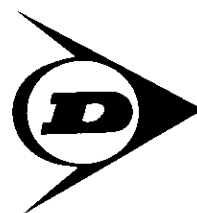


DUNLOP KENYA LIMITED



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DUNLOP KENYA LIMITED

FINANCIAL STATEMENTS

31ST DECEMBER 2003



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. C. W. Obura - Chairman

M. M. W. Matu - Managing Director

P. N. Ndetei

M. Kuniya

S. A. Lakhani

E. M. Wamae
[Appointed 02/05/2003]

SECRETARY

Lina Kantaria
Certified Public Secretary
Nairobi
[Appointed 04/02/2004]

J. L. G. Maonga
[Resigned: 04/02/2004]
Certified Public Secretary

REGISTRARS

Barclays Advisory & Registrar Services Limited
P. O. Box 30120,
Nairobi – 00100.

REGISTERED OFFICE

L. R. No. 209/5532,
Off Nanyuki Road,
Industrial Area,
P. O. Box 30102,
Nairobi – 00100.

AUDITORS

Grant Thornton
Corner of Brookside Drive and
Brookside Garden, Westlands,
P.O. Box 410, Sarit Centre,
Nairobi – 00606.

ADVOCATES

Wainaina Irceri & Co.
Bruce House, Standard Street,
P. O. Box 42706,
Nairobi – 00100.

BANKERS

Standard Chartered Bank Kenya Limited
Barclays Bank of Kenya Limited
Southern Credit Banking Corporation Limited
First National Bank of Botswana Limited
Standard Chartered Bank of Botswana Limited
First National Bank Limited – South Africa

**NOTICE OF THE ANNUAL GENERAL MEETING**

Notice is hereby given that the Thirty-Fourth Annual General Meeting of the Company will be held at the Nairobi Club on Friday, 6th August 2004 at 12.00 noon for the following purposes:

ORDINARY BUSINESS

1. To approve the minutes of the Thirty-Third Annual Meeting held on 30th September 2003.
2. To receive, consider and adopt the audited financial statements for the financial year ended 31st December 2003 and the directors' and auditors' reports thereon.
3. To note that the directors do not recommend payment of a dividend for the financial year ended 31st December 2003.
4. To re-elect a director:
 - (i) In accordance with Article 99 of the Company's Articles of Association, Mr. M. Kunyiha retires by rotation and being eligible, offers himself for re-election.
5. To consider the following resolution, which will be proposed as an ordinary resolution.

To appoint Grant Thornton, Certified Public Accountants, as auditors of the company in place of Deloitte & Touche, Certified Public Accountants, and to authorise the directors to fix their remuneration.

SPECIAL BUSINESS

6. "That the directors' fees shall be Shs. 600,000 for the financial year ended 31st December 2003."
7. To consider the following resolution which will be proposed as special resolution.
"That the name of the company be changed to "Olympia Capital Holdings Limited."

BY ORDER OF THE BOARD
LINA KANTARIA
COMPANY SECRETARY

Note:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead and a proxy need not be a member of the company.
2. In the case of a member being a corporation this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
3. Proxies must be in the hands of the secretary not later than 48 hours before the meeting.

BY ORDER OF THE BOARD

LINA KANTARIA
COMPANY SECRETARY
DUNLOP KENYA LIMITED
Date: 21st June 2004



CORPORATE GOVERNANCE STATEMENT

The board is accountable to the company's shareholders for good governance and the statement set out below describes how the principles identified in the Capital Markets Act – Corporate Governance Guidelines are applied by the group.

DIRECTORS

The main board consists of a Chairman, Dr. CW Obura and five directors, five who are non-executive directors and one executive director. Michael Matu is the Chief Executive.

The group has five subsidiary boards, each of which comprises the Chief Executive and at least one non-executive main board member and two non-executive members. The Chief Executive chairs four of the subsidiary boards.

OTHER BOARD INFORMATION

The key functions of the Chairman are to conduct board meetings and meetings of shareholders and to ensure that all directors are properly briefed in order to take a full and constructive part in board discussions. The Chief Executive is required to develop and lead business strategies and processes to enable the group's business to meet the requirements of its shareholders.

BOARD APPOINTMENTS

Appointments to the board of executive and non-executive directors are considered by the main board.

RE-ELECTION OF DIRECTORS

Any director appointed during the year is required, under the provisions of the company's articles of association, to retire and seek re-election by shareholders at the next annual general meeting. The articles also require that one third of the directors retire by rotation each year and seek re-election at the annual general meeting. The directors required to retire will be those in the office longest since their previous re-election and this will usually mean that each director retires at least every three years, although there is no absolute requirement to this effect. In order to comply with the Corporate Governance Guidelines, but avoid the expense of amending the company's articles to deal with this single point, the board has resolved that each director will retire at least once every three years, even if this is not strictly required by application of the provisions of the articles.

BOARD COMMITTEES

It has been decided that owing to the investment holding nature of the company, where operational details are handled by the subsidiary boards of the company, the functions of the audit committee, remuneration committee and nomination committee be handled by the main board, however the function of internal auditor in Kenya has been outsourced to AAM Resources Limited.


