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Directors, Officers and Administration

For the year ended 31 December 2003

CHAIRMAN	MANAGING DIRECTOR	EXECUTIVE DIRECTORS
Dr CW.Obura	L Serafino**	RB. Markham, R M Braganza

DIRECTORS

Dr CW.Obura	Chairman
RB. Markham	
L Serafino**	Resigned 30 November 2003
KH. Balzer***	Resigned on 2 July 2003
SS. Ntsaluba**	Resigned on 12 March 2003
K Hansen*	Resigned on 3 June 2003
N Hariparsad**	Resigned on 12 March 2003
Hector Diniz	Appointed on 3 November 2003
G. Barnhoorn****	Appointed on 3 November 2003
R. Braganza	Appointed on 3 November 2003

*Danish **South African ***German ****Dutch

COMPANY SECRETARY

Atanas Kariuki Maina

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Express House
Etcoville, Road A, Off Enterprise Road
Industrial Area
PO Box 40433-00100
Nairobi

BANKERS

Commercial Bank of Africa
Wabera Street
PO Box 30437
Nairobi

Middle East Bank
Mebank Tower, Milimani Road
PO Box 47387, 00100
Nairobi

CFC Bank
CFC Centre
Chiromo Road
PO Box 72833
00200 Nairobi City Square

AUDITORS

KPMG Kenya
Lonrho House, 16th Floor
PO Box 40612
00100 Nairobi GPO

Notice of Annual General Meeting

For the year ended 31 December 2003

NOTICE IS HEREBY GIVEN that the Thirty Third Annual General Meeting of the members of Express Kenya Limited will be held at The Norfolk Hotel, Harry Thuku Road, Nairobi on Saturday the 12th day of June 2004 at 10.30 a.m. to transact the following business:

1. To table the proxies and to note the presence of a quorum .
2. To read the Notice convening the meeting.
3. To confirm the Minutes of the Thirty-Second Annual General Meeting held on 27th November 2003.
4. To receive, consider and if thought fit, adopt the Annual Report and Financial Statements for the year ended 31st December 2003, together with the Directors and Auditors' reports thereon.
5. To note that the Board does not recommend the payment of a dividend for the year ended 31st December 2003
6. To conduct elections of directors for candidates validly nominated in accordance with the Articles of Association of the Company.
7. To appoint Messrs KPMG Kenya, the Company's Auditors for the period ending with the next annual general meeting of the Company and to authorize the directors to determine their remuneration.
8. Any other business for which sufficient notice has been given.

By order of the Board

A K Maina
Company Secretary
Express House
Road A, Off Enterprise Road
Industrial Area, Nairobi
23rd April 2004.

Note 1

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf. A proxy need not be a member. A perforated form of proxy is given on page 32 for use by the members who do not propose to be present at the meeting and must be duly completed by the member and must either be lodged at the Registered Office of the Company, Express House, Road A, Off Enterprise Road, P.O. Box 40433-00100 GPO, Nairobi or with the Registrars, Barclays Advisory & Registrar Services Limited, 1st Floor, Bank House, Moi Avenue P.O. Box 30120 – 00100 Nairobi so as to reach the company not later than 10.30 a.m. Thursday 10th June 2004

Note 20

Any member qualified to be present and vote at the meeting, may by notice duly signed by him/her and delivered to the registered office of the company not less than seven (7) days and not more than forty two (42) days before the day appointed for this meeting propose any other person for appointment to the Board. Such notice must be accompanied by a notice signed by the person proposed indicating his/her willingness to be appointed.

Chairman's Report

Dr. C. W. Obura Chairman

OVERVIEW

The year 2003 began with hope and optimism on the social, economic and political fronts following the peaceful political transition in December 2002.

Inflation remained on single digit, while a downward trend in the bank lending rates continued to be evident. With the war on the anti-corruption front taking shape, substantial pledges for donor funding came along albeit in a more conservative dosage than expected. Economic growth was however very slow at 1.4% GDP against the projected 2.5 % for the year.

Your Board is optimistic that the longer term policies in the strengthening of institutions which directly affect our business will be very vital. The modernisation and reorganization efforts at the Kenya Ports Authority, Kenya Railways, Infrastructural related programmes on our road network and other measures being taken within the Kenya Revenue Authority particularly the Customs & Excise Departments will certainly continue to make the business environment more conducive.

Emphasis of Matter

The year 2002 marked the fourth year in a row in the loss making trend in the company's operations.

In their Report for the year 2002 the auditors made an "Emphasis of Matter" touching on the "going concern" of the business of the Company.

As a remedial measure, the Board had recommended a restructuring programme which was directed to resolving the malaise relating to the negative working capital and the loss making trend during the year 2003 via a Rights Issue exercise.

Changes in Ownership

The first half of the year saw the divestiture of Kuehne & Nagel International AG of Switzerland and Viamax (Pty) Limited of South Africa from Etcoville Investments Limited (formerly K N Viamax Investments (Kenya) Limited) the ultimate majority shareholder of Express Kenya Limited.

Their exit allowed the entry of Flowerwings Kenya Limited who, with the approval of The Capital Markets Authority, acquired the controlling interest in Etcoville Investments Limited.

Rights Issue

As you are already aware, the shareholders, at the Annual General Meeting held on the 27th November 2003, approved to increase the Share Capital of the company from Kenya Shillings 24 million to Kenya Shillings 216 million.

A Rights Issue was also approved at the same meeting at the rate of eight (8) shares for every one (1) ordinary share held.

The Rights Issue closed on 2nd February 2004 and recorded a success rate of over 71% with the sum of Kes. 178 million being raised against the target of Kes. 249.6 million. The listed securities increased from 4.8 million ordinary shares to 32,185,264 fully paid up ordinary shares and the new ordinary shares started trading on the Nairobi Stock Exchange on 24th February 2004.

