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DIRECTORS AND PROFESSIONAL ADVISERS

Directors

Dr C W Obura - Chairman
M M W Matu - Managing
K D McCourt
P N Ndeti
M Kunyiha
S A Lakhani

Registrars

Barclays Advisory & Registrar Services Limited
P O Box 30120
Nairobi

Secretary

J L G Maonga
P O Box 30029
Nairobi

Registered Office

Kijabe Street
Nairobi

Advocates

Hamilton Harrison & Matthews
ICEA Building, Kenyatta Avenue
P O Box 30333
Nairobi

Daly & Figgs
Lonrho House
P O Box 40034
Nairobi

Auditors

Deloitte & Touche
'Kirungii', Ring Road, Westlands
P O Box 40092
Nairobi

Bankers

Standard Chartered Bank Kenya Limited
P O Box 20063
Nairobi

Commercial Bank of Africa Limited
P O Box 30437
Nairobi

Barclays Bank of Kenya Limited
P O Box 18060
Nairobi



DUNLOP KENYA LIMITED

TO ALL SHAREHOLDERS

Notice is hereby given that the Thirty-first Annual General Meeting of the Company will be held at the Nairobi Club, Nairobi on 3 December 2001 at 12.00 noon for the following purposes:-

ORDINARY BUSINESS

1. To approve the minutes of the annual General Meeting held on 30 October 2001.
2. To receive, consider and adopt the Financial Statements for the year ended 31 December, 2000 and the Directors' and Auditors' reports thereon.
3. To consider and approve the payment of a final dividend of 8% or Ksh 0.40 for each share of Kenya Shillings five (Ksh 5.00) on the Ordinary Share Capital in respect of the financial year ended 31 December 2000, payable to those shareholders registered in the books of the Company on 29 October 2001.
4. In accordance with Article 99 of the Company's Articles of Association, Mr K D Mc Court retires by rotation and, being eligible, offers himself for re-election.
5. To note that Deloitte & Touche, Certified Public Accountants, will continue in office as Auditors in accordance with Section 159 (2) of the Companies Act (Cap 486) and to authorise the Directors to fix their remuneration.

SPECIAL BUSINESS

6. To consider the following resolution which will be proposed as an ordinary resolution.

"That the Directors' fees shall be Kshs 440,000 for the financial year ended 31 December, 2000.

BY ORDER OF THE BOARD

J L G MAONGA
COMPANY SECRETARY
DUNLOP KENYA LIMITED

18th December 2001



REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 31st December 2000.

Activities

The principal activities of the group is the manufacture and sale of floor tiles and adhesives.

Group Results

	Sh'000
Profit before taxation	10,162
Taxation	7,011
	<hr/>
Net profit for the year transferred to revenue reserve	3,151
	<hr/> <hr/>

Dividend

The directors recommend payment of a dividend of Sh 0.40 (1999 - Sh 0.40) per share

Directors

The directors who held office during the year are shown on page 2.

Mr M Kunyiha was appointed director on 5 March 2001.

In accordance with the provisions of the company's Articles of Association, Mr. KD McCourt, retires by rotation and, being eligible, offers himself for re-election.

Auditors

Deloitte & Touche having expressed their willingness, continue in office in accordance with the provisions of section 159 (2) of the Companies Act (Cap. 486)

By order of the Board

J L G Maonga
Company Secretary
Nairobi



CHAIRMAN'S REPORT

Introduction:

It has become extremely difficult to run a profitable manufacturing operation or business in our economy. However, the management and the board have risen to the challenge and become more focused and aggressive in achieving the corporate strategic objectives of your company.

Results:

Taking into consideration the long periods of power black outs in the course of the year under review and no upturn in the local construction industry, we are pleased that we managed to avert a loss-making situation. However, the results are not encouraging.

We have decided to retain the level of dividend payout despite our need to grow the business, as we firmly believe that we must always focus on the return in cash and by way of value appreciation that our shareholders expect.