CORPORATE GOVERNANCE STATEMENT (Cont.)
MAJOR SHAREHOLDERS

The top ten major shareholders, based on the company's share register as at 31 December 2003 were as follow:

Name of Shareholder	Number of Shares Held	Percentage (%) Shareholding
Dunlop Properties Limited	3,799,900	37.99
Manrik Holdings Limited	1,842,280	18.42
Croxley Properties Limited	1,016,844	10.17
Karen Enterprises Limited	692,830	6.93
Scott Link Limited	173,900	1.74
Jagden Kristians	165,700	1.66
M. F. Gandhi & M. M. Gandhi	109,500	1.10
Velji Dharamshi Shah	96,250	0.96
Kirtesh Premchand Shah	75,425	0.75
Alimohamed Adan	61,250	0.61

DISTRIBUTION OF SHAREHOLDERS

	Number of Shares Held	Number of Shareholders	Percentage (%) Shares Held
Less than 500	58,612	227	0.59
501 – 5,000	732,133	347	7.32
5,001 – 10,000	312,550	42	3.13
10,001 – 100,000	1,205,251	52	12.05
100,001 – 1,000,000	1,032,430	3	10.32
above 1,000,000	6,659,024	3	66.59
	<hr/> 10,000,000 <hr/>	<hr/> 674 <hr/>	<hr/> 100.00 <hr/>



CHAIRMAN'S STATEMENT

The year ended 31st December 2003 shows a marginal improvement in the financial affairs of the group. The group turnover improved marginally, but this combined with a significant reduction of expenses resulted in major improvement of operating profit from Shs. 4 million in 2002 to Shs. 30 million in 2003.

Minority Interest continues to take away a major part of our profitability as this results from our most profitable subsidiary in Botswana. The net profit attributable to shareholders improved from Shs. 5 million in 2002 to Shs. 9 million in 2003. We expect this to keep the same trend in the near future as efficiencies are generated from the group.

We are confident in our strategic plan that will result in our being a diversified regional investment holding company in the East and Southern African region, within the remaining three years of our five-year strategic plan. To achieve our objectives we will be:

- Requesting a change in the company name from Dunlop Kenya Limited to Olympia Capital Holdings Limited, which is in line with our Botswana investment holding subsidiary. (Our Kenyan operating company will continue to use the name Dunlop).
- Listing our Botswana operating company on the Botswana Stock Exchange.
- Merging and/or acquiring several companies for a combination of our stock and cash.

Despite the listing of our operating subsidiary in Botswana, we will ensure that we retain majority shareholding of this entity as it grows as well by way of mergers and acquisitions. Prior to the completion of our five-year current strategic plan in December 2006, we will present our further five-year strategic plan to our shareholders.

Kenya:

In Kenya we have two principal units, we have the listed company Dunlop Kenya Limited and the operating company Dunlop Industries Limited.

The listed company is now a holding company whose current only income is dividends from subsidiaries. We intend to have some cash generating activities in this unit that do not distract it from co-ordinating and growing the group as a whole. To this effect, we have hired a consulting firm to look into the holding company securing some real estate to ensure rental income to meet it's day to day obligations. This will also allow us to retain a small head office staff, which we feel is necessary given that our top management team now commute between Kenya and Southern Africa. Which is not the optimal situation.

We were unable in 2003 to liquidate our short term investments for cash, as I had mentioned in my 2002 Chairman's report, however as mentioned above these will be realised by way of cash generating real estate assets being transferred to our holding company.

Dunlop Industries Limited performed substantially better in 2003 than it had in 2002, showing a marginal profit from a substantial loss in 2002. Following all the changes that were made to management, support from the holding company and introduction of new products in 2004, we expect the company to contribute more significantly to the group profitability. In terms of turnover the Kenyan operations generated 15% of the group turnover, which is a reduction from the 23% in 2002. However, given the total elimination of losses, we consider this a significant improvement.

**CHAIRMAN'S STATEMENT (Cont.)**

As a further measure of control of your assets, we appointed a firm known as AAM resources as internal auditors for all our operations in Kenya.

Botswana:

As has been common, the Botswana operations performed well, however the group profitability was dampened by the need to write off historical losses in South Africa, which are a subsidiary of the Botswana operation. This was a one off write off to prepare us for the listing.

A decision was made to have an Initial Public Offer of shares in our Botswana operating company later in 2004 or at latest in the first quarter of 2005, as there will be a general election in late 2004 in Botswana. The purpose of the listing is to firstly involve the local investors in our venture, secondly raise cash to aid funding further acquisitions and lastly as a listed company to enable us to acquire other businesses for our shares. However, as is mentioned above, we intend to maintain majority shareholding of this entity for the foreseeable future.

The operating business in Botswana contributed 69% of our turnover, which is a significant increase from the 36% contributed in 2002. However, it is important to mention here that due to direct sales from Botswana to South African clients the actual figure in 2002 would have been closer to 45%, but due to selling through our subsidiary in South Africa this was not reflected.

The business performed well and as mentioned above would have had substantially better results if we had not been compelled to provide for historical losses in the South African subsidiary.

We confirm that as a further control measure of your assets, we now conduct half-year audits in all our Botswana and South Africa subsidiary companies.

South Africa:

I am pleased to report that the South African operation reported a much-reduced loss in 2003 as compared to 2002 and is currently profitable. We are in an advanced stage of discussions to acquire an operating company in South Africa that would have positive material effect on the group top and bottom line. It is our hope that following the establishment of personnel in Dunlop Kenya head office, we would settle our management that currently commute to South Africa at this office to guide the listing in Botswana and look for future acquisition targets.

Advisors:

During the year in question, it was agreed with our auditors that it would be best for us to have one firm handle the majority of the companies in the group. To this effect we appointed Grant Thornton, who are our Botswana auditors as our group auditors and Mrs. Lina Kantaria, who works with them as our company secretary. We continue to maintain good relations with our former auditors and company secretaries and thank them for the good service they have given us over the years.

**CHAIRMAN'S STATEMENT (Cont.)****Future Prospects:**

Our group cash position remains healthy, however that is not the case in the Kenyan operations. Your board is critically assessing the needs and opportunities for the group in Kenya; we urgently need to find ways of growing the business in this region.

As mentioned before, as a way of financing future acquisitions without having to request the shareholders for more funds and secondly as a way of involving the locals in Botswana in our business there, we intend to list our Botswana subsidiary on the Botswana Stock Exchange later this year or at latest in the first quarter of 2005. All funds raised from the initial public offer of our subsidiary will be utilised to further acquisitions and green field projects, several of which we have already identified.