Etcoville Holdings Limited's (a wholly owned subsidiary of Etcoville Investments Limited) shareholding moved from 50.02% holding to 67% due to dilusion as a result of some shareholders not exercising the options available to them under the Rights Issue.

I take the opportunity to thank you most sincerely for the support you extended to your company and confirm that your Board will do everything possible to ensure that all the funds are fully utilized for the intended purposes.

Utilisation of Proceeds

As disclosed in the Balance Sheet (net of the costs of the Rights Issue) the majority shareholder had already advanced to the Company Kes.106.999 million well before the completion of the Issue in order to take care of some urgent restructuring measures in a bid to prevent further bleeding in the operations.

By year end the Company had already embarked on various projects as contained in the Information Memorandum which was circulated during the Issue. Over Kes. 66 million had been utilized towards the purchase of trucks and trailers. A further Kes.14 million had already been expended towards staff restructuring costs where approximately 50 staff engaged in certain non-core business units were laid off, Kes.7 million had already been expensed towards Rights Issue expenses.

September – December 2003 Perfomance

Audited Results upto 31st August 2003 reported a loss of Kes. 102 Million.

The September – December period posted a marginal loss of Kes 6.8 million thus closing the year at a total loss of 108.8 million, a clear indication that the Strategic Plan taken by your board and management of the company was beginning to bear fruit.

During this period, staff restructuring, closure of tea & coffee warehousing activities, closure of Uganda Travel Business and Expansion of Logistics Division were undertaken

Bank Borrowings had by the close of the year been reduced by Kes. 41 million from internally generated funds hence reducing the financial costs.

Strategy

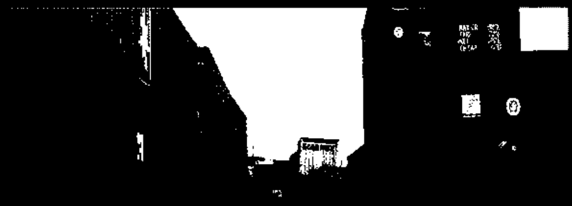
The Company's strategy of expanding its freight logistics division, including the Technical Support Division and improvement of the physical facilities at Etcoville is on course .
Bank Borrowings have reduced dramatically with one of the Bankers having been fully paid off and further plans are already afoot for the reduction of the existing facilities from Mid 2004.

Divestiture from Travel related business and sale of non core Assets has become imperative in order that the whole business of the company may be directed to the core areas alone.

Your board has been studying the developments in the tour and travel related business in the past few years. There are no indications that this industry will recover in the near future. As is evident from the accounts, our travel division performed dismally in the year under review. Unless significant positive changes are experienced during the first half of 2004, the Board strongly recommends the disposal of Express Travel Group during the year 2004.

The warehousing facilities at Kitui Road, have been empty after the discontinuation of tea and coffee warehousing business. Marketing activities of the facilities have not been very fruitful given the low demand for commercial warehousing facilities and the many competitors within Industrial Area and Mombasa Road. The board recommends the sale of this property during the year 2004 as the Etcoville property has enough room for expansion, if need be, for extra warehousing facilities.

All funds realized from the above undertakings shall be deployed towards the projects in the company strategy for growth and the reduction of the bank borrowings.



Directorate

Between March and November 2003, Messrs S. Ntsaluba, N. Hariparsad, K. Hansen, K H Balzer and Luigi Serafino resigned from the Board. I take the opportunity to thank each one of them individually for their service to the Company.

Messrs Gerrit Bamhoom, Hector Diniz and Rolen Braganza joined the Board on 3rd November 2003. I welcome them to the Board and look forward to their support and contributions towards greater prosperity of the company.

Finally, on behalf of the Board of Directors, I extend my thanks to the management and staff who have continued to support and implement the various initiatives of the Board during the period and we look forward to their continued support for the mutual benefit of the shareholders, the staff and the other stakeholders.

Dr. C. W. Obura

Chairman

FREIGHT DIVISION

Turnover for the division increased by 17% but Gross profit only increased by a margin of 1% due to reduced profit margins as a result of competition..

Emphasis during the coming year and in line with the new strategy after the recapitalisation exercise is the continued reduction of overheads.

As evidenced from the performance during the Four months to the close of the year, the strategy is working well and should herald good results for the coming years.

Seafreight Operations

Performance during the year remained on the same level as in the year 2002 inspite of the heightened optimism occasioned by the peaceful political transition. It is expected that as economic activity within the country and the region continues to gain momentum, this business unit should record significant gains and contribute beyond its current turnover of 28% of total company turnover. Restructuring activities at the Kenya Ports Authority if completed will go a long way in to enhancing the performance of this business unit.

Warehousing Operations

The unit recorded similar performance to the year 2002. It is expected that there will be some negative impact on this business unit due to the closure of the non-core tea and coffee operations and the intended disposal of Kitui Road property.

Efforts are however being made to have more of the Seafreight clients taking up warehousing space with us in order to ensure that the department reaches a break-even point in the coming year.

Airfreight Operations

Turnover for the department was down by about 8% due to the loss of Kuehne & Nagel consolidations business towards the end of the year, following the divestiture of Kuehne & Nagel International A G from Express Kenya Ltd and the setting up of their Kenyan operation.

The department is expected to record significant negative performance until a reliable International forwarding partner is brought on board.

Transport & Logistics

This business unit is the main focus in the Freight Division. Gross profit for the year reached 73 million against 76 million in the year 2002.

With the ongoing fleet expansion the department is expected to record much greater profitability from the coming year and beyond. Your Board is also looking into the possibilities of going regional into the East and Central Africa region upon completion of the reorganization programme in order to tap the business generated within the various trading Blocks.

