT COMMITTEE
C.W. Obura (Dr.)
H. Ralefeta
K.H. Balzer

COMPANY SECRETARY
Atanas Kariuki Maina

AUDITORS
KPMG Peat Marwick
Lonrho House, 16th floor
PO Box 40612
Nairobi

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS
Etcoville
Off Enterprise Road
Industrial Area
PO Box 40433
Nairobi

BANKERS
Barclays Bank of Kenya Limited
Enterprise Road Branch
PO Box 18060
Nairobi

Citibank N.A
Citibank House
Upperhill Road
PO Box 30711
Nairobi

Commercial Bank of Africa
Wabera Street
PO Box 30437
Nairobi

EXECUTIVE MANAGEMENT

Seated: C.W. Obura (Dr.) - *Chairman*
Standing from left to right: R. Braganza - *Finance Manager*, L. Serafino - Managing Director, R.B. Markham - *Travel Director*, G. Kammloth - *General Manager, Freight Division.*

2007/1127

NOTICE OF THE ANNUAL GENERAL MEETING
TO SHAREHOLDERS

Notice is hereby given that the Thirtieth Annual General Meeting of Express Kenya Limited will be held at the Norfolk Hotel, Harry Thuku Road, Nairobi on Friday 25th May, 2001 at 12:00 Noon.

AGENDA
ORDINARY BUSINESS

1. To confirm the minutes of the 29th Annual General Meeting held on Monday, 8th May 2000.

2. To receive, consider and adopt the accounts for the year ended 31st December 2000 together with Directors' and Auditors' Report thereon.

3a. To re-elect Directors in accordance with the company's Articles of Association. Mr. Richard Markham retires by rotation as per Article 113 of Articles of Association and being eligible, offers himself for re-election.

3b. Mr. Luigi Serafino retires in accordance with Article 90 of the Articles of Association and being eligible, offers himself for re-election.

4. To re-appoint KPMG Peat Marwick as auditors and authorize the Directors to fix their remuneration.

5. To transact any other business that may legally be transacted at the meeting.

By Order of the Board

A.K. MAINA
Company Secretary

20 APRIL 2001

TANGAZO LA MKUTANO WA KILA MWAKA
KWA WENYEHISA

Ilani inatolewa hapa kuwa Mkutano wa Thelathini wa kila mwaka wa Express Kenya Limited, utafanyika katika, Norfolk Hotel, Harry Thuku Road, Nairobi, Ijumaa, Mei Ishirini na Tano, Mwaka wa 2001 saa sita mchana.

AJENDA
SHUGHULI ZA KAWAIDA

1. Kuidhinishwa yaliyosemwa kwenye mkutano mkuu wa Ishirini na Tisa wa kila mwaka uliofanyika Jumatatu, tarehe nane Mei, 2000.

2. Kupokea na kujadili taarifa ya hesabu za fedha pamoja na akaunti, pamoja na taarifa ya Wakurugenzi kuhusu mwaka uliomalizika Desemba 31,2000.

3a. Kumchagua tena Mkurugenzi, kwa Mujibu wa Kanuni za Makampuni, Bwana Richard Markham, ambaye anastaafu kwa zamu kwa mujibu wa kifungu cha 113 cha kanuni za Makampuni na akiwa anastahili, amejitolea kuchaguliwa tena.

3b. Bwana Luigi Serafino anastaafu kwa mujibu wa kifungu cha 90 cha kanuni za kampuni na kwa kuwa anastahili, amejitolea kuchanguliwa tena.

4. Kuwateua upya KPMG Peat Marwick kama Wakaguzi wa Hesabu na Kuidhinisha Wakurugenzi kuamua ujira wao.

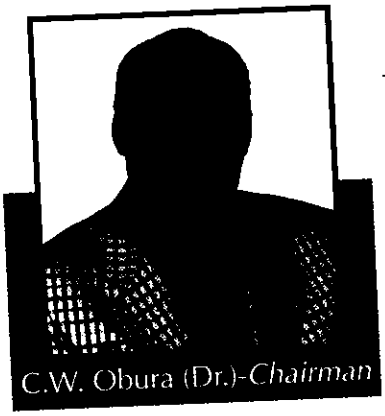
5. Kushughulikia jambo lingine lolote linaloweza kushughulikiwa katika mkutano mkuu wa kila mwaka.

Kwa amri ya Halmashauri

A.K. MAINA
Katibu wa Kampuni

20 APRIL 2001

CHAIRMAN'S REPORT


C.W. Obura (Dr.)-*Chairman*

The year 2000 was characterized by a weakening economic activity in our core markets of East Africa. This was particularly relevant when taking into account the prolonged drought, weakened imports and power rationing. This negatively impacted on the movement of freight and expectations are that conditions will remain tough throughout 2001.

The Group went through a restructuring exercise designed to create greater focus and bottom line responsibility. This has happened in conjunction with a retrenchment exercise, which reduced the staff numbers by almost 10%. A strict recruitment policy was also followed so as to save on cost.

As in 1999 the Group has continued with taking certain restructuring costs and these have negatively impacted on year-end profits, these include:-

1. Provision for bad debts of Kshs. 5.2 million.
2. Provision for outstanding legal cases between 1991 - 1999 of Kshs. 9.7 million.
3. Retrenchment costs of Kshs. 8.7 million.

Notwithstanding the above the Group managed to reduce the operating loss of 1999 of Kshs. 37.4 million to an operating loss of Kshs. 5.973 million.

With restructuring costs mostly now accounted for, the Group can look at its growth strategies for the future. With an expectation of improved economic performance and more positive rainfall pattern improved profits should occur. An alarming matter is the continued high level of borrowing, especially short term to finance growth resources. This matter is being addressed during this year, 2001.