May I take this opportunity to thank the Board Members and Management for their dedication during the year.

Dr. C. W. Obura
Chairman

Nairobi
21 June 2004

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**REPORT OF THE DIRECTORS**

The directors submit their report together with the audited financial statements for the year ended 31st December, 2003.

PRINCIPAL ACTIVITY

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

GROUP RESULTS

The results for the year are set out on page 11.

DIVIDEND

The directors do not recommend the payment of a dividend in respect of the year ended 31st December 2003.

DIRECTORATE

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

In accordance with Article 99 of the Company's Articles of Association, Mr. Kuniya retires by rotation and, being eligible, offers himself for re-election.

AUDITORS

Grant Thornton have been appointed as auditors of the company in place of Deloitte and Touche.

By order of the Board

Lina Kantaria
SECRETARY
NAIROBI

21 June 2004

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Companies Act 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 of the group as at the end of the financial year and of the operating results of the group for that year. The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy the financial position of the company and are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, and comply with the International Financial Reporting Standards and Companies Act. The directors are of the opinion that the accounts give a true and fair view of the state of the financial affairs of the company and of the group and its operating results. The directors further accept responsibility for the maintenance of accounting records, which 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 and its continuing subsidiaries will not remain a going concern for at least the next twelve months from the date of this statement.

Dr. C.W. Obura
DIRECTOR
NAIROBI

M. M. W. Matu
DIRECTOR

21 June 2004

**REPORT OF THE AUDITORS TO THE MEMBERS OF DUNLOP KENYA LIMITED**

We have audited the financial statements on pages 11 to 31. The balance sheet of the group and the company is in agreement with the books of account.

Respective responsibilities of directors and auditors

As stated on page 9, the directors are responsible for the preparation of financial statements, which give a true and fair view of the state of affairs of the group and the company and its results. Our responsibility is to express an independent opinion on the financial statements based on our audit and to report our opinion to you.

Basis of opinion

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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes 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 to provide a reasonable basis for our opinion.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 2 to the financial statements, which gives disclosures concerning the going concern basis of the financial statements of the group.

Opinion

In our opinion, proper books of account have been kept and the financial statements, which are in agreement therewith, comply with the International Financial Reporting Standards and the Companies Act (Cap. 486) and give a true and fair view of the state of affairs of the group and the company at 31 December, 2003 and of the results and cash flows of the group for the year ended on that date.

GRANT THORNTON
Certified Public Accountants

NAIROBI

21 June 2004



**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Note	2003 Shs. '000	2002 Shs. '000
Sales		274,450	263,232
Cost of Sales		(188,535)	(172,683)
Gross Profit		85,915	90,549
Other Operating Income		5,990	12,111
Selling and Distribution		(2,459)	(3,965)
Administrative		(55,814)	(76,840)
Other Operating Expenses		(3,377)	(17,785)
Operating Profit	4	30,255	4,070
Finance Cost	5	4,895	15,621
Profit before Tax and Minority Interest		35,150	19,691
Taxation	6	(8,237)	(1,650)
Net Profit before Minority Interest		26,913	18,041
Minority Interest	7	(17,680)	(12,990)
Profit Attributable to Shareholders		9,233	5,051
Earnings Per Share	8	0.92	0.51



BALANCE SHEETS AS AT THE YEAR ENDED 31 DECEMBER 2003

	Group		Company		
	Note	2003 Shs. '000	2002 Sh 000	2003 Sh 000	2002 Sh 000
ASSETS					
Non-Current Assets					
Property, Plant and Equipment	9	68,288	51,204	28,085	28,737
Prepaid Operating Lease Rental	10	9,925	8,271	515	527
Investments	11	-	-	21,495	18,218
Goodwill	12	9,983	11,652	-	-
		88,196	71,127	50,095	47,482
Current Assets	13	177,384	154,681	74,850	76,912
TOTAL ASSETS		265,580	225,808	124,945	124,394
EQUITY AND LIABILITIES					
Capital and Reserves					
Share Capital	14	50,000	50,000	50,000	50,000
Reserves		46,082	29,365	43,099	43,992
Shareholders' Interest		96,082	79,365	93,099	93,992
Minority Interest		39,939	17,124	-	-
Non Current Liabilities					
Deferred Tax	15	11,179	2,369	7,184	7,352
Borrowings	16	20,308	38,340	-	-
		31,487	40,709	7,184	7,352
Current Liabilities	17	98,072	88,610	24,662	23,050
TOTAL EQUITY AND LIABILITIES		265,580	225,808	124,945	124,394

The financial statements on pages 11 to 31 were approved by the Board of Directors on 28th April 2004 and signed on its behalf by:

Dr. C. W. Obura
DIRECTOR

M. M. W. Matu
DIRECTOR



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2003

	Share Capital Shs. '000	Translation Reserve Shs. '000	Property Revaluation Reserve Shs. '000	Revenue Reserve Shs. '000	Total Shs. '000
At 1 January 2002	50,000	3,801	17,184	6,488	77,473
Realisation of Revaluation Surplus on Disposal of Property	-	-	(1,663)	1,663	-
Deferred Tax on Realised Revaluation Surplus	-	-	498	(498)	-
Transfer of Excess Depreciation	-	-	(509)	509	-
Deferred Tax on Transfer	-	-	153	(153)	-
Write Back	-	(3,801)	-	-	(3,801)
Exchange Revaluation in the Year	-	642	-	-	642
Net Profit for the Year	-	-	-	5,051	5,051
At 31 December 2002	50,000	642	15,663	13,060	79,365
At 1 January 2003	50,000	642	15,663	13,060	79,365
Revaluation in the Year	-	-	6,757	-	6,757
Deferred Tax on Revaluation	-	-	(2,027)	-	(2,027)
Transfer of Excess Depreciation	-	-	(509)	509	-
Deferred Tax on Transfer	-	-	153	(153)	-
Translation Adjustment	-	4,821	-	-	4,821
Minority Interest Share of Net Revaluation Surplus	-	-	(2,067)	-	(2,067)
Net Profit of the Year	-	-	-	9,233	9,233
At 31 December 2003	50,000	5,463	17,970	22,649	96,082



COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2003

	Share Capital Shs. '000	Translation Reserve Shs. '000	Property Revaluation Reserve Shs. '000	Revenue Reserve Shs. '000	Total Shs. '000
At 1 January 2002	50,000	3,801	17,184	20,345	91,330
Realisation of Revaluation Surplus on Disposal of Property	-	-	(1,663)	1,663	-
Deferred Tax on Realised Revaluation Surplus	-	-	498	(498)	-
Transfer of Excess Depreciation	-	-	(509)	509	-
Deferred Tax on Transfer	-	-	153	(153)	-
Write Back	-	(3,801)	-	-	(3,801)
Net Profit for the Year	-	-	-	6,463	6,463
At 31 December 2002	50,000	-	15,663	28,329	93,992
At 1 January 2003	50,000	-	15,663	28,329	93,992
Transfer of Excess Depreciation	-	-	(509)	509	-
Deferred Tax on Transfer	-	-	153	(153)	-
Net Loss for the Year	-	-	-	(893)	(893)
At 31 December 2003	50,000	-	15,307	27,792	93,099



**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Note	2003 Shs. '000
Operating Activities		
Cash Generated from Operations	18	49,629
Interest Received		1,580
Interest Paid		(3,939)
Tax paid		(1,607)
Dividends Paid to Minority Shareholders		(549)
		<hr/>
Net Cash Generated from Operating Activities		45,114
		<hr/>
Investing Activities		
Proceeds from Disposal of Property, Plant and Equipment		969
Proceeds from Disposal of Investments		-
Acquisition of Subsidiary		-
Purchase of Plant and Equipment		(11,939)
		<hr/>
Net Cash used in Investing Activities		(10,970)
		<hr/>
Financing Activities		
Loan Received		-
Loan Repayments		(17,419)
Proceeds from Issue of Share Capital		-
		<hr/>
Net Cash Generated in Financing Activities		(17,419)
		<hr/>
Net Increase/(Decrease) in Cash and Cash Equivalents		16,725
At the Start of the Year		14,755
Effects of Exchange Rate Changes		3,175
		<hr/>
At the End of the Year	19	34,655
		<hr/> <hr/> <hr/>



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003

1 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards. The financial statements are presented in Kenya Shillings (Shs.), rounded to the nearest thousand and prepared under the historical cost convention as adjusted by revaluation of certain items of property, plant and equipment.

The preparation of financial statements in conformity with generally accepted accountancy 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.

1.2 Consolidation

Subsidiary undertakings, which are those companies in which the group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has the power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the group and consolidation ceases from the date of disposal.

The income statements of subsidiaries are translated at average exchange rates for the year and balance sheets at the year end rates. All intercompany transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated. A list of the group's subsidiaries is set out in note 11.

1.3 Revenue Recognition

Sales are recognised upon delivery of products to external parties and are stated net of VAT, where applicable, and of discounts. Interest and rental income are recognised when received.

1.4 Inventories

Inventories are stated at lower of cost and net realisable value. Cost comprises purchase price and other costs incurred to bring the inventories to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business. Specific provision is made for obsolete, slow moving and defective inventories.

1.5 Cash and Cash Equivalent

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank, net of bank overdrafts. In the balance sheet, bank overdrafts are included under borrowings in current liabilities.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont.)

1.6 Financial Instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company has become a party to the contractual provisions of the instrument.

1.7 Trade and Other Debtors

Trade and other receivables are carried at anticipated realisable value. An estimate is made for doubtful receivables based on the review of all outstanding amounts at the year end. Bad debts are written off when all reasonable steps to recover them have failed.

1.8 Property, Plant and Equipment

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

Increases in the carrying amounts arising on revaluations are carried to a revaluation reserve. Decreases that offset previous increase of the same assets are charged against the revaluation reserve; all other decreases are charged to the profit and loss account. Each year the difference between depreciation based on the revalued carrying amount of the assets (the depreciation charged to the profit and loss account) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation is calculated on the straight line basis to write off the cost of the assets over their estimated useful lives as follows:

	Rates per annum %
Buildings	2.0 - 2.5
Plant and Machinery	7.5 - 20.0
Furniture, Fittings and Equipment	20.0
Motor Vehicles	20.0

The normal policy is to provide for depreciation for the full year on additions during the year and depreciation is not provided when the assets are disposed.

1.9 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill arising on consolidation is amortised over a 5 year period.

1.10 Foreign Currencies

Transactions during the year are converted into Kenya Shillings (Sh) at exchange rates ruling at the transaction dates. Assets and liabilities which are expressed in foreign currencies are translated into Kenya Shillings at rates ruling at the balance sheet date. Resulting exchange differences are recognised in the profit and loss account for the year to which they relate.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont.)****1.11 Taxation**

Tax on the operating results for the year comprises both, current tax payable and change in deferred tax. Current tax is provided on the results for the year as shown in the financial statements adjusted in accordance with the tax legislation.

Deferred tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Current enacted tax rates are used to determine deferred taxation.

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

1.12 Leasehold Land

Under IAS 17 on Accounting for Leases, cost of acquiring leasehold land are treated as prepaid operating lease rentals and amortised over the lease period.

1.13 Leases

Leases are classified as finance leases whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised at their fair value on the inception of the lease and depreciated over the estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Rental payments in respect of operating leases are charged to the profit and loss account.