Packing & Removals

Lack of a committed international forwarding partner has continued to be a limiting factor for this business unit to enter the international removals league, which is more lucrative. No growth was recorded for the year 2003 and it is expected that with the impending sale of Kitui Road property where the operation is currently located, some cost saving synergies could be created with relocation of this unit to Etcoville where other freight operations are based.

EXPRESS TRAVEL GROUP

The division suffered an 18% loss of turnover as compared to the year 2002.

Margins remained similar but the Gross Profit went down by over Kes.40 million hence recording a heavy loss even before Head Office and Financing Costs.

The continued threat of global terrorism and the various adverse travel advisories issued by various governments to thier citizens continue to aggravate the situation. The uncertainly surrounding the Iraq question has not helped matters. The Board has recommended the discontinuation of this business during the coming year unless significant positive changes are experienced during the first half of the year 2004.

Travel Department

The negative travel advisories mentioned earlier indirectly contributed to a 13% loss of turnover and the Gross profit was similarly affected.

Tours Department

The department was worst hit as gross profit fell by over Kes.20 million, a 43% impact on the bottom line. There are no indications that the division will recover in the foreseeable future.

Europcar

Turnover dropped by 20% during the year. This is mainly attributable to the loss of business ordinarily received from Travel and Tours Departments and the cutthroat competition experienced in the last few years as many more entrants get into the car hire and taxicab business. With the stringent measures imposed by Government in the public transport sector, the way forward for the department may be redefined.

Uganda Travel operations

This operation was closed during the year having failed to respond positively to the various restructuring efforts that the management had undertaken in the last three years.

OBJECTIVE

The Company is continually improving on its Corporate Governance Practices at all levels with the view to preserving and enhancing the shareholders' investments in harmony with the interests of the wider society.

The Board of Directors of Express Kenya Limited is the principal organ responsible for giving leadership and direction on matters of Corporate Governance in line with the Capital Markets Authority (CMA) Guidelines and good corporate governance practices generally.

The Board continues to ensure that all disclosure requirements and other continuing obligations of the CMA are complied with.

The performance of the management on the implementation of the Strategic Plan of the Company is reviewed by the Board on a regular basis in order to ensure that the effectiveness and efficiency of all programmes is attained in line with the set goals.

The board acknowledges that it is responsible for ensuring the transparency, accountability and integrity of the financial systems and internal controls mechanisms in the organization and hereby confirms that sufficient safeguards have been put in place and are reviewed on a regular basis.

DIRECTORATE

The Board consists of a non-executive Chairman, two Executive Directors and two non Executive Directors.

Resignations

During the year, Messrs N. Hariparsad S. Ntsaluba, K. Hansen, K. H. Balzer, and L. Serafino resigned from the Board following the divestiture of Kuehne & Nagel International AG and Viamax Pty Limited.

Appointments

Messrs H. Diniz, G. Barnhoorn and Rolen Braganza were elected to the Board during the last Annual General Meeting. Mr. Rolen Braganza is the Executive Director in charge of finance and was until his appointment the Financial Controller of the Company.

Management Structure & Board Committees

The Managing Director's Contract of Service with the Company expired in November 2003 and was not renewed.Given the ongoing fundamental changes in the structure and business of the company, the Board reached the conclusion that it will not be necessary, at least during the reorganization exercise, to appoint a Managing Director.

There is in place two Management Executive Committees.

The **Freight Division Committee** is headed by the Finance Director with the Company Secretary and the Senior Manager, Mombasa Operations as members.

The **Express Travel Group Executive Committee** is headed by the Executive Director in charge of Travel Division with the Finance Director, Group Travel Manager and Europcar Manager as members.

The Divisional Executive Committees report bi-monthly to the **Reorganisation Committee** of the Board which consists of all the non-executive directors. The position of chief executive will be filled in the course of the year 2004.

Audit Committee

The Committee is in place and its membership is drawn from the non executive directors. The committee reviews on a regular basis, the management programs , accounting systems and internal controls. The committee is chaired by Mr. H. Diniz.

An Internal Auditor has been recruited and is at the disposal of the Committee. The Committee is also responsible for reviewing all audit matters with the External Auditors. International Financial Reporting Standards have already been implemented in the reports to the shareholders.

Remunerations Committee

The Committee is responsible for reviewing remuneration of executive directors and Senior Management.

The non-executive directors did not receive any remuneration during the year under review while the executive directors remuneration was based on their respective contracts of employment.

Nominations Committee

A nominations Committee comprising of all the non-executive directors is already in place and is in the process of identifying qualified persons who may be nominated to the Board as independent directors in the coming year in order to diversify the resource base and quality of the Board.

Major Shareholders

A schedule containing names, number of shares and actual percentages of 20 largest shareholders is provided on page 31.

Report of the Directors

For the year ended 31 December 2003

The directors have pleasure in submitting their report together with the audited financial statements for the year ended 31 December 2003.

1. **Principal activities**

   The group is comprised of two major divisions, namely freight and travel.

   The freight division provides clearing and forwarding services for both air and sea, as well as warehousing and logistics services.

   The travel division is engaged in travel agency, tours and car hire business, and is also authorised by American Express to issue travellers cheques.

2. **Results**

   The results of the group are set out on page 11.

3. **Dividend**

   The directors do not recommend the payment of a dividend (2002 – Nil).

4. **Directors**

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

5. **Auditors**

   The auditors, KPMG Kenya, have indicated their willingness to continue in office in accordance with Section 159(2) of the Kenyan Companies Act (Cap. 486).

6. **Approval of financial statements**

   The financial statements were approved at a meeting of the directors held on 7 February 2004

BY DRDER OF THE BDARD

A.K. Maina
Secretary

7th February 2004

Statement of Directors' Responsibilities

The Kenyan 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 group and the company as at the end of each financial year and of the operating results of the group for that year. It also requires the directors to ensure the group and the company keep proper accounting records, which disclose with reasonable accuracy the financial position of the group and the company. They are also responsible for safeguarding the assets of the group.