The performance of the various operations will now be highlighted including future perspectives.

EXPRESS KENYA - FREIGHT DIVISION

The year was marked by an emphasis on reorganizing activities into clearly defined Strategic Business Units. Reduced activity in the manufacturing and agricultural sector meant lower volumes handled and profit margins were squeezed due to enhanced competition.

Seafreight Imports

This Strategic Business Unit experienced substantially reduced volume and was 35% down compared to last year. Efforts to enhance customer service and gain new clients were constantly done and the operations in Mombasa and Nairobi were brought under centralized control. The marketing efforts began to pay off in the second half of the year with new clients and this is expected to be reflected in the 2001 results. The office at Malaba was opened in May and transit business has begun to grow.


Container yard in Nairobi

Development of door-to-door solutions with our international partners has not occurred and increased effort will be needed in the next year.

Warehousing and Exports


Tea blending machine

Lower economic activity and reduced volumes of tea exports lead to a substantial decrease in volume handled. The reliance on tea export for a major part of this Strategic Business Units's business has been recognized and efforts to diversify into other agricultural commodities will continue.

Efforts were made to dispose of underutilized warehouses in Nairobi, but due to the current slump in the property market, no disposals materialized.

Airfreight

Efforts to increase business in conjunction with our international partners have begun to bear fruit. Growth in the imports consolidation market has occurred and is expected to continue into 2001, with the objective of increasing volumes by about 25% on the year. Focus will be placed on increasing market share on several key routes. Exports for non-perishable items from Kenya will be targeted in the next year.


Off-loading at the airport

Logistics

The integration of a large contract distribution project continued throughout the year, this has necessitated fleet purchases and should begin to provide positive results in 2001. Further contracts have also commenced especially in the chemical and pharmaceutical sectors. Management is presently looking at expanding into this sector of the market and further projects are being investigated.

Packing and Removals
The division continued to provide positive results in the year. Further expansion will occur when this division integrates into an international network, this will be actively pursued in 2001.

EXPRESS KENYA - TRAVEL DIVISION

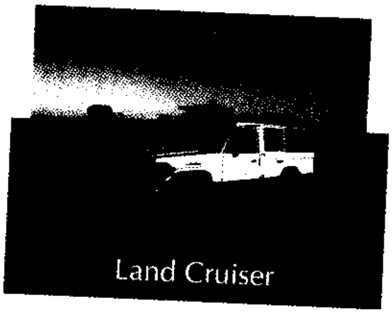
This has been an excellent year for the Travel Division with significant contributions towards Group results. Every division recorded better than budgeted profits, and well ahead of the previous year. The reputation of the Express Travel Group as one of East Africa's leading travel service provider's remains unchallenged.

Travel
Once again ticket sales were ahead by 19% compared to previous year, consolidating our position as one of the leading travel agents in Kenya. During the year the airlines reduced their commission on international travel, which has had a serious financial impact on our revenues. This worldwide trend will be carefully watched in the future, and necessary actions taken. In the latter part of the year we opened a 24-hour travel office at Nairobi's Jomo Kenyatta International Airport, which has proved to be very popular, particularly with those travelers who require a ticket outside of regular office hours.

Express Travel Group
Airport Office

American Express
Continues to look after card member interests in Kenya and Uganda, including emergency cheque cashing, sale of travelers cheques, and acceptance of card member remittances. The division also acts as the authorization center for Kenya, providing a 24-hour service with computers linked directly to the American Express mainframe computer.

Touring
The total number of safaris operated was up by 16%, compared to the previous year. Kenya's fragile tourist industry is slowly beginning to recover, but it will take time and expenditure to return to the heyday of years gone past. We continue to focus on Europe and the Americas, and have expanded to Australia during the year. Further expansion is under review. We offer a competitive safari product aimed at the middle to upper income levels, and also provide, for the local market, an excellent conference and incentive service.


Land Cruiser

Europcar
Competition is as strong as ever, but our strategy of providing a first class product is definitely paying off. Total car days sold were 5% ahead of last year. In 2001 a further growth is expected in this strategic business unit, since we are now providing a total transport solution to our corporate clients. We continue to concentrate on the corporate market where our 24-hour airport office and the airport transfer service, is most appreciated. We strictly observe a vehicle replacement program, thus hiring out only the latest models available in Kenya.

Uganda
Again this was a difficult year, but trading improved compared to the previous year. We have new management in place that is taking steps to increase our revenues, yet control overheads. Our office within the Sheraton Hotel gives us a prominent location, with excellent clientele. We will continue to focus on corporate clients, providing a cost effective and personal service.

THE FUTURE

Despite a difficult trading year the company's loss was reduced significantly. I am convinced that with a strong economy and an effective management team, the company's future will be bright.

THANKS

On behalf of the Board, I wish to thank our staff, shareholders, customers and suppliers for the confidence they have continued to show in the company.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2000

The directors have pleasure in submitting their report together with the audited accounts for the year ended 31 December 2000.

1. Results

The results of the group are set out on Page 10.

2. Dividend

The directors do not recommend the payment of a dividend (1999 - Nil).

3. Directors

The directors who served during the year are set out on page 2.

4. Auditors

The auditors, KPMG Peat Marwick will continue in office in accordance with Section 159(2) of the Companies Act (Cap. 486).

5. Approval of accounts

The accounts were approved at a meeting of the directors held on 22 March 2001.