1.14 Trade Payables

Trade payables are stated at their nominal value.

1.15 Retirement Benefit

The company contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). The company's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of Shs. 200 per month per employee.

The company also operates an optional defined contribution pension scheme for its employees. It is funded by payments from both the employees and the company.

The company's obligations to the retirement benefit schemes are recognised in the profit and loss account as they fall due.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont.)

1.16 **Provision for Liabilities and Charges**

Employee entitlements to annual leave and gratuity where applicable are recognised when they accrue to employees.

1.17 **Comparatives**

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

2 **FINANCIAL SUPPORT**

As at 31 December 2003, the current liabilities of Dunlop Industries Limited, a wholly owned subsidiary of Dunlop Kenya Limited, exceeded its current assets by Shs. 19,505,629/- (2002: Shs. 32,885,000/-) and it had a shareholders' deficit of Shs. 27,615,699/- (2002: Shs. 28,833,000/-) due to trading losses incurred in previous years.

Similarly, Plasrik SA (Proprietary) Limited, an indirect subsidiary of Olympia Capital Corporation (Proprietary) Limited (refer to note 11), has a shareholders' deficit of Shs. 32,346,027/- (2002: Shs. 15,091,345/-) primarily due to trading losses incurred in previous years.

Return to profitable operations and satisfactory liquidity levels are dependent on improved operations and/or injection of additional capital. The shareholders have given their commitment to continue supporting the companies to improve their operations and financial position and have undertaken to provide the necessary financial support to enable them to pay their liabilities as they fall due.

In view of the above, the directors consider it appropriate to consolidate the financial statements of Dunlop Industries Limited and Plasrik SA (Proprietary) Limited in these group financial statements on a going concern basis.

3 **SEGMENTAL INFORMATION**

Business Segments

The directors regard all group activities as relating to the manufacture and sale of floor tiles and adhesives. Primary segmental reporting is therefore not considered to be of any real value to the financial statement users.

Secondary Reporting - Geographical Segments

	2003 Shs. '000	2002 Shs. '000
The group's revenues are derived from sales in the following markets:		
Kenya	43,036	61,353
Botswana	188,463	142,392
South Africa	42,951	59,487
	274,450	263,232
	=====	=====



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont.)

	2003 Shs. '000	2002 Sh'000
4 OPERATING PROFIT		
This is stated after charging:		
Directors' Emoluments: Fees	600	600
Directors' Emoluments: Others	2,100	6,835
Auditors' Remuneration	1,828	1,664
Bad Debts	2,558	8,978
Impairment Loss on Investment	-	68
Amortisation of Goodwill	3,036	2,913
Amortisation and Depreciation	5,959	4,594
	=====	=====
And after crediting:		
Profit on Sale of Property, Plant and Equipment	563	8,252
	=====	=====
	2003 Shs. '000	2002 Sh'000
5 FINANCE COST		
Interest Receivable on:		
Advances to Related Parties	-	10,119
Sale of Property	664	553
Other	916	112
	-----	-----
	1,580	10,784
Interest Payable on:		
Bank Loans	(2,709)	(1,331)
Bank Overdrafts	(447)	(400)
Finance Leases	(673)	(188)
Others	(110)	(225)
	-----	-----
	(3,939)	(2,144)
Net Exchange Gain	7,254	6,981
	-----	-----
	4,895	15,621
	=====	=====



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont.)

	2003 Shs. '000	2002 Shs. '000
6 TAXATION		
On Profit for the Year	2,517	560
Deferred Taxation	5,720	1,090
	<u>8,237</u>	<u>1,650</u>
	=====	=====

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

Accounting Profit before Taxation	35,150	19,691
	=====	=====
Tax Calculated at Current Tax Rate of 30%	10,545	5,907
Tax Effect of Expenses not deductible for Tax purposes	1,540	2,416
Tax Effect of non-taxable Income	(58)	(1,292)
Deferred Tax on Tax Losses not Recognised	(1,492)	6,600
Prior Years' Deferred Tax Overprovision	-	(553)
Effects of different Tax Rates in other countries	(2,298)	(11,428)
	<u>8,237</u>	<u>1,650</u>
	=====	=====

	2003 Shs. '000	2002 Shs. '000
7 MINORITY INTEREST		
At 1 January	17,124	3,838
Dividends Paid	(549)	-
Share of Revaluation Surplus	2,067	-
Translation Adjustment	3,617	296
Share of Profit for the Year	17,680	12,990
	<u>39,939</u>	<u>17,124</u>
	=====	=====

8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the number of ordinary shares in issue during the year.

	2003 Shs. '000	2002 Shs. '000
Net Profit Attributable to Shareholders	9,233	5,051
Number of Ordinary Shares	10,000	10,000
Earnings per Share	0.92	0.51
	=====	=====

The diluted earning per share is the same as basic earning per share as there were no potentially dilutive shares outstanding at 31 December 2003 and 31 December 2002.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont.)

9 PROPERTY, PLANT AND EQUIPMENT

9.1 Group

	Buildings Shs. '000	Plant and Machinery Shs. '000	Furniture Fittings and Equipment Shs. '000	Motor Vehicles Shs. '000	Total Shs. '000
COST AND VALUATION					
At 1 January 2003	43,251	90,896	12,074	7,707	153,928
Additions	490	8,675	2,330	444	11,939
Disposals	-	-	(197)	(3,049)	(3,246)
Revaluations	6,757	-	-	-	6,757
Translation Adjustment	2,485	17,361	1,708	1,038	22,592
At 31 December 2003	52,983	116,932	15,915	6,140	191,970
DEPRECIATION					
At 1 January 2003	3,623	86,346	9,024	3,731	102,724
Charge for the Year	930	2,046	1,271	1,712	5,959
Disposals	-	-	(33)	(2,807)	(2,840)
Translation Adjustments	122	16,255	1,076	386	17,839
At 31 December 2003	4,675	104,647	11,338	3,022	123,682
NET BOOK VALUE					
At 31 December 2003	48,308	12,285	4,577	3,118	68,288
At 31 December 2002	39,628	4,550	3,050	3,976	51,204

Included above are assets with an original cost of Shs. 9,750,847/- (2002: Shs. 8,428,000/-), which were fully depreciated. The notional depreciation of the assets would have been Shs. 1,931,519/- (2002: Shs. 1,685,000).