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

Director: Dr CW Obura

Director: HR Diniz

Date: 7 February 2004

Report of the Auditors

To the Members of Express Kenya Limited

We have audited the financial statements set out on pages 11 to 30 for the year ended 31 December 2003. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit. The balance sheet of the Company is in agreement with the books of account.

Respective responsibilities of directors and independent auditors

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform 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. An audit also includes assessing the accounting policies used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, proper books of account have been kept and the financial statements give a true and fair view of the state of the group and company's financial position at 31 December 2003 and of the group's operating results and cash flows for the year then ended and comply with International Financial Reporting Standards and the Kenyan Companies Act.

Emphasis of matter

Without qualifying our opinion, we draw attention to note 1 to the financial statements. The group incurred a net loss for the year of KShs 68,151,000 and at the balance sheet date the revenue reserves reflected a deficit of KShs 99,769,000. Note 1 refers to restructuring activities that are in progress. On the basis that the activities are successfully concluded, the directors have prepared these financial statements on a going concern basis.

KPMG Kenya
CERTIFIED PUBLIC ACCOUNTANTS
P O Box 40612 - 00100
Nairobi

Date: 7 February 2004

Consolidated Profit and Loss Account

For the year ended 31 December 2003

	Note	2003 KShs '000	2002 KShs '000
Revenue	3	3,964,581	3,984,859
Cost of sales	3	(3,556,534)	(3,540,279)
Gross profit		**408,047**	**444,580**
Operating and administrative costs		(418,601)	(384,680)
Depreciation		(61,510)	(60,848)
Loss from operations	4	**(72,064)**	**(948)**
Net financing costs	5	(36,763)	(46,660)
Loss before tax		**(108,827)**	**(47,608)**
Income tax	6	40,676	(8,399)
Loss after tax		**(68,151)**	**(56,007)**
Basic loss per share	7	**KShs (14.20)**	**KShs (11.67)**

The notes set out on pages 17 to 30 form an integral part of these financial statements.

Consolidated Balance Sheet

At 31 December 2003

	Note	2003 KShs '000	2002 KShs '000
ASSETS			
Non current assets			
Property, plant and equipment	8(a)	338,210	336,141
Prepaid operating lease rentals	10	10,932	11,230
Goodwill	12	-	2,514
		349,142	349,885
Current assets			
Stocks	13	1,815	1,492
Debtors	14	410,922	472,406
Tax recoverable		17,104	11,190
Cash and cash equivalents	15	31,999	12,946
		461,840	498,034
TOTAL ASSETS		**810,982**	**847,919**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	24,000	24,000
Reserves (Page 15)		(12,532)	55,889
		11,468	79,889
Non current liabilities			
Deferred tax	17(a)	16,269	56,945
Finance lease payables	18	4,578	7,952
Loans from related parties	19	106,999	-
Current liabilities			
Interest bearing loans and borrowings	20	223,888	264,981
Creditors	21	447,780	438,152
		799,514	768,030
TOTAL EQUITY AND LIABILITIES		**810,982**	**847,919**

The financial statements on pages 11 to 30 were approved by the Board of Directors on 7 February 2004 and were signed on its behalf by:

Director: Dr CW Obura

Director: HR Diniz

The notes set out on pages 17 to 30 form an integral part of these financial statements.

Company Balance Sheet

At 31 December 2003

	Note	2003 KShs '000	2002 KShs '000
ASSETS			
Non current assets			
Property, plant and equipment	8(b)	309,336	305,485
Investment in subsidiaries	9	16,923	16,923
Prepaid operating lease rentals	10	10,042	10,320
		336,301	332,728
Current assets			
Stocks	13	1,815	1,492
Debtors	14	399,783	454,539
Tax recoverable		16,868	10,416
Cash and cash equivalents	15	30,711	8,006
		449,177	474,453
TOTAL ASSETS		**785,478**	**807,181**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	16	24,000	24,000
Reserves (Page 16)		(43,737)	13,664
		(19,737)	37,664
Non current liabilities			
Deferred tax	7(b)	6,566	47,808
Finance lease payables	18	4,578	7,952
Loans from related parties	19	106,999	-
Current liabilities			
Interest bearing loans and borrowings	20	223,888	260,559
Creditors	21	463,184	453,198
		805,215	769,517
TOTAL EQUITY AND LIABILITIES		**785,478**	**807,181**

The financial statements on pages 11 to 30 were approved by the Board of Directors on 7 February 2004 and were signed on its behalf by:

Director:Dr CW Obura

Director:HR Diniz

The notes set out on pages 17 to 30 form an integral part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2003

	Note	2002 KShs '000	2001 KShs '000
Cash inflows from operating activities	22(a)	16,962	44,596
Investing activities			
Purchase of property and equipment		(67,611)	(30,385)
Proceeds from sale of property and equipment		7,170	3,657
Cash outflows from investing activities		(60,441)	(26,728)
Financing activities			
(Decrease)/increase in money market borrowing		(100,000)	25,000
Loan received		2,880	28,500
Loan repaid		(14,012)	(6,805)
Loan from parent company		106,999	-
Cash flows from financing activities		(4,133)	46,695
Net (decrease)/increase in cash and cash equivalents	22(b)	**(47,612)**	**64,563**

The notes set out on pages 17 to 30 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2003