Business Lines:

During the year under review, our investment lines could have been divided into three main categories: manufacturing, property and tourism. It has come to our attention that in order to operate state of the art regional manufacturing facilities, we would need to divest from the property and tourism markets and invest those funds in plant upgrades and other regional manufacturing plants.

We have therefore started the process to develop building materials Niche products in both Kenya and other regional manufacturing plants.

Board and Management:

We have one addition to the Board of the company. Mr. David Muchai Kuniya who is a lawyer by training and currently the Operations Director for Cooper Kenya Limited, joined the board in the course of the year. We believe that Mr. Kuniya, who is involved in a regional business, will bring fresh ideas to our regional expansion objectives.

We took on Mr. Paul Ndeti, who is the principal partner of Ndeti and Associates, Certified Public Accountants as a part-time Finance Director. Mr. Ndeti has been a non-executive director for several years.

With the new acquisition and the movement of all management staff to the respective subsidiary companies, we have only retained a small holding company staff of three and the part-time finance director. This has ensured that we maintain costs to a minimum. Support services will be provided by the new Property Company in formation in Nairobi and Rikett SA, in Midrand, South Africa.

Post Balance Sheet events:

Following the need to expand and improve shareholders value and returns on their investments, there have been several post balance sheet events of significance. We sold our investment in Mountain Lodges Limited to other existing shareholders in August 2001. Despite the down turn in the tourism sector, we were able to recover our investment, except for costs associated with the acquisition, as we had capitalized the costs of the transaction. We believe that Mountain Lodges Limited would have proved to be a sound long term investment, however cash was needed to finance our regional expansion objective. It was a pleasure to have worked with Tourism Promotion Services (Serenia) as partners on the investment, and we wish them all the best in the future.

As you are well aware, we transferred our manufacturing operations to a fully owned subsidiary, known as Dunlop Industries Limited on 1st January 2000. We are now in the process of transferring the property where our factory is and the short-term advances, which were property bonds, to a fully owned subsidiary Property Company. This company will be put on the market, and it is expected that we will have completed the sale during 2002. This will result in further cash availability for expansion purposes. Dunlop Industries Limited, will enter into a long-term rental agreement with the Property Company.

In September 2001, we acquired 80% of the issued share-capital of Kalahari Floor Tiles (pty) Limited, a PVC floor tile manufacturing company, located in Gaborone, Botswana and its two subsidiary companies, Rikett SA, in Midrand – South Africa and Gaborone Enterprises, in Gaborone, Botswana. The company enjoys 50% and 6% of the Botswana and South African PVC markets respectively. We are in the process of merging the management of the new plant with our existing management.

We now have sufficient size in turnover to afford to hire good management, and this will allow the board to concentrate on other investment opportunities.

Future Prospects:

A process that started in 1997, of slowly converting your company from a manufacturing company, to a broad-based regional investment company is finally coming to be. We believe that the investment in Botswana and South Africa will create more opportunities for us within the sub Sahara region.

Shareholders can expect the current aggressive pursuit for investment opportunities to result in a significant increase in the size of our balance sheet over the next few years. We are now developing a dedicated strategic planning team, which will handle all mergers and acquisition activities.

I look forward to this exciting and profitable future for your company.

I would like to thank management and staff for their hard work during a very difficult year and the Board members for their unending support.

DR. C. W. OBURA
CHAIRMAN



STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of each company in the group and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



REPORT OF THE AUDITORS

to the members of Dunlop Kenya Limited

1. We have audited the financial statements on pages 6 to 19 and except as explained in paragraph 4 obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Respective responsibilities of directors and auditors

2. As described on page 4, the directors are responsible for the preparation of the financial statements. Our responsibility is to express an opinion on those financial statements based on our audit..

Basis of Opinion

3. Except as described in paragraph 4, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the directors, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Limitation of scope

4. The evidence available to us was limited because, during the year, the company's computer system collapsed, leading to loss of accounting data. The company did not have contingency plans to enable it to reconstruct the records and an attempt was made to reconstruct the records from the source documents. We were, however, unable to satisfy ourselves as to the completeness and validity of all the transactions during the year and the balances at 31 December 2000.