Included in motor vehicle are vehicles with an original cost of Shs. 300,000/- (2002: Shs. 1,849,000/-) whose registration documents are in the names of related companies.

Included above are capitalised finance leases with a net book value of Shs. 3,830,000/- (2002: Shs. 3,441,000/-).

A subsidiary, Kalahari Floor Tiles (Proprietary) Limited, had its leasehold land and buildings valued by Roscoe Bonna Valuers, Independent Property Valuers, on 22 January 2004, representing open market value. The revaluation surplus on buildings net of deferred tax was credited to revaluation reserve in shareholders equity.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont.)

9.2 Company

	Buildings Shs. '000
COST AND VALUATION	
At 1 January 2003 and at 31 December 2003	31,921 =====
DEPRECIATION	
At 1 January 2003	3,184
Charge for the Year	652
At 31 December 2003	<u>3,836</u> =====
NET BOOK VALUE	
At 31 December 2003	28,085 =====
At 31 December 2002	28,737 =====

If leasehold buildings were stated on the historical cost basis, the amounts would be as follows:

	Group		Company	
	2003 Shs. '000	2002 Shs. '000	2003 Shs. '000	2002 Shs. '000
Cost	16,939	16,450	5,119	5,119
Accumulated Depreciation	(3,146)	(2,593)	(2,256)	(2,154)
Net Book Value	<u>13,793</u> =====	<u>13,857</u> =====	<u>2,863</u> =====	<u>2,965</u> =====

10 PREPAID OPERATING LEASE RENTAL

	Group		Company	
	2003 Shs. '000	2002 Shs. '000	2003 Shs. '000	2002 Shs. '000
Net Book Value At 1 January	8,271	8,480	527	736
Translation Adjustment	1,666	-	-	-
Disposal in the Year	-	(197)	-	(197)
	<u>9,937</u>	<u>8,283</u>	<u>527</u>	<u>539</u>
Amortisation for the Year	12	42	12	12
Net Book Value At 31 December	<u>9,925</u> =====	<u>8,271</u> =====	<u>515</u> =====	<u>527</u> =====



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont.)

	2003 Shs. '000	2002 Shs. '000
11 INVESTMENT IN SUBSIDIARY COMPANIES		
Unquoted investments:		
Dunlop Industries Limited – 100% Equity Interest:		
Shareholding at cost	500	500
Amount Due on Current account	10,854	7,577
	11,354	8,077
	=====	=====
Olympia Capital Corporation (Proprietary) Limited: [Formerly – Yeti Holdings (Proprietary) Limited]		
Shareholding at cost	8	8
Amount Due on Current account	650	650
Funds Paid awaiting allotment of shares	9,483	9,483
	10,141	10,141
	21,495	18,218
	=====	=====

The details of the subsidiary companies are as follows:

Company	Share Capital	County of Incorporation	Principal Activity
Dunlop Industries Limited	Shs. 500,000	Kenya	Manufacture and sale of vinylex floor tiles and adhesives
Olympia Capital Corporation (Proprietary) Limited	Pula 1,000	Botswana	Investment Holding Company
Kalahari Floor Tiles (Proprietary) Limited	Pula 15,336,320	Botswana	Manufacture and sale of vinylex floor tiles and adhesives
Gaborone Enterprises (Proprietary) Limited	Pula 450,000	Botswana	Investment Property
Plasrik SA (Proprietary) Limited	Zar 1,000,000	South Africa	Trading Company

Dunlop Kenya Limited holds a 59.9% equity interest in Olympia Capital Corporation (Proprietary) Limited [formally Yeti Holdings (Proprietary) Limited], which had acquired a 94% equity interest in Kalahari Floor Tiles (Proprietary) Limited which has two fully owned subsidiaries, Gaborone Enterprises (Proprietary) Limited and Plasrik SA (Proprietary) Limited.

Dunlop Kenya Limited has another subsidiary Dunvon Tanzania Limited. The financial statements of Dunvon Tanzania Limited have not been consolidated because of the immateriality of the amounts involved. Amounts due from Dunvon Tanzania Limited are included under short term advances in note 20.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont.)

	2003 Shs. '000	2002 Shs. '000
12 GOODWILL		
Kalahari Floor Tiles (Proprietary) Limited		
At 1 January / On Acquisition during the Year	11,652	14,545
Translation Adjustment	1,367	
Amortisation for the Year	(3,036)	(2,913)
At 31 December 2003	9,983	11,632
	=====	=====

	Group		Company	
	2003 Shs. '000	2002 Shs. '000	2003 Shs. '000	2002 Shs. '000
13 CURRENT ASSETS				
13.1 Inventories	30,346	22,213	-	-
13.2 Debtors	109,773	113,103	74,692	-
Cash and Bank Balances	37,265	10,365	158	-
	177,384	145,681	74,850	-
	=====	=====	=====	=====

13.1 INVENTORIES	2003 Shs. '000	2002 Shs. '000	2003 Shs. '000	2002 Shs. '000
Raw Materials	12,864	8,379	-	-
Finished Goods	11,133	6,073	-	-
Consumables	6,349	6,244	-	-
Goods in Transit	-	1,467	-	-
	30,346	22,213	-	-
	=====	=====	=====	=====