BY ORDER OF THE BOARD

A.K. Maina
Company Secretary

22 March 2001

REPORT OF THE AUDITORS

TO THE MEMBERS OF EXPRESS KENYA LIMITED

We have audited the financial statements set out on pages 10 to 28 which have been prepared on the basis of the accounting policies set out in Note 1. 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 and to provide a reasonable basis for our opinion. The balance sheet of the company is in agreement with the books of account.

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

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 accounts 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. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors, as well as an evaluation of the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our 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 company and the group as at 31 December 2000 and of the operating results and cash flows of the group for the year then ended in accordance with International Accounting Standards and comply with the requirements of the Companies Act.

KPMG PEAT MARWICK
Certified Public Accountants
P.O. Box 40612,
NAIROBI.

22 March 2001

TAARIFA YA WAKAGUZI WA HESABU
KWA WANACHAMA WA EXPRESS KENYA LIMITED

Tumekagua taarifa za fedha kama ilivyoonyeshwa kwenye ukurasa wa 10 hadi 28 ambazo zimetayarishwa kuambatana na maongozi ya uhasibu yalioonyeshwa katika Muhtasari wa 1. Tumepata habari na maelezo kamili, ambayo kwa kadiri ya imani na maarifa yetu, yalikuwa ni muhimu kwa minaajili ya ukaguzi wetu na kuwa msingi unaofaa wa maoni yetu. Hesabu za kampuni zinalingana na vitabu vya akaunti.

Wakurugenzi wanahusika na matayarisho ya taarifa za fedha, yanayoonesha ukweli na usawa wa mambo ya Kampuni pamoja na ya kundi, na matokeo ya shughuli za kundi. Wajibu wetu ni kutoa maoni huru juu ya taarifa za fedha, tukizingatia ukaguzi wetu, na kukwaarifu maoni yetu.

Tulifanya ukaguzi wetu kulingana na Viwango vya Kimataifa vya Ukaguzi wa Hesabu. Viwango hivyo vinatuhitaji tupange na tutekeze ukaguzi wetu ili tupate thibitisho kwamba hesabu hazina kasoro yoyote. Ukaguzi uhusu uchunguzi, kuambatana na majaribio, ya ushahidi unaounga mkono kiasi cha pesa na ufichuaji kwenye taarifa ya fedha. Ukaguzi pia uhusu makadirio ya maongozi ya uhasibu yaliyotumiwa na makisio muhimu yaliyofanywa na wakurugenzi, mkiwamo uthamini wa kuwasilisha taarifa za fedha. Tunatumaini ya kwamba uhasibu wetu ulionyesha kiwango cha maoni yetu.

Kwa maoni yetu, vitabu, vya hesabu vimehifadhiwa sawa. Na taarifa za fedha zinaonyesha ukweli na usawa wa mambo ya kampuni pamoja na kundi kufikia Desemba 31 2000, na ya mapato halisi ya kundi kwa kipindi hicho kilichokwisha kulingana na Viwango vya Uhasibu vya Kimataifa kuambatana na Sheria za Makampuni.

KPMG PEAT MARWICK
Wahasibu wa umma Waliothibitishwa
S.L.P. 40612
NAIROBI.

22 March 2001

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000

	Note	2000 KShs '000	1999 KShs '000
Revenue	2	3,172,049	3,221,241
Cost of sales	2	(2,678,678)	(2,775,777)
Gross profit		493,371	445,464
Other operating income	3	1,691	1,998
Administrative expenses		(423,835)	(394,705)
Other operating expenses	4	(51,304)	(57,543)
Profit/(loss) from operations	5	19,923	(4,786)
Net finance cost	6	(25,892)	(32,619)
Loss before tax		(5,969)	(37,405)
Income tax (expense)/credit	7	(4)	24,006
Loss after tax		**(5,973)**	**(13,399)**
Basic loss per share	**8**	**(KShs 1.24)**	**(KShs 2.79)**

The consolidated statement of profit and loss account is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 28.

BALANCE SHEET
AS AT 31 DECEMBER 2000

	Note	Group 2000 KShs '000	Group 1999 KShs '000	Company 2000 KShs '000	Company 1999 KShs '000
ASSETS					
Non current assets					
Property, plant and equipment	9	435,184	430,553	397,920	392,215
Investment in subsidiaries	10	-	-	10,105	10,105
Other investments	11	20	20	20	20
		435,204	430,573	408,045	402,340
Current assets					
Stocks	12	2,944	2,521	2,944	2,521
Debtors	13	400,719	414,851	407,358	409,552
Tax recoverable		7,851	7,680	7,034	6,817
Cash and cash equivalents	14	16,232	16,697	6,106	2,571
		427,746	441,749	423,442	421,461
TOTAL ASSETS		**862,950**	**872,322**	**831,487**	**823,801**
EQUITY AND LIABILITIES					
Capital and reserves	15				
Share capital		24,000	24,000	24,000	24,000
Reserves		246,725	250,937	188,131	193,343
		270,725	274,937	212,131	217,343
Non current liabilities					
Deferred tax	16	42,729	43,893	44,722	46,322
Current liabilities					
Interest bearing loans and borrowings	17	242,069	183,172	242,069	181,481
Creditors	18	307,427	370,320	332,565	378,655
		549,496	553,492	574,634	560,136
TOTAL EQUITY AND LIABILITIES		**862,950**	**872,322**	**831,487**	**823,801**

The accounts on pages 10 to 28 were approved by the Board of Directors on 22 March 2001 and were signed on its behalf by:

Director: C.W. Obura (Dr.)