	Share capital KShs '000	Revaluation reserve KShs '000	Revenue reserve KShs '000	Total KShs '000
At 1 January 2002 – As restated	24,000	90,466	20,839	135,305
Net loss for the year	-	-	(56,007)	(56,007)
Exchange loss arising on translation of a foreign subsidiary	-	-	(571)	(571)
Excess depreciation transfer	-	(3,085)	3,085	-
Deferred tax on excess depreciation transfer	-	853	(853)	-
Reversal of deferred tax attributable to revaluation surplus	-	1,162	-	1,162
Balance at 1 January 2003	24,000	89,396	(33,507)	79,889
Net loss for the year	-	-	(68,151)	(68,151)
Exchange loss arising on translation of subsidiary	-	-	(270)	(270)
Excess depreciation transfer	-	(3,085)	3,085	-
Deferred tax on excess depreciation transfer	-	926	(926)	-
Balance at 31 December 2003	**24,000**	**87,237**	**(99,769)**	**11,468**

The notes set out on pages 17 to 30 form an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2003

	Share capital KShs '000	Revaluation reserve KShs '000	Revenue reserve KShs '000	Total KShs '000
At 1 January 2002 – As restated	24,000	75,713	(7,362)	92,351
Net loss for the year	-	-	(55,849)	(55,849)
Excess depreciation transfer	-	(2,599)	2,599	-
Deferred tax on excess depreciation transfer	-	853	(853)	-
Reversal of deferred tax attributable to revaluation surplus	-	1,162	-	1,162
Balance at 1 January 2003	24,000	75,129	(61,465)	37,664
Net loss for the year	-	-	(57,401)	(57,401)
Excess depreciation transfer	-	(2,599)	2,599	-
Deferred tax on excess depreciation transfer	-	780	(780)	-
Balance at 31 December 2003	**24,000**	**73,310**	**(117,047)**	**(19,737)**

The notes set out on pages 17 to 30 form an integral part of these financial statements.

1 **RESTRUCTURING**

The group's rights issue was completed on 2nd February 2004. KShs 178m was raised against a target of KShs 250m. The company has undertaken various restructuring projects including:

(a) Staff restructuring;
(b) Investments in trucks for transport;
(c) Overdraft converted to dollars to reduce interest expense.

Due to the above measures, the company is now expected to have a significant turnaround in its operating activities.

2. **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 Financial Reporting 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 9.

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 discounts.

(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 sone 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
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 or exercises significant influence. The investments are carried at cost less any amounts written off 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
Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Income 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 financial statements 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.

(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) Operating leases
Leases where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

(p) Goodwill
Goodwill arising on acquisition represents the excess of the cost of acquisition over the fair value of the net identifiable assets acquired. Goodwill is stated at cost less accumulated amortisation and impairment losses. The cost of goodwill is amortised on a straight-line basis over a period of five years.

(q) Finance lease payables
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Property and equipment acquired by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

(r) Comparatives
Where necessary, comparative figures have been adjusted to take into account adjustments relating to reclassification of vehicle expenses from operating expenses to cost of sales.

3. SEGMENTAL REPORTING

a) Primary segments

	Travel		Freight		Consolidated	
	2003 KShs'000	2002 KShs'000	2003 KShs'000	2002 KShs'000	2003 KShs'000	2002 KShs'000
Revenue	1,672,876	2,027,996	2,291,705	1,956,863	3,964,581	3,984,859
Cost of sales	(1,530,001)	(1,845,645)	(2,026,533)	(1,694,634)	(3,556,534)	(3,540,279)
Gross profit	**142,875**	**182,351**	**265,172**	**262,229**	**408,047**	**444,580**
Expenses						
Manpower	79,886	86,393	108,895	111,049	188,782	197,442
Administration	22,135	19,092	13,322	11,587	35,457	30,679
Communication	12,357	15,385	15,301	16,349	27,658	31,734
Advertising/travel	11,635	5,962	4,046	4,117	15,681	10,079
Vehicle	13,764	14,846	9,016	8,787	22,780	23,633
Depreciation	19,076	19,096	40,169	38,507	59,245	57,603
Equipment	933	1,110	5,686	4,569	6,619	5,679
Facilities	13,148	14,207	24,172	25,232	37,320	39,439
Amortisation	393	507	-	-	393	507
Bad debts	6,122	691	13,639	1,089	19,761	1,780
Total expenses	**179,449**	**177,289**	**234,246**	**221,286**	**413,695**	**398,575**
Segment result	**(36,574)**	**5,062**	**30,926**	**40,943**	**(5,648)**	**46,005**
Profit from operations					(5,648)	46,005
Head office expenses					(66,416)	(46,953)
Net financing cost					(36,763)	(46,660)
Net loss before tax					**(108,827)**	**(47,608)**
Assets	192,647	272,918	618,335	575,001	810,982	847,919
Liabilities	(201,327)	(238,047)	(598,187)	(529,983)	(799,514)	(768,030)
Net assets	**(8,680)**	**34,871**	**20,148**	**45,018**	**11,468**	**79,889**

b) Secondary segment

	Kenya		Uganda		Consolidated	
	2003 KShs '000	2002 KShs '000	2003 KShs '000	2002 KShs '000	2003 KShs '000	2002 KShs '000
Gross profit	**393,752**	**421,845**	**14,295**	**22,735**	**408,047**	**444,580**
Segment property, plant and equipment	**338,210**	335,013	-	1,128	**338,210**	336,141
Capital expenditure	**67,611**	30,050	-	335	**67,611**	30,385

4. LOSS FROM OPERATIONS

	2003 KShs'000	2002 KShs'000
Operating loss is arrived at after charging:		
Total staff costs	217,160	209,249
Directors' emoluments:		
- Fees	-	-
- Other	16,751	14,034
Auditors' remuneration:		
- Charge for the year	1,500	1,870

The average number of people engaged during the year were:	2003	2002
Freight division	284	272
Travel division	170	168
Central services	16	13
Total	**470**	**453**

Included in staff costs are contributions to a defined contribution plan for employees. During the year, the company expensed KShs 6,262,514 in contributions payable (2002 – KShs 5,880,000).

