

This document is important and should be read carefully. If you are in any doubt about its contents or the action to be taken, please consult your Banker, Stockbroker, Accountant, Solicitor or any other professional adviser for guidance immediately.
“For information concerning certain risk factors which should be considered by prospective investors, see “risk factors” on page 10”.



DUNLOP NIGERIA PLC

RC 2736

OFFER FOR SUBSCRIPTION

OF

1,504,480,000

ORDINARY SHARES OF 50 KOBO EACH

Issue Price: ₦ 2.50

Payable in full on Application

Application List Opens: Wednesday, 29th November 2006

Application List Closes: Friday, 5th January 2007

JOINT LEAD ISSUING HOUSES/ARRANGERS

UBA GLOBAL MARKETS

RC 444999

ECOBANK NIGERIA PLC

RC 89773

JOINT ISSUING HOUSE

STERLING CAPITAL MARKETS LIMITED

RC 499243

This Prospectus and the Securities, which it offers have been cleared and registered by the Securities & Exchange Commission. It is a civil wrong and a criminal offence under the Investments and Securities Act Cap I24 LFN 2004 to issue a Prospectus, which contains false or misleading information. Clearance and registration of this Prospectus and the Securities, which it offers do not relieve the parties from any liability arising under the Act for false and misleading statements contained herein or for any omission of a material fact.

This Prospectus is dated 22 November, 2006

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ABRIDGED TIMETABLE

Date	Activity	Responsibility
29/11/2006	Application List opens	UBA Global Markets/Sterling Capital/ ECOBANK
05/01/2007	Application List closes	UBA Global Markets/Sterling Capital/ ECOBANK
19/01/2007	Receiving Agents make returns	UBA Global Markets/Sterling Capital/ ECOBANK/Registrars
16/02/2007	Forward allotment proposal and draft newspaper advertisement to Securities & Exchange Commission (SEC)	UBA Global Markets/Sterling Capital/ ECOBANK
23/02/2007	Receive SEC authorisation of allotment	UBA Global Markets/Sterling Capital/ ECOBANK
26/02/2007	Pay net proceeds of the Offer to Dunlop	UBA Global Markets/Sterling Capital/ ECOBANK
01/03/2007	Return excess/rejected application moneys	UBA Global Markets/Sterling Capital/ECOBANK /REGISTRARS
06/03/2007	Allotment announcement	UBA Global Markets/Sterling Capital/ ECOBANK
16/03/2007	Distribute share certificates	Registrars
23/03/2007	Forward Summary of Post Completion Report to SEC	UBA Global Markets/Sterling Capital/ ECOBANK
23/03/2007	Forward Declaration of Compliance to The Nigerian Stock Exchange("NSE"/"The Exchange")	UBA Global Markets/Sterling Capital/ ECOBANK /Stockbrokers
30/03/2007	Listing of new Dunlop shares/trading commences	UBA Global Markets/Sterling Capital/ ECOBANK /Stockbrokers

DEFINITIONS

“Business Day”	Any day other than a Saturday, Sunday or Official Public Holiday in Nigeria
“Brokerage Commission”	Fees payable to Stockbrokers in respect of returns bearing their stamps and duly allotted
“Dunlop” or “The Company”	Dunlop Nigeria Plc
“UBAGM”	UBA Global Markets Limited
“UBA Plc”	United Bank for Africa Plc
“Ecobank”	Ecobank Plc
“ISA”	Investments and Securities Act Cap I24 LFN 2004
“Sterling Capital”	Sterling Capital Markets Limited
“SEC” or “the Commission”	Securities & Exchange Commission
“The NSE” or “The Exchange”	The Nigerian Stock Exchange
“CAC”	Corporate Affairs Commission
“ASI”	All Share Index of the Nigerian Stock Exchange
“FGN”	Federal Government of Nigeria
“LFN”	Laws of the Federation of Nigeria
“DPS”	Dividend Per Share
“EPS”	Earnings Per Share
“PAT”	Profit After Taxation
“PBT”	Profit Before Taxation
“Prospectus”	This legal documents offering the securities to the public.
“Receiving Agents”	Market Operators authorised to receive Application/Acceptance Forms/monies from investors.
“The Offer”	Offer for Subscription of 1,504,480,000 Ordinary Shares of 50 kobo each in Dunlop Nigeria Plc at ₦2.50 per share
“Underwriting”	An undertaking to buy unsubscribed shares
“LASEPA”	Lagos State Environmental Protection Agency