Valuation of investment

5. Included in the balance sheet is investment in Mountain Lodges Limited at a cost of Sh 8.1 million, which has since been sold for Sh 7.5 million and the resultant loss has not been adjusted for in these financial statements. Consequently, the investment is overstated by Sh 600,000.

Opinion

6. Except for the financial effects of any adjustments that might arise from the matters in paragraph 4 and 5, in our opinion:
 - (a) proper books of account have been kept by the company and the company's balance sheet is in agreement therewith.
 - (b) the financial statements give a true and fair view of the state of the state of affairs of the company and the group at 31 December 2000 and of the profit and the cash flows of the group for the year ended on that date in accordance with International Accounting Standards and comply with the Companies Act.



CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2000

	Note	2000 Sh'000	1999 Restated Sh'000
Sales		67,852	83,539
Cost of Sales		(41,170)	(39,731)
Gross Profit		26,682	43,808
Other operating income		1,431	2,063
Distribution costs		(1,473)	(1,722)
Administrative expenses		(6,919)	(14,825)
Other operating expenses		(19,784)	(24,304)
Operating (loss)/profit	2	(63)	5,020
Finance income	3	10,225	7,307
Profit before taxation		10,162	12,327
Taxation	5	7,011	4,755
Profit for the taxation		3,151	7,572
Earnings per share	7	Sh 0.32	Sh 0.76



CONSOLIDATED BALANCE SHEET

for the year ended 31 December 2000

	Note	2000 Sh'000	1999 Restated Sh'000
ASSETS			
Non current assets			
Property, plant and equipment	8	45,176	46,535
Other investment	10	8,100	8,100
		53,276	54,635
Current Assets			
Inventories	11	16,187	17,488
Trade and other receivables	12	23,588	13,624
Taxation recoverable		-	4,764
Short term advances	13	58,790	50,907
Cash and bank balances		884	1,723
		99,449	88,506
Total assets		152,725	143,141
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	14	50,000	50,000
Currency revaluation reserve		3,801	3,801
Capital reserve		36,031	36,031
Revenue reserve		9,170	10,019
Proposed dividend		4,000	4,000
		103,002	103,851
Non current liabilities			
Deferred taxation	16	10,097	9,872
Current liabilities			
Trade and other recoverables	17	28,371	21,359
Taxation payable		2,022	-
Dividend payable		1,851	2,092
Bank overdraft	18	5,884	-
Short term loans	19	1,498	5,967
		39,626	29,418
Total equity and liabilities		152,725	

The financial statements on pages 6 - 19 were approved by the board of directors on and were signed on its behalf by:
Directors Dr.CW Obura and Mr. MMW Matu



COMPANY BALANCE SHEET

for the year ended 31 December 2000

	Note	2000 Sh'000	1999 Sh'000
ASSETS			
Non current assets			
Property, plant and equipment	8	39,601	46,535
Investment in subsidiary	9	500	-
Other investment	10	8,100	8,100
		48,201	54,635
Current Assets			
Inventories	11	-	17,488
Trade and other receivables	12	1,725	13,624
Taxation recoverable		-	4,764
Short term advances	13	58,790	50,907
Short term loan		28,485	-
Cash and bank balances		482	1,723
		89,482	88,506
Total assets		137,683	143,141
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	14	50,000	50,000
Currency revaluation reserve	15	3,801	3,801
Capital reserve	15	36,031	36,031
Revenue reserve	15	13,210	10,019
Proposed dividend		4,000	4,000
		107,042	103,851
Non current liabilities			
Deferred taxation	16	9,872	9,872
Current liabilities			
Trade and other payables	17	10,055	21,359
Dividend payable		1,851	2,092
Bank overdrafts (secured)	18	5,884	5,967
Short term loans	19	1,498	-
Taxation payable		1,481	-
		20,769	29,418
Total equity and liabilities		137,683	143,141

The financial statements on pages 6 - 19 were approved by the board of directors on and were signed on its behalf by:
Directors Dr.CW Obura and Mr. MMW Matu



STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2000

	Share Capital Sh'000	Currency Revaluation Reserves Sh'000	Capital Reserves Sh'000	Revenue Reserves Sh'000	Proposed Dividends Sh'000	Total Sh'000
At 1st January 1999	50,000	3,801	36,031	15,031	4,000	109,771
Prior year adjustment	-	-	(9,492)	-	-	(9,492)
As restated	50,000	3,801	26,539	15,939	4,000	100,279
Net profit for the year	-	-	-	7,572	-	7,572
Dividend declared	-	-	-	-	(4,000)	(4,000)
Proposed dividend	-	-	-	(4,000)	4,000	-
At 31 December 1999	50,000	3,801	26,539	19,511	4,000	103,851
At 1 January 2000	50,000	3,801	36,031	10,019	4,000	103,851
Net profit for the year	-	-	-	3,151	-	3,151
Dividend declared	-	-	-	-	(4,000)	(4,000)
Proposed dividend	-	-	-	(4,000)	4,000	-
At 31st December 1999	50,000	3,801	36,031	9,170	4,000	103,002

* Prior year adjustment relates to deferred tax on revaluation surplus.



CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2000

	Note	2000 Sh'000	1999 Sh'000
OPERATING ACTIVITIES			
	20(a)		
Cash generated from operations		2,702	9,616
Interest received		10,225	7,307
Tax paid		-	(5,651)
Net cash generated from operating activities		12,927	11,272
INVESTING ACTIVITIES			
Purchase of investments		-	(1,249)
Purchase of plant and equipment		(2,504)	(4,259)
Proceeds from disposal of plant and equipment		945	230
Net cash used in investing activities		(1,559)	(5,278)
FINANCING ACTIVITIES			
Dividends paid		(4,241)	(2,376)
Net cash generated/used in financing activities		(4,241)	(2,376)
Increase in cash equivalents		7,127	3,618
At 1 st January		46,663	43,045
At 31st December	20(b)	53,790	46,663



NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared under the historical cost basis of accounting as modified for the revaluation of certain property, plant and equipment.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary Dunlop Industries Limited.

Revenue Recognition

Sales represent amounts invoiced to customers during the year net of value added tax.

Taxation

Current taxation is provided on the basis of the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation.

Deferred income 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. Currently enacted tax rates are used to determine deferred income tax.

Property, Plant and Equipment

Property, plant and equipment are stated at cost or valuation less depreciation.

Depreciation

Depreciation is calculated to write off the cost or valuation of the property, plant and equipment in equal annual instalments over their estimated useful lives. The annual rates in use are:

Leasehold land and buildings over the remaining period of lease	
Plant and equipment	7.5% - 20%
Motor vehicles	15% - 25%

Inventories

Finished goods inventories are stated at the lower of cost and net realisable value. Cost comprises the actual cost of raw materials and an appropriate proportion of labour and overheads.

Raw materials and other inventories are stated at purchase cost. Provision is made for obsolete and slow moving stock.

Foreign Currencies

Assets and liabilities expressed in foreign currencies are translated into Kenya Shillings at the rates of exchange ruling at the balance sheet date. Transactions during the year are translated at the rates ruling at the dates of the transactions. Gains and losses on exchange are dealt with in the income statement.



NOTES TO THE FINANCIAL STATEMENTS

(continued)

1. ACCOUNTING POLICIES (Continued)

Retirement Benefits

The company contributes to the statutory National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Act. The company's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to Sh 80 per month per employee. The company's contributions are charged to the income statement in the year to which they relate.

Investments

Investments are stated at the lower of cost and net realisable value.