5. NET FINANCING COSTS

	2003 KShs'000	2002 KShs'000
Interest income	512	964
Foreign exchange gains	4,061	1,437
	4,573	2,401
Interest expense	(33,223)	(44,131)
Foreign exchange losses	(8,113)	(4,930)
	(41,336)	(49,061)
Net finance cost	**(36,763)**	**(46,660)**

6. INCOME TAX EXPENSE

	2003 KShs '000	2002 KShs '000
Current tax at 30%	-	-
Deferred tax credit for the year (Note 17)	25,927	6,350
Reinstatement/(write down) of deferred tax asset	14,749	(14,749)
Income tax credit/(expense)	**40,676**	**(8,399)**

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

	2003 KShs '000	2002 KShs '000
Accounting loss before tax	(108,827)	(47,608)
Tax at the applicable tax rate of 30%	32,648	14,282
Reinstatement/(write down) of deferred tax asset	14,749	(14,749)
Non-deductible costs and non-taxable income	(6,721)	(7,932)
Income tax	**40,676**	**(8,399)**

7. BASIC LOSS PER SHARE

The basic loss per share is based on:

	2003	2002
Net loss after tax - in KShs'000	**(68,151)**	**(56,007)**
Weighted average number of ordinary shares in issue during the year	**4,800,000**	**4,800,000**
Loss per share (in KShs)	**(14.20)**	**(11.67)**

8. 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
a] Group:					
Cost or valuation:					
At 1 January 2003	30	122,970	80,000	354,754	557,754
Exchange adjustments	-	-	-	81	81
Additions	-	-	1,288	66,323	67,611
Disposals	-	-	-	(22,409)	(22,409)
At 31 December 2003	**30**	**122,970**	**81,288**	**398,749**	**603,037**
Cost	30	-	1,288	398,749	400,067
Valuation	-	122,970	80,000	-	202,970
	30	**122,970**	**81,288**	**398,749**	**603,037**
Depreciation:					
At 1 January 2003	-	2,040	2,832	216,741	221,613
Charge for the year	-	2,705	2,159	56,646	61,510
Disposals	-	-	-	(18,296)	(18,296)
At 31 December 2003	**-**	**4,745**	**4,991**	**255,091**	**264,827**
Cost	-	-	-	255,091	255,091
Valuation	-	4,745	4,991	-	9,736
	-	4,745	4,991	255,091	264,827
Net book value:					
At 31 December 2003	**30**	**118,225**	**76,297**	**143,658**	**338,210**
At 31 December 2002	**30**	**120,930**	**77,168**	**138,013**	**336,141**

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

b) Company:

	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
Cost or valuation:					
At 1 January 2003	30	92,970	80,000	350,856	523,856
Additions	-	-	1,288	66,323	67,611
On disposal	-	-	-	(18,717)	(18,717)
At 31 December 2003	**30**	**92,970**	**81,288**	**398,462**	**572,750**
Cost	30	-	1,288	398,462	399,780
Valuation	-	92,970	80,000	-	172,970
	30	**92,970**	**81,288**	**398,462**	**572,750**
Depreciation:					
At 1 January 2003	-	1,567	2,832	213,972	218,371
Charge for the year	-	2,033	2,159	56,300	60,492
Disposals	-	-	-	(15,449)	(15,449)
At 31 December 2003	-	**3,600**	**4,991**	**254,823**	**263,414**
Cost	-	-	-	254,823	254,823
Valuation	-	3,600	4,991	-	8,591
	-	**3,600**	**4,991**	**254,823**	**263,414**
Net book value:					
At 31 December 2003	**30**	**89,370**	**76,297**	**143,639**	**309,336**
At 31 December 2002	**30**	**91,403**	**77,168**	**136,884**	**305,485**

Land and buildings of the company and the group were valued by independent professional valuers on an open market basis as at 31 December 2001. The resulting surplus was credited to a revaluation reserve.

9. INVESTMENT IN SUBSIDIARIES

Company

The significant subsidiary undertakings are:

	Country	Ownership	2003 KShs'000	2002 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 Uganda Limited	Uganda	100%	9,432	9,432
			16,923	**16,923**

10. PREPAID DPERATING LEASE RENTALS

	Group KShs '000	Company KShs '000
Carrying amount of leasehold land as at 1 January 2003	11,230	10,320
Amortisation for the year	(298)	(278)
Balance as at 31 December 2003	**10,932**	**10,042**

12. GOODWILL

Group

	2003 KShs '000	2002 KShs '000
At cost	2,514	3,247
Amortisation	(570)	(507)
Exchange difference	-	(226)
Write off of goodwill	(1,944)	-
	-	**2,514**

During the year, after assessing the activities of the Uganda operation, the directors took the view that the goodwill generated had been impaired and made a full provision thereof.

13. STOCKS

Group and company	2003 KShs '000	2002 KShs '000
General stocks at cost	**1,815**	**1,492**

14. DEBTORS

	Group 2003 KShs '000	Group 2002 KShs '000	Company 2003 KShs '000	Company 2002 KShs '000
Trade debtors	343,654	424,512	311,224	391,424
Prepayments	64,322	35,445	47,029	29,544
Due from related companies	-	7,972	41,147	30,469
Other debtors	2,946	4,477	382	3,102
	410,922	**472,406**	**399,783**	**454,539**

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

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and bank balances

	Group 2003 KShs '000	Group 2002 KShs '000	Company 2003 KShs '000	Company 2002 KShs '000
Cash on hand	2,951	2,812	2,951	2,693
Bank balances	29,048	10,134	27,760	5,313
	31,999	**12,946**	**30,711**	**8,006**

16. SHARE CAPITAL

	2003 KShs '000	2002 KShs '000
Authorised 43,200,000 (2002 - 4,800,000) ordinary shares of KShs. 5 each	**216,000**	**24,000**
Issued and fully paid 4,800,000 ordinary shares of KShs. 5 each	**24,000**	**24,000**

At a shareholders meeting held in November 2003, the shareholders approved an increase in share capital via a rights issue. 27,385,264 shares have subsequently been allotted after the year end.