CORPORATE DIRECTORY

Head Office

Plot 23, Oba Akran Avenue
P.M.B.21079, Ikeja, Lagos State
Tel: 01:4978910-19, 4962666-7
Telex: 26315. Fax: 4963053, 4964734.
E-Mail: Info@dunlopng.com
Website:Http://www.dunlop.com

ABA

Dunlop Nigeria Plc
5, Factory Road
P.O. Box 202, Aba
Tel: 082-220089

AKURE

Dunlop Nigeria Plc
57, Oyemekun Road
Akure
Tel: 08037033963

BENIN

Dunlop Nigeria Plc
52, Sapele Road
P.O. Box 33, Benin City
Tel: 052-252313

IBADAN

Dunlop Nigeria Plc
C/o Tajlat Int. Co. Ltd., Mile 6, Old Ife Road
Opposite Texaco Petrol Station
New Gbagi, Ibadan
Tel: 02-714010

JOS

Dunlop Nigeria Plc
11, Jengere Road
P.O. Box 451, Jos
Tel: 073-463503

KADUNA

Dunlop Nigeria Plc
C/o Leventis Motors Building
5, Ahmadu Bello Way
Tel: 062-242773

KANO

Dunlop Nigeria Plc
5/7, Ibadan Road
Sabon Gari, Kano
Tel: 064-632449

LAGOS

Dunlop Nigeria Plc
Lagos Depot (01)
Akande Street, Oregun
Tel: 01-8188405

MAIDUGURI

Dunlop Nigeria Plc
C/o Leventis Motors Warehouse
Maiduguri
Tel: 076-236507

ONITSHA

Dunlop Nigeria Plc
H1/19 & H1/20
New Tyre Market
Nkpor, Onitsha
Tel: 08023082478

PORT HARCOURT

Dunlop Nigeria Plc
21, Bishop Okoye Street
Mile 3, Diobu, Along Building Material Road
Off Olu Obasanjo Road, Port Harcourt
Tel: 08033083320

YOLA

Dunlop Nigeria Plc
C/o Alhaji Rabi Ibrahim & Sons Ltd.
226, Mohammed Mustapha Way
Jimeta, Yola
Tel: 075-626442

SUMMARY OF THE OFFER

The following information should be read in conjunction with the full text of this Prospectus from which it is derived:

- 1. ISSUER** Dunlop Nigeria Plc
- 2. JOINT LEAD ISSUING HOUSES/ARRANGERS** UBA Global Markets and ECOBANK
- 3. JOINT ISSUING HOUSE** Sterling Capital
- 4. METHOD OF OFFER** Offer for Subscription
- 5. SHARE CAPITAL**

Authorised: ₦1,508,240,000 comprising 3,016,480,000 Ordinary Shares of 50 Kobo each

Issued and fully paid: ₦378,000,000 comprising 756,000,000 Ordinary Shares of 50kobo each

Now being offered: Offer for Subscription of 1,504,480,000 Ordinary Shares of 50 kobo each
- 6. PURPOSE** To refinance part of the short term funding used for the All Steel Radial Truck Tyre (ASRT) expansion project and enhance working capital.
- 7. UTILISATION OF PROCEEDS** The estimated net Issue proceeds of ~~₦~~5,158,477,500.00 (including Right issue proceeds), after deduction of Issue costs of ~~₦~~341,522,500.00 (estimated at 6.21% of the gross issue proceeds), thereof will be utilised as follows:

Projects	₦billion	%
Part-repayment of ASRT Loan	2.50	48.00
Enhancement of Working Capital	2.66	52.00
Total	5.16	100.00
- 8. TARGET INVESTORS** The Offer is open to individuals, financial and non-financial institutions, companies, treasuries and societies. The Offer is also open to the participation of foreign and non-resident investors.
- 9. OFFER PRICE** ₦2.50 per share
- 10. OFFER SIZE** ₦3,761,200,000.00
- 11. UNITS OF SALE** A minimum of 1,000 Ordinary Shares and multiples of 100 Ordinary Shares thereafter
- 12. PAYMENT TERMS** In full on application.
- 13. MARKET CAPITALISATION AT OFFER PRICE (PRE OFFER):** ₦1,890,000,000.00

SUMMARY OF THE OFFER

- 14. MARKET CAPITALISATION AT OFFER PRICE OF ₦2.50 (POST-OFFER):** ₦7,390,000,000.00
(Inclusive of 756,000,000 Shares to be offered at ₦2.30 per share by way of a Rights Issue)
- 15. UNDERWRITING** The Offer is 75% underwritten by the Issuing Houses on a stand-by basis.
- 16. OPENING DATE** 29th November 2006
- 17. CLOSING DATE** 5th January 2007
- 18. QUOTATION** An application has been made to the Council of the Nigerian Stock Exchange (“The Exchange”) for the admission to its Daily Official List of the 1,504,480,000 Ordinary Shares of 50 kobo each being offered by way of Offer for Subscription and 756,000,000 Ordinary Shares of 50 kobo each being offered by way of a Rights Issue.
- 19. STATUS** The shares to be issued shall rank pari passu in all respects with the issued ordinary shares of the Company.

20. FINANCIAL SUMMARY
(Extracted from the Reporting Accountants Report)

*Figures for 31 June 2006 represent that of Dunlop Nigeria Plc and not the Dunlop Group)

	6 Months Ended 30 June 2006	Year Ended 31 December				
		2005	2004	2003	2002	2001
Profit/(Loss) Before Interest and Tax	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Profit/(Loss) Before Taxation	70,379	104,580	(175,888)	(163,788)	520,583	495,490
(Loss)/Profit After Taxation	(113,487)	(205,445)	(378,120)	(653,698)	146,208	304,697
Paid-up Capital (₦ '000)	(81,296)	(246,456)	(289,217)	(684,882)	96,580	237,661
Net Assets (₦ '000)	378,000	378,000	378,000	302,400	302,400	302,400
Total Assets (₦ '000)	3,849,521	4,872,779	1,274,061	1,558,750	1,770,479	1,936,268
Earnings/(Loss) Per Share (kobo)	14,771,410	15,203,714	8,025,661	7,636,033	5,482,716	4,327,529
Earnings/(Loss) Per Share (kobo) * Adjusted	(11)	(33)	(38)	(113)	16	39
Dividend Per Share (kobo)	(2.7)	(8.2)	(9.6)	(22.7)	3.2	7.9
Dividend Per Share (kobo) * Adjusted	-	-	-	-	-	15
Dividend Per Share (kobo) * Adjusted	-	-	-	-	-	3

- Calculation of adjusted earnings per share and dividend per share are based on projected issued and paid-up capital of ₦1,508,240,000 comprising 3,016,480,000 Ordinary Shares of 50 kobo each on conclusion of the offer

SUMMARY OF THE OFFER

21. FORECAST STATISTICS (Extracted from the Reporting Report)	OFFER from the Accountants	For the year ending 31 December	31 Dec 2006	31 Dec 2007	31 Dec 2008	31 Dec 2009
			N'000	N'000	N'000	'000
		Profit Before Interest and Taxation	28,658	894,622	2,002,662	3,037,176
		Profit/(Loss) Before Taxation	(189,378)	328,915	1,550,358	2,855,696
		(Loss)/Profit After Taxation	(189,378)	230,241	1,085,251	1,998,987
		Forecast Earnings Per share (kobo)*	(6)	8	36	66
		Forecast Earnings Yield at the Offer price (%)	-	3.2	14.4	26.4
		Forecast Dividend Per Share (kobo)*	-	-	10	40
		Forecast Dividend Yield at the Offer price (%)	-	-	4	16
		Forecast Price/Earnings ratio at the Offer price	(41.67)	31.25	6.94	3.79

* Calculation of forecast earnings per share and dividend per share were based on the 3,016,480,000 ordinary shares of 50 kobo each expected to be in issue at the end of the Offer.