2. OPERATING PROFIT 2000 Sh'000

The operating profit is arrived at after charging:

Depreciation	2,920
Directors' emoluments:	
Fees	440
Other emoluments	120
Management Fees	2,820
Staff costs (Note 4)	5,171
Bad debts	3,922
Auditor's remuneration	600

and after crediting

Profit on disposal of plant equipment	3
Rent income	1,428



NOTES TO THE FINANCIAL STATEMENTS

(continued)

GROUP
2000
Sh'000

3. FINANCE INCOME

Interest receivable:	
Short term advances	10,225

4. STAFF COSTS

Wages and salaries	4,698
Social security cost (NSSF)	29
Pension and retirement benefits	444
	<u>5,171</u>

The average number of persons employed by the group during the year was:

	No:
Fulltime	40
Part time	14
	<u>54</u>

5. TAXATION

(a) Tax expense

Current taxation based on adjusted profit at 30% (1999 – 32.5%) - current year	3,439
- current year	3,347
- prior year	225
	<u>7,011</u>

(b) Reconciliation of tax based on accounting profit to tax expense

Accounting profit before taxation	10,612
Tax at the applicable rate of 30%	3,049
Tax effect of expenses not deductible for tax	615
Prior year under provision	3,347
Total	<u>7,011</u>

6. CONSOLIDATED PROFIT AFTER TAXATION

Profit after taxation dealt with in the financial statements of the company is Sh 7,191,000.



NOTES TO THE FINANCIAL STATEMENTS

(continued)

7. EARNINGS PER SHARE

Earnings per share has been calculated on the profit after taxation of Sh 3,151,000 (1999 Sh 7,572,000) divided by the number of shares in issue during the year. The number of shares issued is 10,000,000 (1999 – 10,000,000) diluted earnings per share is the same as the basic earnings per share.

8. PROPERTY, PLANT AND EQUIPMENT - GROUP

	Long leasehold properties Sh '000	Short leasehold properties Sh '000	Plant, equipment and motor vehicles	Total Sh '000
At 1st January 2000				
Transfers	7,000	33,000	22,248	62,248
Additions	-	290	2,214	2,504
Disposals	-	-	(1,537)	(1,537)
At 31st December 2000	7,000	33,290	22,925	63,215
COMPRISING				
Cost	-	290	22,925	23,215
Valuation - 1997	7,000	33,000	-	40,000
	7,000	33,290	22,295	63,215
DEPRECIATION				
At 1st January 1999				
Transfers	280	1,320	14,113	15,713
Charge for the year	140	666	2,115	2,921
Eliminated on disposals	-	-	(595)	(595)
At 31st December 2000	420	1,986	15,633	18,039
NET BOOK VALUE				
At 31st December 2000	6,580	31,304	7,292	45,176
NET BOOK VALUE (COST BASIS)				
At 31st December 2000	628	3,430	7,292	11,350

Fixed assets with a cost of Sh 8,261,100 were fully depreciated at 31 December 2000 (1999 – Sh 8,328,298). The normal annual depreciation charge in respect of these assets would have been Sh 975,437 (1999 - Sh 1,006,589).



NOTES TO THE FINANCIAL STATEMENTS

(continued)

8. PROPERTY, PLANT AND EQUIPMENT - COMPANY

	Long leasehold properties Sh '000	Short leasehold properties Sh '000	Plant, equipment and motor vehicles	Total Sh '000
At 1st January 2000	7,000	33,000	22,248	62,248
Additions	-	367	700	1,067
Transfers to subsidiary	-	-	(20,698)	(20,698)
At 31st December 2000	7,000	33,367	2,250	42,617
COMPRISING				
Cost	-	367	2,250	2,617
Valuation - 1997	7,000	33,000	-	40,000
	7,000	33,367	2,250	42,617
DEPRECIATION				
At 1st January 1999	280	1,320	14,113	15,713
Transfers	140	681	414	1,235
Charge for the year	-	-	(13,932)	(13,932)
Eliminated on disposals				
At 31st December 2000	420	2,001	595	3,016
NET BOOK VALUE				
At 31st December 2000	6,580	31,366	1,655	39,601
At 31st December 1999	6,720	31,680	8,135	46,535

Fixed assets with a cost of Sh 5,577,895 were fully depreciated at 31 December 2000 (1999 - Sh 8,328,298). The normal annual depreciation charge in respect of these assets would have been Sh 658,615 (1999 - Sh 1,006,589).