Director: L. Serafino

The balance sheets are to be read in conjunction with the notes to and forming part of the consolidated financial statements set out on pages 10 to 28.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2000

	Note	2000 KShs '000	1999 KShs '000
Net cash (outflow)/inflow from operating activities	19(a)	**(14,512)**	**59,787**
Investing activities			
Purchase of property and equipment		(48,972)	(97,881)
Proceeds from sale of property and equipment		4,122	24,687
Net cash outflow from investing activities		(44,850)	(73,194)
Net cash flow before financing activities		(59,362)	(13,407)
Financing activities			
Dividend paid		-	(8,160)
Net money market borrowing		50,000	-
Net commercial paper borrowings		7,200	106,500
Loan received		-	12,500
Loan repaid		(11,474)	(1,026)
Net cash flow from financing activities		45,726	109,814
Net (decrease)/ increase in cash and cash equivalents	19(b)	**(13,636)**	**96,407**

The consolidated cash flow statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 28.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2000

	Share capital KShs '000	Revaluation reserve KShs '000	Retained earnings KShs '000	Total KShs '000
Balance at 1 January 2000 as previously reported	24,000	200,484	92,079	316,563
Changes in accounting policy(with respect to deferred tax)	-	(41,626)	-	(41,626)
Balance as restated	24,000	158,858	92,079	274,937
Net loss for the year	-	-	(5,973)	(5,973)
Adjustment for deferred tax attributable to revaluation surplus	-	1,168	-	1,168
Exchange gain arising on translation of a foreign subsidiary	-	-	593	593
Excess depreciation transfer	-	(4,966)	4,966	-
Deferred tax on depreciation transfer	-	853	(853)	-
Balance at 31 December 2000	24,000	155,913	90,812	270,725

The consolidated statement of changes in equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 10 to 28.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

1. SIGNIFICANT ACCOUNTING POLICIES

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 prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment .

(b) *Consolidation principles*

The consolidated financial statements include the Company and subsidiaries in which the company holds more than 50% of the voting rights. A listing of the company's significant subsidiaries is set out in note 10.

All inter-company balances and transactions, including unrealised inter-company profits, are eliminated.

(c) *Revenue recognition*

Sales are recognised upon delivery of services, and are stated net of VAT and discount.

(d) *Translation of foreign currencies*

Transactions in foreign currencies during the year are converted into Kenya Shillings (KShs) at the exchange rate ruling at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the exchange rate ruling at the balance sheet date. Resulting exchange differences are recognised in the income statement for the year. Non-monetary assets and liabilities denominated in foreign currency are recorded at the exchange rate ruling at the date of transaction.

Foreign exchange differences arising on the translation of foreign subsidiary are recognised directly in equity.

(e) *Segment reporting*

Segmental information is based on two segment formats. The primary format represents two business segments - freight division and travel division. The secondary format represents the Group's two geographical markets.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions or from transactions with other segments of the Group. Unallocated items mainly comprise corporate expenses.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deducting related allowances that are reported as direct offsets in the Group's balance sheet. Segment assets and liabilities do not include income tax items.

Capital expenditure represents the total cost incurred during the year to acquire segment assets that are expected to be used during more than one period (property, plant and equipment).

(f) Property, plant and equipment

Items of property, plant and equipment are stated at purchase price or valuation less accumulated depreciation.

Depreciation is charged on a straight line basis over the estimated useful lives of the assets. The rates of depreciation used are based on the following estimated useful lives:

• Freehold land	Nil
• Buildings	
Long term leasehold	50 years
Short term leasehold	39 years
• Plant and equipment	5 to 12 years
• Fixtures and fittings	5 to 10 years

(g) Investments

Other investments comprise participation in an entity in which the company neither holds, directly or indirectly, 20 % or more of the voting powers nor exercises significant influence. The investments are carried at cost less any amounts written off to recognise other than temporary declines in the value of the investment.

(h) Stocks

Stocks are stated at the lower of cost and net realisable value. The cost of stocks is based on the first-in first out principle.

(i) Trade and other debtors

Trade and other receivables are stated at nominal value, less writedowns for any amounts expected to be irrecoverable.

(j) Post-employment benefits

The majority of the group's employees are eligible for retirement benefits under a defined contribution plan.Contributions to the defined contribution plan are charged to the income statement as incurred. Any difference between the charge to the income statement and the annual contributions paid is recorded in the balance sheet under other payables.

(k) Taxation

Tax on the profit or loss for the year comprises current tax and the change in deferred tax. Current tax is provided on the results in the year as shown in the accounts adjusted in accordance with tax legislation.

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

The tax value of losses expected to be available for utilisation against future taxable income is set off against the deferred tax liability. Net deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is calculated on the basis of the tax rate currently enacted.

Deferred tax has been provided on revaluation surpluses where appropriate and amendments made to prior year reserves as indicated under note 15.

(l) Cash and cash equivalent

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with the banks net of bank overdrafts. In the balance sheet, bank overdrafts are included under borrowings in current liabilities.

(m) Impairment of assets

The carrying amounts of the Group's assets, other than stocks and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised immediately.

(n) Interest bearing borrowings

Interest bearing borrowings are recognised initially at cost, net of any transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of borrowings.

(o) Credit risk

The exposure on the group's credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers.