13.2 DEBTORS	2003 Shs. '000	2002 Shs. '000	2003 Shs. '000	2002 Shs. '000
Trade	25,871	31,270	-	900
Other Receivables	12,113	10,603	4,012	5,208
Due from Related Parties (Note 20)	70,495	70,434	70,680	69,642
Due from Directors	1,294	796	-	-
	109,773	113,103	74,692	75,840
	=====	=====	=====	=====

	Group		Company	
	2003 Shs. '000	2002 Shs. '000	2003 Shs. '000	2002 Shs. '000
14 SHARE CAPITAL				
Authorised				
40,000,000 Ordinary Shares of Shs. 5/- each	200,000	200,000	200,000	200,000
	=====	=====	=====	=====
Issued and Fully Paid				
10,000,000 Ordinary Shares of Shs. 5/- each	50,000	50,000	50,000	50,000
	=====	=====	=====	=====



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont.)

15 DEFERRED TAXATION

Deferred Tax is calculated on temporary differences under the liability method using a principal tax rate of 30% (2002: 30%). The movement in the deferred tax account is as follows:

	Group		Company	
	2003 Shs. '000	2002 Shs. '000	2003 Shs. '000	2002 Shs. '000
At 1 January	2,369	1,279	7,352	3,906
Income Statement Charge/(Credit) (Note 6)	5,720	1,090	(15)	3,446
Revaluation Reserve	1,874	-	(153)	-
Translation Adjustment	1,216	-	-	-
At 31 December	<u>11,179</u>	<u>2,369</u>	<u>7,184</u>	<u>7,352</u>
	=====	=====	=====	=====
Tax Losses not Recognised	<u>17,027</u>	<u>22,000</u>	<u>4,897</u>	<u>4,070</u>
	=====	=====	=====	=====

Deferred tax assets and liabilities in the balance sheet deferred tax (credit)/charge in the Profit and Loss Account and deferred taxcharge/(credit) in equity are attributable to the following items:

Accumulated Tax Losses	(5,174)	(13,889)	(1,469)	(1,221)
Accelerated Tax Depreciation	739	2,352	625	640
Revaluation Surplus	8,586	6,712	6,559	6,712
Leave Pay Provisions	(93)	(66)	-	-
Unrealised Exchange Gains	797	660	-	-
Translation Adjustment	1,216	-	-	-
	<u>6,071</u>	<u>(4,231)</u>	<u>5,715</u>	<u>6,131</u>
Tax Losses not Recognised	5,108	6,600	1,469	1,221
	<u>11,179</u>	<u>2,369</u>	<u>7,184</u>	<u>7,352</u>
	=====	=====	=====	=====

A portion of the deferred tax asset attributable to tax losses has not been recognised as the future profitability of the company is uncertain. This is in line with IAS 12 which requires that deferred tax assets relating to the unused tax losses carried forward be recognised only to the extent that it is probable that future taxable profit will be available against which the unutilised tax losses can be used.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont.)

	2003 Shs. '000	Group	2003 Shs. '000	Company
16 BORROWINGS				
Loans:				
Standard Chartered Bank Kenya Ltd.			-	
Standard Chartered Bank Botswana Ltd.	4,628		-	
Rikett Asia Limited	15,281		-	
	<u>19,909</u>		<u>-</u>	
Bank Overdrafts	2,610		28	
Finance Leases	3,550		-	
	<u>26,069</u>		<u>28</u>	
Current	(5,761)		(28)	
	=====		=====	
Non-Current	20,308		-	
	=====		=====	

Analysis of Borrowings by Currency

	Kenya Shillings		Botswana Pula	
	2003 Shs. '000	2002 Shs. '000	2003 Pula '000	2002 Pula '000
Loan	-	1,412	1,164	2,002
Bank Overdrafts	2,610	4,610	-	-
Finance Leases	-	-	207	201
	<u>2,610</u>	<u>6,022</u>	<u>1,371</u>	<u>2,203</u>
	=====	=====	=====	=====

Details of Securities for Loans and Overdrafts:

The loan from Standard Chartered Bank Botswana Limited is secured by a mortgage bond over lots 51, 52 and 53 Mogodishane for Shs. 12,832,500 and a guarantee by one of the directors, M. M. Matu, for the same amount.

The shares of Kalahari Floor Tiles (Proprietary) Limited have been pledged to Rikett Asia Limited as security.

The loan and overdraft facilities from Standard Chartered Bank Kenya Limited are secured by a debenture for Shs. 15,700,000 over the assets of Dunlop Industries Limited and is supported by a legal charge of the same amount over L.R. No. 209/5532, Industrial Area Nairobi in the name of Dunlop Kenya Limited and a guarantee by the latter for Shs. 15,700,000.

Finance leases are secured by the assets leased and are repayable over a period of 29 to 54 months in equal monthly instalments of Shs. 150,482 (Pula 8,795) and carries an interest rate varying between prime rate plus 1.02% to 3.03% per annum.



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont.)