22. CLAIMS AND LITIGATIONS

The Company in its ordinary course of business is presently involved in Eleven (11) cases. The amount claimed in five (5) of the Eleven cases instituted against the Company is estimated at Sixty-eight million, Eight hundred and Forty-five thousand Six hundred and Eighty-seven Naira Thirty kobo (N68,845,687.30); while the total amount claimed in three (3) of the Eleven cases instituted by the Company is estimated at Thirty-one million, Three hundred and Twenty-seven thousand, Nine hundred Naira (N31,327,900.00). With respect to the remaining 3 cases, Dunlop is a nominal party in one and the remaining two cases are Group Claims by the Lagos State Government against the Manufacturers Association of Nigeria. They are Sales tax cases. However the Solicitors to the Company are of the opinion that the contingent liability arising from the cases pending against the Company is not likely to exceed an estimate of Five hundred thousand Naira (N500,000.00).

23. SUPPLEMENTARY ALLOTMENT

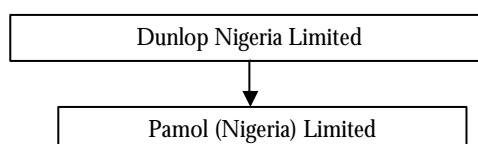
In the event of an oversubscription, the shares shall be allotted to the shareholders in an amount not exceeding 25% excess proceeds in line with SEC's Rules and Regulations, subject to the increase of the share capital and approval at an AGM. Such excess monies received shall be held as deposit for shares pending allotment.

24. ADDITIONAL INFORMATION

Dunlop is simultaneously undertaking a Rights Issue of 1 new Ordinary Share for every 1 Ordinary Share held by the existing shareholders on the register of shareholders as at June 30 2006

25. GROUP STRUCTURE:

Dunlop owns 60% of Pamol Limited as illustrated below:



RISK FACTORS

Risk Factors and Mitigants

The following is a description of the risk factors which are material in respect of the financial situation of Dunlop and the share price. The sequence in which the following risk factors are listed is not an indication of their likelihood to occur or the extent of their commercial consequences. The following statements are complete, although not exhaustive; thus prospective investors must consider all of the information provided in this Prospectus.

Specific Risk

The specific risk associated with Dunlop include labour strike, default in loan repayment and breakdown in machinery for a significant period of time. The aforementioned risks are expected to be minimal as Dunlop has continued to adopt necessary measures and precautions to be able to avert such occurrences.

Sectoral Risk

The Automobile and Tyre sector is continually threatened by the proliferation of cheap, sub-standard and under-invoiced/smuggled tyres. However, the government and its agencies, such as Standards Organisation of Nigeria, the Nigerian Customs & Excise Service have not only continued to sustain the policy of ban on under invoiced, smuggled and used tyres but to check the influx of these tyres through strong regulatory action.

Political Risk

The political risk profile of Nigeria has increased owing to the forthcoming 2007 elections. However, the effort of the Federal Government in ensuring peace and stability in the country has been very commendable. The government has since 1999, instituted reforms and programmes, which we expect, should outlive it. Dunlop Plc is an enduring business concern. Adverse changes in macroeconomic, social-political and regulatory environment may therefore have only minimal effect on the risk attributed to further exposure to the Company.

Currency Risk

This refers to the likelihood of incurring losses as a result of adverse changes in exchange rates. The continuous rise in the price of crude oil has impacted positively on the nation's external reserves and the Central Bank of Nigeria's resolve to keep the exchange rate stable has so far been successful with noticeable appreciation of the naira. This positive trend is expected to continue and so we do not foresee any adverse occurrence.