NOTES TO THE FINANCIAL STATEMENTS

(continued)

9. INVESTMENT IN SUBSIDIARY	Beneficial Ownership	GROUP	COMPANY	
		2000 Sh'000	2000 Sh'000	1999 Sh'000
Dunlop Industries Limited	100 %	-	500	-

10. OTHER INVESTMENT		GROUP	COMPANY	
		2000 Sh'000	2000 Sh'000	1999 Sh'000
Mountain Lodges Limited	12,5 %	8,100	8,100	8,100

11. INVENTORIES	GROUP	COMPANY	
	2000 Sh'000	2000 Sh'000	1999 Sh'000
Raw materials	8,096	-	10,096
Finished goods	4,852	-	6,566
Consumables - spares	825	-	826
Goods in transit	2,414	-	-
	16,187	-	17,488

12. TRADE AND OTHER RECEIVABLES				
		GROUP	COMPANY	
		2000 Sh'000	2000 Sh'000	1999 Sh'000
Trade receivables net of provision for doubtful debts		21,845	-	11,833
Staff receivables		198	198	835
Other receivables		1,135	1,117	956
Due from a Director		410	410	-
		23,588	1,725	13,624

The amount due from a director relates to amounts given to the Managing Director in respect of a car loan.

13. SHORT TERM ADVANCES	GROUP	COMPANY	
	2000 Sh'000	2000 Sh'000	1999 Sh'000
Avon group companies	58,790	58,790	50,907

Interest is charged at a rate of 21% per annum.

14. SHARE CAPITAL			
		GROUP	COMPANY
		2000 Sh'000	2000 Sh'000
Authorised Share Capital			
40,000,000 Ordinary Shares of Sh 5 each		200,000	200,000
Issued and fully paid			
10,000,000 Ordinary Shares of Sh 5 each		50,000	50,000



NOTES TO THE FINANCIAL STATEMENTS

(continued)

	Currency revaluation reserve Sh'000	Capital reserve Sh'000	Revenue reserve Sh'000	Total Sh'000
15. RESERVES - COMPANY				
At 1 January 2000	3,801	36,301	10,019	49,851
Net profit for the year	-	-	3,191	3,191
At 31 December 2000	3,801	36,301	13,210	53,042

16. DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method using the enacted tax rate of 30%.

	GROUP 2000 Sh'000	COMPANY 2000 Sh'000	1999 Sh'000
The net deferred taxation liability is attributable to the following items:			
Accelerated capital allowances	(50)	60	60
Deferred tax on bad debts general provision	-	(174)	(174)
Deferred tax on revaluation surplus	10,147	9,986	9,986
	10,097	9,872	9,872

The movement on the deferred tax account is as follows:

At 1 January, not previously recognised - liability	9,872	33	33
Income statement expense/(credit)	225	9,839	9,839
At 31 December	10,097	9,872	9,872

17. CAPITAL COMMITMENTS

Trade payables	15,599	-	10,572
Other payables	10,907	8,190	8,412
Croxley Properties Limited	1,823	1,823	2,848
Due to Dunlop E A Limited	42	42	42
	28,371	10,055	21,359

18. BANK OVERDRAFTS

Standard Chartered Bank of Kenya	5,836	5,836	5,967
Barclays Bank of Kenya Limited	48	48	-
	5,884	5,884	5,967

The overdraft facility with Standard Chartered Bank Kenya Limited is secured by a debenture for Sh 15.7 million supported by a legal charge over LR No. 209/5532. The overdraft with Barclays Bank of Kenya is unsecured.



NOTES TO THE FINANCIAL STATEMENTS

(continued)

18. SHORT TERM LOANS

	Currency revaluation reserve Sh'000
Triple A Capital Limited	
Unsecured related party foreign currency loan:	
Arifu Holdings Limited	1,030
	468
	1,498

The Arifu Holdings Limited loan relates to an amount of US Dollar 6,000 exchanged at the rate of Sh78.0361/US Dollar.

The Triple A Capital Limited loan was a principal sum of Sh 3 million.

20. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

	2000 Sh'000	1999 Sh'000
(a) Reconciliation of operating (loss)/profit cash generated from operations:		
Operating (loss)/profit	(63)	5,020
Depreciation	2,921	2,458
Gain on disposal of property, plant and equipment	(3)	(4)
Operating profit before working capital changes	2,855	7,314
Decrease in inventories*	1,301	309
Increase in trade and other receivables*	(9,964)	(113)
Increase in trade and other payables*	7,012	2,106
Increase in short term loans*	1,498	-
Cash generated from operations	2,702	9,616

* Movements taken into account Dunlop Kenya Limited balances at 31 December 1999.

a) Analysis of balances of cash and cash equivalents		
Short term advances	58,790	50,907
Cash and bank balances	884	1,723
Bank overdrafts	(5,884)	5,967
At 31st December	53,790	46,663



NOTES TO THE FINANCIAL STATEMENTS

(continued)

21. CONTINGENT LIABILITIES	GROUP	COMPANY	
	2000	2000	1999
Guarantees in respect of:	Sh'000	Sh'000	Sh'000
Immigration bond	-	-	32
Staff bank loans	2,887	2,887	4,407
Guarantees	48	48	-
	2,935	2,935	4,439

22. SUBSIDIARY COMPANY

The company is in the process of registering another subsidiary company in Tanzania, Dunvon Industries (T) Limited.

23. INCORPORATION

The holding company is incorporated in Kenya under the Companies Act.

24. CURRENCY

The financial statements are presented in Kenya shillings (Sh'000).



DUNLOP KENYA LIMITED



Dunlop Kenya Limited

P O Box 30102

Nairobi

PROXY

I/We (names in block letters) _____

of (address) _____

being a member/s of Dunlop Kenya Limited, hereby appoint

(names in block letters) _____

of (address) _____

or failing him the Chairman of the meeting to my/our proxy, to vote on my/our behalf at the Annual General Meeting of the company to be on Tuesday 18th December, 2001, at the Nairobi Club or any adjournment thereof.

As witness my/our hands this _____ day of _____ 2001

Signature of shareholder(s) _____

Notes:

1. A proxy need not be a member.
2. If executed by a corporation the proxy should be sealed.
3. This proxy must be deposited at the registered offices of the company at P O Box 30102, Nairobi, not less than forty eight (48) hours before the time for holding the meeting.

FOLD HERE

Affix
Stamp

The Company Secretary
Dunlop Kenya Limited
P O Box 30102
Nairobi

FOLD HERE

(Please Note. This page replaces page 3)

DUNLOP KENYA LIMITED

TO ALL SHAREHOLDERS

Notice is hereby given that the Thirty-first Annual General Meeting of the Company will be held at the Nairobi Club, Nairobi on 21 December 2001 at 12.00 noon for the following purposes:-

Ordinary Business

1. To approve the minutes of the annual General Meeting held on 30 October 2000.
2. To receive, consider and adopt the Financial Statements for the year ended 31 December 2000 and the Directors' and Auditors' reports thereon.
3. To consider and approve the payment of a final dividend of 8% or Ksh 0.40 for each share of Kenya Shillings five (Ksh 5.00) on the Ordinary Share Capital in respect of the financial year ended 31 December 2000, payable to those shareholders registered in the books of the Company on 29 October 2001.
4. To re-elect retiring Directors:
 - (i) In accordance with Article 99 of the Company's Articles of Association, Mr K D Mc Court retires by rotation and, being eligible, offers himself for re-election.
 - (ii) In accordance with Article 106 of the Company's Articles of Association, Mr M Kunyih retires by rotation and, being eligible, offers himself for re-election.
5. To note that Deloitte & Touche, Certified Public Accountants, will continue in office as Auditors in accordance with Section 159 (2) of the Companies Act (Cap 486) and to authorise the Directors to fix their remuneration.

Special Business

6. To consider the following resolution which will be proposed as an ordinary resolution.

"That the Directors' fees shall be Kshs 440,000 for the financial year ended 31 December, 2000

BY ORDER OF THE BOARD

**J L G MAONGA
COMPANY SECRETARY
DUNLOP KENYA LIMITED**

29 October 2001