(p) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

FOR THE YEAR ENDED 31 DECEMBER 2000

2 SEGMENTAL REPORTING

a) Primary Segments

	Travel		Freight		Consolidated	
	2000 KShs '000	**1999 KShs '000**	**2000 KShs '000**	**1999 KShs '000**	**2000 KShs '000**	**1999 KShs '000**
Revenue	1,288,985	1,016,771	1,883,064	2,204,470	3,172,049	3,221,241
Cost of sales	(1,109,962)	(862,819)	(1,568,716)	(1,912,958)	(2,678,678)	(2,775,777)
Gross profit	**179,023**	**153,952**	**314,348**	**291,512**	**493,371**	**445,464**
Expenses						
Manpower	57,224	49,757	104,139	106,381	161,363	156,138
Administration	10,930	10,979	23,747	11,709	34,677	22,688
Communication	6,512	6,140	12,501	11,589	19,013	17,729
Advertising/travel	13,923	11,235	7,249	5,700	21,172	16,935
Vehicle	18,593	17,861	66,702	22,429	85,295	40,290
Depreciation	13,491	11,613	26,655	20,714	40,146	32,327
Equipment	1,114	772	3,365	4,768	4,479	5,540
Facilities	9,222	9,176	21,320	20,627	30,542	29,803
Bad debts	2,729	10,480	6,755	12,338	9,484	22,818
Total expenses	**133,738**	**128,013**	**272,433**	**216,255**	**406,171**	**344,268**
Segment result	**45,285**	**25,939**	**41,915**	**75,257**	**87,200**	**101,196**
Profit from operations					87,200	101,196
Head office expenses					(67,277)	(105,982)
Net financing cost					(25,892)	(32,619)
Net loss before tax					(5,969)	(37,405)
Assets	183,314	178,719	679,636	693,603	862,950	872,322
Liabilities	(141,030)	(127,346)	(451,195)	(470,039)	(592,225)	(597,385)
Net assets	42,284	51,373	228,441	223,564	270,725	274,937

b) Secondary segment

	Kenya		Uganda		Consolidated	
	2000 KShs '000	**1999 KShs '000**	**2000 KShs '000**	**1999 KShs '000**	**2000 KShs '000**	**1999 KShs '000**
Gross profit	483,071	442,840	10,300	2,624	493,371	445,464
Total gross profit	**483,071**	**442,840**	**10,300**	**2,624**	**493,371**	**445,464**
Segment property, plant and equipment	434,125	429,334	1,059	1,219	435,184	430,553
Capital expenditure	48,735	97,737	237	144	48,972	97,881

3 OTHER OPERATING INCOME

	2000 KShs '000	1999 KShs '000
Profit on disposal of property and equipment	**1,691**	**1,998**

4 OTHER OPERATING EXPENSES

Depreciation	41,820	34,725
Bad debts provision	9,484	22,818
	51,304	57,543

5 PROFIT/(LOSS) FROM OPERATIONS

Operating profit/(loss) is arrived at after charging:-

Total staff costs	168,408	170,533
Redundancy costs	8,763	-
Directors' emoluments		
- Fees	120	240
- Other	8,533	45,055
Auditors' remuneration		
- Charge for the year	2,053	1,959
- Under provision in prior year	-	208

The average number of people engaged during the year were:

	2000	1999
Freight division	268	238
Travel division	129	86
Central services	21	21
Total	**418**	**345**

Included in staff costs are contributions to a defined contribution plan for employees. During the year, the company expensed KShs 5,780,000 in contributions payable (1999 - KShs 5,430,000).

6 NET FINANCE COST

	2000 KShs '000	1999 KShs '000
Interest income	6,569	8,250
Foreign exchange gains	44,714	171,625
Total finance income	51,283	179,875
Interest expense	(43,080)	(29,980)
Foreign exchange losses	(34,095)	(182,514)
	(77,175)	(212,494)
Net finance cost	**(25,892)**	**(32,619)**

7 INCOME TAX EXPENSE

	2000 KShs '000	1999 KShs '000
Current tax at 30% (1999 - 32.5%)	-	15
Deferred tax (Note 16)	4	(24,021)
	4	**(24,006)**

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

	2000 KShs '000	1999 KShs '000
Accounting loss before tax	(5,969)	(37,405)
Tax at the applicable tax rate of 30% (1999 - 32.5%)	(1,791)	(12,157)
Non-deductible costs and non-taxable income	171	10,933
Investment and other allowances	1,624	(22,959)
Deferred tax arising from future reduction in tax rate	-	177
Income tax	**4**	**(24,006)**

8 BASIC LOSS PER SHARE

The basic loss per share is based on:

	2000	1999
Net loss for the year attributable to ordinary shareholders (KShs '000)	(5,973)	(13,399)
Number of ordinary shares outstanding during the year	4,800,000	4,800,000
Loss per share	**(KShs 1.24)**	**(KShs 2.79)**