Environmental Risk

Only about an average of 79,000kg per month of solid waste is produced by the factory, and the Company uses a LASEPA designated site at Olusosun in Ojota dumpsite in Lagos State for waste dumping. The solid waste includes all waste from operations such as cut tyres, paper waste, and packaging waste. The Company renders quarterly environmental audit report and LASEPA conducts an environmental compliance audit of the factory twice yearly.

THE OFFER

A copy of this Prospectus together with the documents specified herein, have been delivered to the Securities and Exchange Commission ("SEC") for clearance and registration.

This Prospectus is being issued in compliance with the provisions of the Investments and Securities Act Cap I24 LFN 2004, the Rules and Regulations of the Commission and the listing requirements of The Nigerian Stock Exchange ("The Exchange") and contains particulars in compliance with the requirements of the Commission and The Exchange, for the purpose of giving information to the public with regard to the Offer for Subscription of 1,504,480,000 Ordinary Shares of Dunlop Nigeria Plc by UBA Global Markets, Sterling Capital Limited and Ecobank Plc. An application has been made to the Council of The Nigerian Stock Exchange for the admission to its Daily Official List, of the 1,504,480,000 ordinary shares of 50 kobo being offered for subscription.

The Directors of Dunlop Nigeria Plc individually and collectively accept full responsibility for the accuracy of the information contained in this Prospectus. The Directors have taken reasonable care to ensure that the facts contained herein are true and accurate in all respects and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no material facts the omission of which would make any statement herein misleading or untrue.

JOINT LEAD ISSUING HOUSES/ARRANGERS

UBA GLOBAL MARKETS LIMITED
RC 444999

ECOBANK NIGERIA PLC
RC89773

JOINT ISSUING HOUSE

STERLING CAPITAL MARKETS LIMITED
RC499243

on behalf of

DUNLOP NIGERIA PLC
RC 2736

Offer for Subscription

and are authorised to receive applications for

1,504,480,000 Ordinary Shares of 50kobo each

at

₦2.50 per share

Payable in full on Application

The Application List for the Shares now being offered will open on Wednesday, 29th November 2006 and close on Friday, 5th January 2007

SHARE CAPITAL AND RESERVES AS AT 30th JUNE 2006: (EXTRACTED FROM THE REPORTING ACCOUNTANTS' REPORT)

		₦'000
AUTHORISED	800,000,000 Ordinary Shares of 50 Kobo each	400,000
EQUITY	Share Capital: 756,000,000 Ordinary Shares of 50 kobo each	378,000
	Capital Reserve	3,565,567
	Share Premium	152,868
	General Reserve	321,000
	Revenue Reserve	(567,914)
	SHAREHOLDER'S FUNDS	3,849,521
INDEBTEDNESS	As at the date of this Prospectus, the Company had no outstanding debentures, mortgages, charges or similar indebtedness or material contingent liabilities other than in the ordinary course of business amounting to ₦9.46 billion. Also, the contingent liabilities from all the suits against the Company should not exceed ₦500,000.00 (Five Hundred Thousand Naira)	

* At an Annual General Meeting that was held on 28 August 2005, the Company agreed to increase its authorised share capital from ₦400,000,000 divided into 800,000,000 Ordinary Shares of 50 kobo each to ₦1,508,240,000 divided into 3,016,480,000 Ordinary Shares of 50 kobo each.

DIRECTORS, SECRETARY AND OTHER PARTIES TO THE OFFER

DIRECTORS AND COMPANY SECRETARY OF THE ISSUER

Mr. Jabez Dayo Lawuyi, MON (Chairman)
6 Goriola Street
Victoria Island
Lagos

Mr. Mohammed Jim oh Yinusa
(Group Managing Director/CEO)
Dunlop Nigeria Plc
Plot 23, Oba Akran Avenue
Ikeja Industrial Estate
Ikeja
Lagos