17. Deferred TAX

a) Group

Movements during the year are as follows:

	At 01.01. 2003 Restated KShs'000	Recognised in income KShs'000	Recognised in equity KShs'000	At 31.12.2003 KShs'000
Arising from:				
Property, plant & equipment	56,096	(4,653)	(926)	50,517
Tax losses carried forward	(2,017)	(22,908)		(24,925)
General provision	-	(12,189)		(12,189)
Other provisions	2,866	-		2,866
Total	**56,945**	**(39,749)**	**(926)**	**16,269**

17. **Deferred TAX - Continued**

b) **Company**

Movements during the year are as follows:

	At 01.01. 2003 Restated KShs'000	Recognised in income KShs'000	Recognised in equity KShs '000	At 31.12.2003 KShs'000
Arising from:				
Property, plant & equipment	47,808	(3,349)	(780)	43,679
General provisions	-	(12,188)	-	(12,188)
Tax losses carried forward	-	(24,925)	-	(24,925)
Total	**47,808**	**(40,462)**	**(780)**	**6,566**

18. FINANCE LEASE PAYABLES

The company has been availed a hire purchase facility of KShs 30 million with National Industrial Credit Bank Limited. The hire purchase facility meets the criteria for classification as a finance lease under International Accounting Standard 17 (Leases). The facility is used to finance the purchase of trucks/vehicles. Repayments will be made in 36 monthly instalments. The interest rate is 18% per annum

	2003 KShs '000	2002 KShs '000
Future principal payments under the finance lease:		
Within one year (see note 20 below)	5,985	3,743
More than one year and not later than five years	4,578	7,952
	10,563	**11,695**

19. LOANS FROM RELATED PARTIES

	Group		Company	
	2003 KShs '000	2002 KShs '000	2003 KShs '000	2002 KShs '000
Loan from parent co.	**106,999**	-	**106,999**	-

Ectoville Investments Limited, the ultimate holding company and other related parties, advanced KShs 106,999,000 in lieu of its share of the rights issue in 2003.

20. INTEREST BEARING LOANS AND BORROWINGS

Bank overdraft	217,903	151,238	217,903	146,816
Money market borrowing	-	100,000	-	100,000
Bank Loan	-	10,000	-	10,000
Finance lease payables	5,985	3,743	5,985	3,743
	223,888	**264,981**	**223,888**	**260,559**

The money market borrowing and bank overdraft facilities have been secured by debentures issued by the company over all its assets for KShs.200,000,000 and supplemented by legal charge over LR 12596/1 of KShs.150,000,000.

Repayment terms are as follows:

Bank overdraft	- Repayable on demand
Money market borrowing	- Repayable within 30 days

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

	Rate %
Money market loan	12
Overdraft	17

21. CREDITORS

	Group		Company	
	2003 KShs '000	2002 KShs '000	2003 KShs '000	2002 KShs '000
Accounts payable – trade	261,212	294,844	254,192	282,994
Payable to related companies	-	-	35,249	35,249
Other payables and accrued expenses	186,568	143,308	173,743	134,955
	447,780	**438,152**	**463,184**	**453,198**

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

22. NOTES TO THE CASH FLOW STATEMENT

	2003 KShs '000	2002 KShs '000
a) Reconciliation of net loss before tax to cash flow from operating activities		
Group loss before tax	(108,827)	(47,608)
Adjustments for:		
Profit on sale property and equipment	(3,057)	(1,783)
Amortisation of goodwill/lease	868	805
Depreciation	61,510	60,848
Goodwill write-off	1,944	20
Net financing costs	36,763	46,660
Operating profit before working capital changes	(10,799)	58,942
Increase in stocks	(323)	(189)
Decrease/(increase) in debtors	61,484	(49,709)
Increase in creditors	9,628	85,544
Effect of exchange rate changes	(351)	(245)
Cash generated from operations	59,639	94,343
Interest paid	(36,763)	(46,660)
Tax paid	(5,914)	(3,087)
Cash inflows from operating activities	**16,962**	**44,596**

b) Movement in cash and cash equivalents

	2003 KShs '000	2002 KShs '000	Change in the year KShs '000
Cash and bank balances	31,999	12,946	19,053
Bank overdraft and other borrowings	(217,903)	(151,238)	(66,665)
	(185,904)	**(138,292)**	**(47,612)**

23. CONTINGENT LIABILITIES

	Group		Company	
	2003 KShs'000	2002 KShs'000	2003 KShs'000	2002 KShs'000
Claims, guarantees and discounted bills	67,250	58,934	40,011	58,934

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 454,467,731 as at 31 December 2003 (2002 – KShs 553,781,781) in respect of which no material losses are expected.

In 2000, a former executive director of the company, made a claim against the company in respect of certain termination benefits and other issues. The matter has been referred to the High Court of Kenya.

24. GROUP NET ASSETS OUTSIDE KENYA

Group net assets outside Kenya are as follows:	2003 KShs'000	2002 KShs'000
Group net assets/(liabilities) in Uganda	(2,815)	3,115

The exchange rate applied into converting net assets of the subsidiary in Uganda was UShs 25.44 = 1 KShs (2002 – UShs 23.65 = 1 KShs).

25. RELATED PARTY TRANSACTIONS

(i) Directors and employees

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

	2003 KShs'000	2002 KShs'000
Balance at 1 January	586	737
Loan repayments received	(251)	(151)
Balance at 31 December	335	586

The related interest income in 2003 was KShs 48,615 (2002 – KShs 70,320).