	Group		Company	
	2003 Shs. '000	2002 Shs. '000	2003 Shs. '000	2002 Shs. '000
17 CURRENT LIABILITIES				
17.1 Creditors	80,282	70,344	17,171	15,482
Borrowings	5,762	7,148	28	105
Dividends Payable	5,851	5,851	5,851	5,851
Taxation	6,177	5,267	1,612	1,612
	<u>98,072</u>	<u>88,610</u>	<u>24,662</u>	<u>23,050</u>
	=====	=====	=====	=====
17.1 CREDITORS				
Trade	35,646	30,420	-	-
Other Payable	23,219	21,324	6,681	7,050
Due to Directors	12,107	10,168	1,780	-
Due to Related Parties (Note 20)	9,310	8,432	8,710	8,432
	<u>80,282</u>	<u>70,344</u>	<u>17,171</u>	<u>15,482</u>
	=====	=====	=====	=====
			2003	2002
			Shs. '000	Shs. '000
18 NOTES TO THE CASH FLOW STATEMENT				
Reconciliation of Operating Profit to Cash Generated from Operations:				
Operating Profit			30,255	4,070
Adjustments For:				
Amortisation and Depreciation			5,971	4,606
Amortisation of Goodwill			3,036	2,913
Profit on Sale of Property, Plant and Equipment			(563)	(8,252)
Loss on Disposal of Investment			-	68
Net Exchange Gain			5,795	6,585
Exchange Revaluation Written Back			-	(2,863)
			<u>44,494</u>	<u>7,127</u>
Operating Loss Before Working Capital Changes				
Movement in Inventories			(8,133)	(2,519)
Movement in Debtors			3,391	20,805
Movement in Creditors			9,060	32,960
Movement in Related Party Balances			817	2,642
			<u>49,629</u>	<u>61,015</u>
Cash Generated From Operations			=====	=====
			2003	2002
			Shs. '000	Shs. '000
19 CASH AND CASH EQUIVALENT				
Cash and Bank Balances			37,265	19,365
Bank Overdraft			(2,610)	(4,610)
			<u>34,655</u>	<u>14,755</u>
			=====	=====



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont.)

	2003 Shs. '000	2002 Shs. '000
20 RELATED PARTY TRANSACTIONS		
The Following transactions were carried out on arms length basis with related parties:		
i) Sale of goods and services		
Director – P. N. Ndetei	-	23
Arco Industries Limited	-	54
	-----	77
ii) Sale of property plant and equipment		
Arco Industries Limited	-	21
	-----	21
iii) Purchase of goods and services		
Mineral Mining Limited	-	620
	-----	620
iv) Royalties payable to Dunlop UK	600	710
	-----	710
v) Accrued interest receivable		
Maniple Limited	-	112
Mt. Kenya Investment Limited	-	946
	-----	1,058
	-----	1,119

	Group		Company	
	2003 Shs. '000	2002 Shs. '000	2003 Shs. '000	2002 Shs. '000
20.1 Due to Related Parties				
Arco Industries Limited	265	265	265	265
Avon Financial Services Limited	257	250	257	250
Avon Marketing Services Limited	330	210	330	210
Avon Rubber Company Limited	707	460	707	460
Croxley Properties Limited	730	740	730	740
Dunlop UK	7,021	6,422	6,422	6,422
Kalahari Floor Tiles (Proprietary) Limited	-	85	-	85
	-----	8,432	8,711	8,432
	=====	=====	=====	=====
20.2 Due to Directors	12,108	10,173	1,780	2,547
	=====	=====	=====	=====
20.3 Due from Directors	1,294	981	-	-
	=====	=====	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont.)

	Group		Company	
	2003 Shs. '000	2002 Shs. '000	2003 Shs. '000	2002 Shs. '000
20.4 Due from Related Parties				
Arco Industries Limited	598	592	-	-
Avon Financial Services Limited	101	-	-	-
Avon Rubber Company Limited	35	80	-	-
Dunvon Tanzania Limited	120	120	-	-
Maniple Limited	53,725	53,725	53,725	53,725
Mount Kenya Investment Limited	5,798	5,798	5,798	5,798
Accrued Interest Receivable	10,119	10,119	10,119	10,119
	<u>70,496</u>	<u>70,434</u>	<u>69,642</u>	<u>69,642</u>
	=====	=====	=====	=====

A related party for the purpose of these financial statements is a company, which directly or indirectly has common ownership with Dunlop Kenya Limited. The amounts due from and due to related parties are in respect of transactions arising in the normal course of business.

The directors intend to liquidate the advances to Maniple Limited and Mount Kenya Limited by taking over the 100% equity of Avon Rubber Company Limited. The positive net worth of Avon Rubber Company Limited exceeds the amounts of the advances.

	2003 Shs. '000	2002 Shs. '000
21 STAFF COSTS		
Wages and Salaries	16,732	17,924
Social Security Cost (NSSF)	87	85
Pension and Retirement Benefits	3,537	1,342
Gratuity	-	1,354
	<u>20,356</u>	<u>20,705</u>
	=====	=====
Average number of persons employed by the group during the year was:	<u>100</u>	<u>100</u>
	=====	=====



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2003 (Cont.)

	2003 Shs. '000	2002 Shs. '000
22 CONTINGENT LIABILITIES		
Guarantee:		
Bank Loan	-	1,412
Staff Car Loans	920	1,602
	920	3,014
Nairobi City Council – disputed water bill	5,059	4,826
	=====	=====

The guarantee on the bank loan is on a loan granted to Dunlop Industries Limited by Standard Chartered Bank Kenya Limited.

Letters of guarantees have been issued by the company on behalf of its employees who have obtained car loans from Standard Chartered Bank Limited. In the event of a default by the employees, the company will be held liable.

No provision has been made in the financial statements for the water bill in dispute.

23 COUNTRY OF INCORPORATION AND REGISTERED OFFICE

The company is incorporated in Kenya under the Companies Act (Cap. 486) and is domiciled in Kenya.



PROXY

I/WE _____

OF _____

Being a member of the above Company, hereby appoint:

OF _____

Whom failing _____

OF _____

Of failing him, the Chairman of the Meeting as our/my proxy, to vote for us/me and on our/my behalf at the Annual General Meeting of the Company to be held on Friday, 6th August 2004 and at any adjournment thereof.

As witness our/my hand this _____ day of _____ 2004

Signed _____

Note:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote in his stead and a proxy need not be a member of the Company.
2. In the case of a member being a limited Company this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
3. Proxies must be in the hands of the Secretary not later than 48 hours before the time of holding the meeting.