Mr. Goodie Minabo Ibru (OON)
6-8 Ahmadu Bello Way
Victoria Island
Lagos

Dr. Kolapo Albert Popoola (Executive)
Plot 23, Oba Akran Avenue
Ikeja Industrial Estate
Ikeja, Lagos

Mr. Mansur Ahmed
Plot 731, Kainji Crescent
Maitama
Abuja

Chief Ogala Osoka
113B Olabode George Street
Victoria Island Extension
Lagos

Dr. Olawale Olasukanmi Ajai (Executive)/
(Company Secretary/Legal Adviser)
Dunlop Nigeria Plc
Plot 23 Oba Akran Avenue
Ikeja Industrial Estate
Ikeja
Lagos

Mr. Sikiru Okunlade Araoye
Alhaji Asimiyu House
Efun Village
Olaogun
Ibadan

Mr. Surajudeen Olawale Salami (Executive)
Dunlop Nigeria Plc
Plot 23, Oba Akran Avenue
Ikeja Industrial Estate
Ikeja
Lagos

Mr. Terence Montague Padmore
10, Harpur Road
Walsall
West Midlands WS4 2DN
England

JOINT LEAD ISSUING HOUSES/ARRANGERS

UBA Global Markets
11th Floor
UBA House
57 Marina
Lagos

Ecobank Nigeria Plc
Plot 21 Ahmadu Bello Way
Victoria Island
Lagos

JOINT ISSUING HOUSE

Sterling Capital Markets Limited
67 Marina
Lagos

DIRECTORS, SECRETARY AND OTHER PARTIES TO THE OFFER

STOCKBROKERS TO THE OFFER

Lead Capital Limited
Plot 281 Ajose Adeogun Street
Victoria Island
Lagos

UBA Stockbrokers Limited
Raymond House
Marina
Lagos

Security Swaps Limited
1st Floor Okoi Arikpo House
5 Idowu Taylor Street
Victoria Island
Lagos

Nigerian Stockbrokers Ltd
13th floor
Sterling Towers
20 Marina
Lagos

Royal Crest Finance Limited
LSDPC House
3rd Floor
17 Nnamdi Azikiwe Street
Lagos

Capital Asset Limited
Bookshop House
8th Floor
50/52 Broad Street
Lagos

Reward Investments and Services Limited
New Africa House (10th Floor)
31 Marina,
Lagos.

ESL Securities Limited
161A Raufu Taylor Close
Off Idejo Street
Victoria Island
Lagos

REPORTING ACCOUNTANTS

BDO Oyediran Faleye Oke & Co.
Elephant Cement House
Alausa
Ikeja
Lagos

AUDITORS

Ernst & Young
Ebani House
62 Marina
Lagos

REGISTRARS TO THE OFFER

Union Registrars Limited
2, Burma Road
Apapa
Lagos

SOLICITORS TO THE OFFER

O.S. Ephraim Oluwanuga & Co.
55 Oyo Road
Coca-Cola Area
Ibadan
Oyo

DIRECTORS, SECRETARY AND OTHER PARTIES TO THE OFFER

SOLICITORS TO THE COMPANY

Olumuyiwa Aduroja & Co.
27/29 King George V Road
5th Floor
Onikan Road
Lagos

RECEIVING BANKS

UBA Plc
UBA House
57 Marina
Lagos

Sterling Bank Plc
Nathaniel Idowu House
228A Awolowo Road
Ikoyi
Lagos

Ecobank Nigeria Plc
Plot 21 Ahmadu Bello Way
Victoria Island
Lagos

CHAIRMAN'S LETTER

The following is the text of a letter received by the Issuing Houses from Mr Jabez D. Lawuyi (MON), Chairman of the Board of Directors of Dunlop Nigeria Plc, with regard to the Offer for Subscription of 1,504,480,000 Ordinary Shares of 50 kobo each at ₦ 2.50 kobo per share:

DUNLOP NIGERIA PLC

Plot 23 Oba Akran Avenue
Ikeja
Lagos

1st November 2006

The Managing Director/CEO
UBA Global Markets
UBA House
57 Marina
Lagos

and

The Managing Director/CEO
Sterling Capital Markets Limited
67 Marina
Lagos

and

The Managing Director/CEO
Ecobank Nigeria Plc
21 Ahmadu Bello Way
Victoria Island
Lagos

Dear Sirs,

DUNLOP NIGERIA PLC- OFFER FOR SUBSCRIPTION OF 1,504,480,000 ORDINARY SHARES OF 50 KOBO EACH AT ₦ 2.50 PER SHARE

At an Annual General Meeting of Dunlop Nigeria Plc ("Dunlop") held on 28 August 2005, the shareholders of the Company authorised the Directors to issue shares to the existing shareholders and the general public. The Board of Directors resolved to offer 1,504,480,000 ordinary shares of 50 kobo each to the general public by way of Offer for Subscription and 756,000,000 Ordinary Shares of 50 kobo each to the existing shareholders by way of Rights Issue.

History and Business

Dunlop's origin is directly linked to John Boyd Dunlop, the inventor of the world's first practical pneumatic tyre in 1888.

The Company was incorporated on 21st October 1961 as a wholly owned subsidiary of the Dunlop Group. It commenced business in February 1963 in the production of all ranges of car, van and truck tyres. Dunlop's tyres conform to the highest international quality standards. Dunlop is also the only manufacturer of premium, unsurpassed quality and performance grader and agricultural tractor tyres.

CHAIRMAN'S LETTER

Dunlop has made the following significant achievements:

- In 1994 Dunlop became the first tyre manufacturer in sub-saharan Africa to win the Economic Commission for Europe Regulation 30 certification which defines Europe's quality standards for automotive tyres, hence the formal approval to imprint the E 11 mark of quality on the Company's tyres.
- On July, 28, 1997 Dunlop became the first manufacturing organisation in sub-saharan Africa to comply with ISO 9002 Quality Assurance Standard
- In 1995 it won the NIS Gold award and certification mark of quality for the tenth consecutive year of consistent quality, an award that it maintains year-on-year till date.
- From 15 consecutive years beginning from 1989, Dunlop won the NIS Certification Mark of Quality awarded by the Standards Organisation of Nigeria (SON) finally capping it with the SON Gold Award.
- Dunlop is among the few Nigerian companies that qualify for the SON ISO 9001:2000 quality assurance listing. The internationally recognised SON listing is an assurance that Dunlop tyres are manufactured using techniques and materials that ensure the highest level of quality.
- The Company pioneered the radial car tubeless tyres in West Africa
- The Company produced the first Crossply tyre (12D 22.5 G600) in the Nigerian market
- The first to introduce the low aspect ratio car tyres in Nigeria
- The first Nigerian tyre company to hold the ISO 9002 Certificate

In a bid to guarantee supplies of high quality natural rubber for its operations, Dunlop acquired 60% of the equity in Pamol (Nigeria) Limited in 1991. In 1994 it acquired majority shareholding of Hagemeyer Nigeria Plc (now DN Meyer Plc), which it turned round into a paint and building industry leader in Nigeria. Dunlop divested its interest in DN Meyer in 2003.

In 1990 the Company completed its Car Radial factory built at a cost of \$30 million and launched the "Elite" range of tyres celebrated by its reputation as a durable, high quality tyre ideal for Nigerian road conditions. The highly successful investment aided the consistent appreciation of the Company's stock on the Stock Exchange to become one of the fastest growing between 1991 and 1998, along with progressive growth in turnover and profit. The Directors of Dunlop strongly believe that this landmark feat is expected to be replicated by the current ₦7billion investment in the All Steel Truck Radial expansion project launched on 30th August 2005. The ASRT factory produces heavy truck radial tyres for buses and haulage trucks using the very latest technology and equipment.