(ii) Express Uganda

During the year, Express Kenya Limited entered into a contract with Uganda Travel Bureau (UTB) where the management of Express Uganda Limited passed to UTB with effect from October 2003. In effect, Express Uganda Limited has ceased trading and is expected to wind down its operations after collection of debts that were outstanding as at the date of transfer of management to UTB.

25. RELATED PARTY TRANSACTIONS - Continued

(iii) Services from/to related parties

During the year, the Group received freight services/rendered freight services to related parties as follows:

	2003 KShs'000	2002 KShs'000
Invoiced to related parties	25,526	34,515
Invoiced by related parties	(15,677)	(58,656)
Net transactions	**9,849**	**(24,141)**

At 31 December 2002, the following balances were outstanding:

	2003	2002
Due to related parties	-	(1,244)
Due from related parties	-	9,216
	-	**7,972**

Transactions with related parties were conducted on arm's length basis.

26. OPERATING LEASES

Group	2003 KShs'000	2002 KShs'000
Tenancy payable		
Less than 1 year	11,408	14,783
Between 1 and five years	27,138	22,665
	38,546	**37,448**
Amounts charged to profit and loss account in respect of operating leases	**14,180**	**14,809**

OPERATING LEASES continued

Company	2003 KShs'000	2002 KShs'000
Tenancy payable		
Less than 1 year	11,408	11,858
Between 1 and five years	27,138	22,665
	38,546	**34,523**
Amounts charged to profit and loss account in respect of operating leases	**12,766**	**11,756**

The group and company leases a number of premises under operating leases. The leases typically run for an initial period of between one to five years with an option to renew the lease after that date.

27. **ULTIMATE HOLDING COMPANY**

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

28. **INCORPORATION**

The company is incorporated in Kenya under the Companies Act.

29. **CURRENCY**

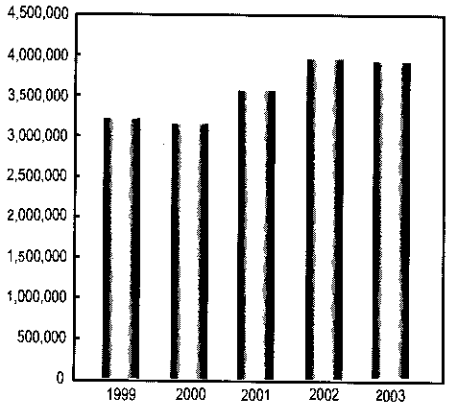
The financial statements are presented in Kenya Shillings (KShs).

List of 20 Major Shareholders as at 26th April 2004

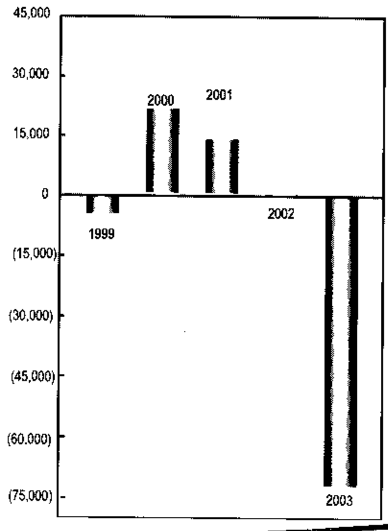
Shareholder	No. of Shares	% Holding
Etcoville Holdings Limited	21,609,252	67.14
DSL nominees Ltd	5,120,926	15.91
UAP Provincial Insurance Company Ltd	730,863	2.27
Mr. Peter Tiras Kanyago	459,882	1.42
KTDC Utalii Investments Ltd	330,800	1.02
Mr. Charles Njithi Muchiri	251,040	0.78
Dr. Stephen Githii Kionga Kamau	209,370	0.65
Pekan Limited	157,754	0.49
Secumart Investments Ltd.A/c Leakey J. H. Erskine	100,000	0.31
Mr. Paul Mbau	80,223	0.24
Dr. Harrison Mwiti M'kiambati	80,118	0.24
DSL Nominees Limited a/c Orchard Estate Ltd	71,431	0.22
Fechim Investments Limted	60,000	0.18
Mr. Wilson Kamau Muchina	53,440	0.16
Mr. Francis P. Ngillah	50,025	0.15
Ms. Pauline Wanjiru Nganga	50,000	0.15
Mr.Velji Raichand Shah (Deceased)	48,688	0.15
Barclays (Kenya) Nominees Ltd	47,033	0.14
Lusitano Carvalho	45,657	0.14
Mr. Shantilal Chotabhai Patel	43,200	0.13
Total Number of shares	29,599,702	91.96
And: - 1435 other Shareholders	2,585,562	8.03
Total	**32,185,264**	**100.00**

Financial Highlights

TURNOVER
(KShs '000)



PROFIT BEFORE INTEREST& TAX
(KShs '000)



Proxy Form

I/We ____

of ____

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

____

of ____

or failing him/her ____

of ____

to vote for me/us/on my/our behalf at 33rd Annual General Meeting of the said company to be held at 10:30 am on Saturday 12th June, 2004 and at any adjournment thereof.

signed this ______________________ day of ______________________ 2004

signature ____

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

N.B. This proxy must be deposited at the Registered Office of the Company, P.O. Box 40433 - 00100 Ectoville, Off Enterprise Road, Nairobi at least 48 hours 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 thelathini na tatu wa kampuni hii utakaofanywa saa nne na nusu asubuhi Jumamosi, Juni 12, 2004 na katika mkutano wowote utakaoahirishwa.

Imetiwa sahihi leo ______________________ siku ya ______________________ 2004

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 Post 40433 - 00100 Ectoville, karibu na Enterprise Road, Nairobi katika muda usiopungua masaa 48 kabla ya mkutano kufanyika.