9 PROPERTY, PLANT AND EQUIPMENT

	Freehold land KShs '000	Leasehold Land and buildings Long term KShs '000	Leasehold Land and buildings Short term KShs '000	Plant and equipment KShs '000	Total KShs '000
Group:					
Cost or valuation:					
At 1 January 2000	74	152,750	155,743	246,260	554,827
Exchange adjustments	-	-	-	(99)	(99)
Additions	-	-	-	48,972	48,972
Disposals	(44)	-	-	(3,642)	(3,686)
At 31 December 2000	30	152,750	155,743	291,491	600,014
Cost	30	22,750	743	291,396	314,919
Valuation	-	130,000	155,000	95	285,095
Depreciation:					
At 1 January 2000	-	10,865	16,991	96,418	124,274
Exchange adjustments	-	-	-	(9)	(9)
Charge for the year	-	2,693	3,893	35,234	41,820
Disposals	-	-	-	(1,255)	(1,255)
At 31 December 2000	-	13,558	20,884	130,388	164,830
Cost	-	578	65	130,293	130,936
Valuation	-	12,980	20,819	95	33,894
Net book value:					
At 31 December 2000	**30**	**139,192**	**134,859**	**161,103**	**435,184**
At 31 December 1999	**74**	**141,885**	**138,752**	**149,842**	**430,553**
Company:					
Cost or valuation:					
At 1 January 2000	74	112,750	155,743	243,754	512,321
Additions	-	-	-	48,735	48,735
Disposals	(44)	-	-	(3,642)	(3,686)
At 31 December 2000	30	112,750	155,743	288,847	557,370
Cost	30	22,750	743	288,752	312,275
Valuation	-	90,000	155,000	95	245,095
Depreciation:					
At 1 January 2000	-	7,760	16,991	95,355	120,106
Charge for the year	-	2,003	3,893	34,703	40,599
Disposals	-	-	-	(1,255)	(1,255)
At 31 December 2000	-	9,763	20,884	128,803	159,450
Cost	-	578	65	128,708	129,351
Valuation	-	9,185	20,819	95	30,099
Net book value:					
At 31 December 2000	**30**	**102,987**	**134,859**	**160,044**	**397,920**
At 31 December 1999	**74**	**104,990**	**138,752**	**148,399**	**392,215**

The Group and Company land and buildings were revalued on an open market basis by Gatheru Irungu Mugo Company Limited, a firm of professional valuers, in March 1995. The resulting surplus was credited to revaluation reserve.

10 INVESTMENT IN SUBSIDIARIES

Company

The significant subsidiary undertakings are:

	Country	Ownership	2000 KShs '000	1999 KShs '000
Express Mombasa Limited	Kenya	100%	2,810	2,810
Container Services Limited	Kenya	100%	2,150	2,150
Airporter Limited	Kenya	100%	2,531	2,531
Express Transport Company Limited	Uganda	100%	2,614	2,614
			10,105	**10,105**

11 OTHER INVESTMENTS

Group and company

	2000 KShs '000	1999 KShs '000
Unquoted at cost	**20**	**20**

12 STOCKS

Group and company

	2000 KShs '000	1999 KShs '000
General stocks at net realisable value	**2,944**	**2,521**

13 DEBTORS

	Group		Company	
	2000 KShs '000	1999 KShs '000	2000 KShs '000	1999 KShs '000
Trade debtors	333,196	344,488	327,728	339,763
Prepayments	49,502	47,619	48,894	44,521
Due from related companies	2,895	6,637	16,690	6,637
Other debtors	15,126	16,107	14,046	18,631
	400,719	**414,851**	**407,358**	**409,552**

Services to related companies were transacted at terms and conditions similar to those offered to major customers. There was no significant concentration of credit risk.

15 CAPITAL AND RESERVES

b) Reserves *(continued)*

Company:	**Revaluation reserve KShs '000**	**Retained earnings KShs '000**	**Total KShs '000**
Balance at 1 January 2000 as previously reported	171,629	63,340	234,969
Changes in accounting policy with respect to deferred tax	(41,626)	-	(41,626)
Balance as restated	130,003	63,340	193,343
Net loss for the year	-	(6,380)	(6,380)
Adjustment for deferred tax attributable to revaluation surplus	1,168	-	1,168
Excess depreciation transfer	(4,306)	4,306	-
Deferred tax on depreciation transfer	853	(853)	-
Balance at 31 December 2000	**126,865**	**61,266**	**188,131**

16 DEFERRED TAX

a) Group

Deferred tax liabilities at 31 December 2000 and 1999 are attributable to the items detailed in the table below:

	2000			**1999**		
	Carrying value Kshs '000	**Tax base Kshs '000**	**Temporary difference Kshs '000**	**Carrying value KShs '000**	**Tax base Kshs '000**	**Temporary difference Kshs '000**
Property, plant and equipment	293,200	111,110	182,090	284,457	100,503	183,954
Tax value of losses carry forward	-	39,661	(39,661)	-	37,645	(37,645)
	293,200	**150,771**	**142,429**	**284,457**	**138,148**	**146,309**

16 DEFERRED TAX *(continued)*

a) Group *(continued)*

Movements in temporary differences between values of certain items for accounting and taxation purposes can be specified as follows:

	Balance at 31.12.1999	Movement during the year	Balance at 31.12.2000
	Kshs '000	Kshs '000	Kshs '000
Plant and equipment	183,954	(1,864)	182,090
Tax value of losses carry forward	(37,645)	(2,016)	(39,661)
Total temporary differences	146,309	(3,880)	142,429
Deferred tax @ 30%	43,893	(1,164)	42,729
Less: Deferred tax attributable to revaluation surplus		(1,168)	
Deferred tax expense related to origination and reversal of temporary differences		**4**	

b) Company

Deferred tax liabilities at 31 December 2000 and 1999 are attributable to the items detailed in the table below:

	2000			1999		
	Carrying value Kshs '000	Tax base Kshs '000	Temporary difference Kshs '000	Carrying value KShs '000	Tax base Kshs '000	Temporary difference Kshs '000
Property, plant and equipment	292,334	110,073	182,261	283,710	100,124	183,586
Tax value of losses carry forward	-	33,189	(33,189)	-	29,180	(29,180)
	292,334	**143,262**	**149,072**	**283,710**	**129,304**	**154,406**

16 DEFERRED TAX *(continued)*

b) Company *(continued)*

Movements in temporary differences between values of certain items for accounting and taxation purposes can be specified as follows:

	Balance at 31.12.1999 Kshs '000	Movement during the year Kshs '000	Balance at 31.12.2000 Kshs '000
Plant and equipment	183,586	(1,325)	182,261
Tax value of losses carry forward	(29,180)	(4,009)	(33,189)
Total temporary differences	154,406	(5,334)	149,072
Deferred tax @ 30% (1999 - 30%)	**46,322**	**(1,600)**	**44,722**
Less: Deferred tax attributable to revaluation surplus		(1,168)	
Deferred tax income related to origination and reversal of temporary differences		**(432)**	

17 INTEREST BEARING LOANS AND BORROWINGS

	Group		Company	
	2000 KShs '000	**1999 KShs '000**	**2000 KShs '000**	**1999 KShs '000**
Bank overdraft	78,369	65,198	78,369	63,507
Money market borrowing	50,000	-	50,000	-
Unsecured loan	-	11,474	-	11,474
Commercial paper	113,700	106,500	113,700	106,500
	242,069	**183,172**	**242,069**	**181,481**

The money market borrowing and bank overdraft facilities have been secured by debentures issued by the company over all its assets for KShs.93,000,000 and supplemented by legal charges of KShs.218,500,000 over the company's and a subsidiary property.

Repayment terms are as follows:

Bank overdraft	-	Repayable on demand
Commercial paper	-	Repayable between 30 and 180 days
Money market borrowing	-	Repayable within 90 days

The weighted average interest rates during the year were as follows:

	Rate %
Commercial paper	14
Money market loan	14
Overdraft	21

18 CREDITORS

	Group		Company	
	2000 KShs '000	1999 KShs '000	2000 KShs '000	1999 KShs '000
Accounts payable - trade	181,674	190,836	176,090	178,877
Payable to related companies	-	4,268	35,249	25,761
Other payables and accrued expenses	125,753	175,216	121,226	174,017
	307,427	**370,320**	**332,565**	**378,655**

Services from related parties were transacted at terms and conditions similar to those offered to major customers.

19 NOTES TO THE CASH FLOW STATEMENT

a) Reconciliation of net loss before tax to cash flow from operating activities

	2000 KShs '000	1999 KShs '000
Group loss before tax	(5,969)	(37,405)
Adjustments for:		
Profit on sale property and equipment	(1,691)	(1,998)
Depreciation	41,820	34,725
Interest expense (net)	25,892	21,730
Operating profit before working capital changes	60,052	17,052
(Increase)/decrease in stocks	(423)	24
Decrease/(increase) in debtors	14,132	50,070
(Decrease)/increase in creditors	(62,893)	25,213
Effect of exchange rate changes	729	(135)
Cash generated from operations	11,597	92,224
Interest paid (Net)	(25,892)	(21,730)
Tax paid	(217)	(10,707)
Net cash (outflow)/inflow from operating activities	**(14,512)**	**59,787**

b) Movement in cash and cash equivalents

	2000 KShs '000	1999 KShs '000	Change in the year KShs '000
Cash and bank balances	16,232	16,697	(465)
Bank overdraft and other borrowings	(78,369)	(65,198)	(13,171)
	(62,137)	**(48,501)**	**(13,636)**

20 CAPITAL COMMITMENTS

Group and Company

	2000 KShs '000	1999 KShs '000
Contracted but not accounted for	-	125

21 CONTINGENT LIABILITIES

	Group		Company	
	2000 KShs '000	1999 KShs '000	2000 KShs '000	1999 KShs '000
Claims, guarantees and discounted bills	77,986	26,065	77,986	23,337

These are guarantees given by the group and the company in the normal course of business to their clients. Apart from these the company has custom bonds issued in favour of its clients in the normal course of business totalling KShs 507,585,410 as at 31 December 2000 (1999 - KShs 249,095,862) in respect of which no material losses are expected.

During the year a former executive director of the company, made a claim against the company in respect of certain termination benefits and other issues. These matters have been referred to arbitration.

22 GROUP NET ASSETS OUTSIDE KENYA

Group net assets outside Kenya are as follows:

	2000 KShs '000	1999 KShs '000
Group net assets in Uganda	4,667	5,435

The exchange rate applied into converting net assets of the subsidiary in Uganda was Ushs. 22.60 = 1 KShs.

23 RELATED PARTY TRANSACTIONS

i) Directors

The Group has entered into transactions with its employees and directors:

	2000 KShs '000	1999 KShs '000
Balance at 1 January	350	1,420
Loans granted	420	
Loan repayments	-	(1,070)
Balance at 31 December	770	350

The related interest income in 2000 was KShs 82,500 (1999 - KShs 198,589).

ii) Loan from related parties

Loan from Express Pension Scheme:	**2000 Kshs '000**	**1999 Kshs '000**
Balance at the beginning of the year	11,474	-
Loan received during the year	-	12,500
Loan repaid during the year	(11,474)	(1,026)
Balance at the end of the year	**-**	**11,474**

The above loan was repaid fully during the year.

(iii) Payments to related parties

The following transactions have been undertaken with a related party under the terms of an agreement.

	2000 Kshs '000	**1999 Kshs '000**
Management fees	7,122	-
Commissions	-	2,047
	7,122	**2,047**

24 ULTIMATE HOLDING COMPANY

The ultimate holding company is KN Viamax Investments Kenya Limited which is incorporated in Kenya.

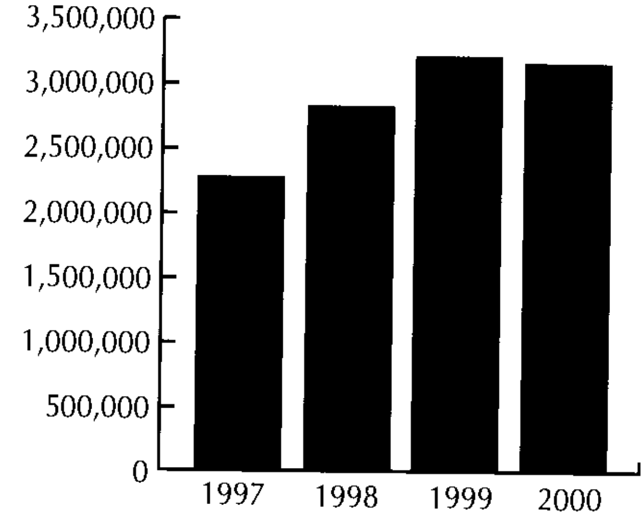
25 INCORPORATION

The company is incorporated in Kenya under the Companies Act.

26 CURRENCY

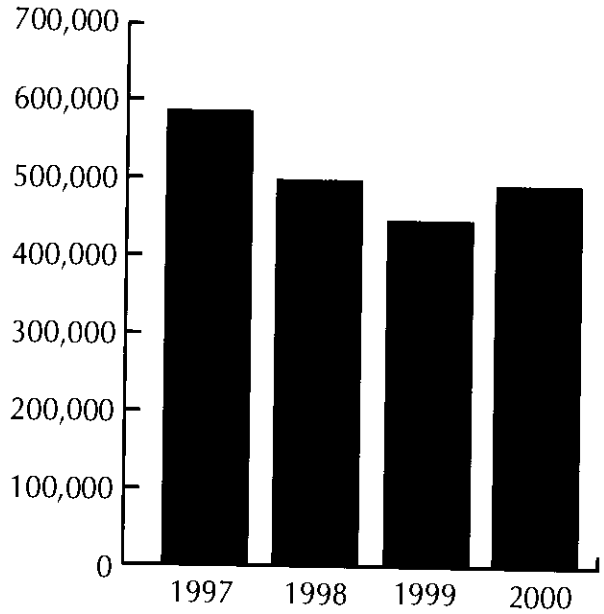
The accounts are presented in Kenya Shillings (Kshs.).

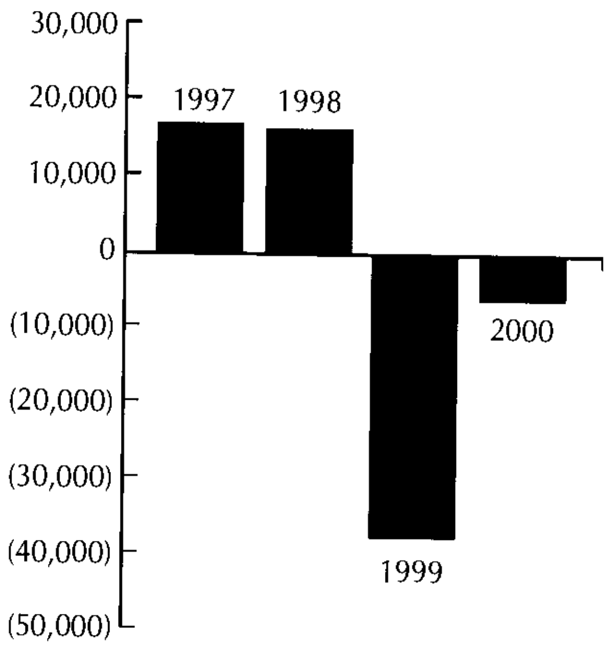
FINANCIAL HIGHLIGHTS



TURNOVER
in Thousands of
Kenya Shillings
(KShs '000)

GROSS PROFIT
in Thousands of
Kenya Shillings
(KShs '000)





PROFIT BEFORE TAX
in Thousands of
Kenya shillings
(KShs '000)

NOTES

PROXY FORM

I/We ____

of ____

being a member(s) of the above named company hereby appoint ____________________

____

of ____

or failing him ____

of ____

to vote for me/us/ on my/our behalf at 30th Annual General Meeting of the said company to be held at 12.00 noon on Friday 25th May, 2001 and at any adjournment thereof.

signed this ____________________ day of ____________________ 2001

signature ____

A member entitled to attend and vote at this meeting is entitled to appoint a proxy who need not be a member(s).

N.B. This proxy must be deposited at the Registered Office of the Company, P.O. Box 40433, Ectoville, Off Enterprise Road, Nairobi at least 48hours before the time of holding this meeting.

FOMU YA UWAKILISHI

Mimi/Sisi ____

wa ____

nikiwa/tukiwa/mwanachama wa kampuni hii iliyotajwa hapa juu namchagua/tunachagua ____________

____

wa ____

au akikosa yeye/wakikosa wao ____

wa ____

kupiga kura badala ya mimi/sisi kwa niaba yangu/yetu katika mkutano Mkuu wa Mwaka wa 30 wa Kampuni hii utakaofanywa saa sita adhuhuri Ijumaa Mei 25, 2001 na katika mkutano wowote utakaoahirishwa.

Imetiwa sahihi leo ____________________ siku ya ____________________ 2001.

Sahihi ____

Mwanachama mwenye haki ya kuhudhuria na kupiga kura katika mkutano huu ana haki ya kumchagua Mwakilishi au Waakilishi ambaye/ambao si lazima kuwa Mshiriki au Washiriki.

TAZAMA: Fomu hii ya Uwakilishi lazima kufikishwa katika Afisi ya Kampuni hii, Sanduku la Posta 40433, Ectoville, karibu na Enterprise Road, Nairobi katika muda usiopungua masaa 48 kabla ya mkutano kufanyika.

STAMP

The Company Secretary

Express Kenya Limited

P.O. Box 40433

Nairobi

Kenya