Products Lines

Dunlop Nigeria Plc offers a range of consumer products covering a wide spectrum of the market. The Company's entire portfolio of branded tyres are categorised in 9 major product range

CROSS PLY TYRES

1. Car Cross Ply
2. Van Cross Ply
3. Light Truck Cross Ply
4. Heavy Truck Cross Ply
5. Tractor/ Agric
6. Grader/Earthmover

RADIAL TYRES

1. Car Radial
2. Van Radial
3. Heavy Truck Radial

CHAIRMAN'S LETTER

Market Share

The Nigerian tyre market is currently estimated at 2.89 Million tyres per annum. Over the years Dunlop's production capacity for car/van tyres has increased and now stands at about 800,000 units and more than 30% of cars and vans on Nigerian roads now fit Dunlop tyres.

The Nigerian truck market is estimated at 873,037 units with the radial truck segment accounting for 78% as against X-Ply segment of 22% (i.e. radial truck segment is estimated at 670,059 units, while X-Ply is 202,978 units)

Details of the break-down of the various segments are shown below:

Segment	Market Size	Dunlop's Market Share	Market Share %
	2005	2005	
Heavy Truck Radial	670,059	11,024	2
Heavy Truck Xply	209,341	53,634	26
Agric	64,923	4,793	7
Grader/E-Mover	32,958	1,981	6
Car	1,448,367	645,765	45
Van	252,070	87,253	35
LT	219,349	57,619	26
Total	2,897,067	862,069	30

*The above statistics was obtained from the Federal Road Safety National Uniform Licensing Scheme, the National Bureau of Statistics Abuja and Market Evaluators

Competition

Prior to the commissioning of the ASRT plant, Dunlop Nigeria Plc has been involved in the importation and marketing of truck radial tyres from our technical partners across the globe, and the experience acquired during this process has further widened our horizon as an organisation with respect to the prospects and challenges of selling heavy truck radial tyres in a country like Nigeria. This expertise has made the Dunlop brand to capture about 2% of the market share within a relatively short period.

Supply of the ASRT volumes is equally projected to reach its full capacity of 240,000 units of radial truck tyres by 2010 and by which time the Dunlop Super Steel Brand (being the brand name of ASRT tyres) is expected to control about 38% share of the market.

The Heavy Truck Tyre Market

The heavy truck market segment is growing at an average of 2% to 3% annually, there is a gradual and significant shift from X-ply to radials in the segment of the market (X-ply: Radial= 22%:78%). Tubeless truck radial is increasing rapidly against Tube type and is currently estimated at 60% TT, to 40% TL. The heavy truck radial market is expected to grow by about 20.5% between now and 2010, with Dunlop controlling about 23% of the market. Dunlop Super steel will be pitched against major targeted competition across the 3 identified segment of; Tanker haulage, Goods haulage & Bus shuttle.

CHAIRMAN’S LETTER

Board of Directors, Management and Staff

Directors

The general policy of the Company is determined by a Board of 9 (Nine) Directors who are industrious and experienced professionals, committed to the highest ideals of service excellence and I, Mr Jabez D. Lawuyi (MON), am the Chairman of the Board.

I am a Chartered Accountant obtained from the Association of Certified Chartered Accountants (ACCA) in 1973 and an Accounting Graduate of the Yaba College of Technology, Lagos (1970). I worked with Michelin Nigeria Limited and Coopers & Lybrand Consultants (now Price Waterhouse Coopers). I served as Finance Director of Hagemeyer Nigeria Plc from 1980 to 1986, was appointed an executive director with Dunlop Nigeria Plc in 1986. Thereafter I became the first Nigerian Managing Director of the Company. When Dunlop Nigeria Plc acquired DN Meyer Plc and Pamol Nigeria Limited, I became the Managing Director of the Group. In 2005 I was elevated to the position of Executive Vice-Chairman of the Board, a position I held until I retired from executive management duties in August 2006. I am also the immediate past president of Nigerian Employers Consultative Association (NECA) an umbrella organisation of employers.

I am a recipient of the national award of Member, Order of the Niger (MON).

The following are the other distinguished members of the Board:

Mr. Mohammed Jimoh Yinusa (Group Managing Director/CEO)

He obtained a Bachelor of Science in Accounting in 1979. He is a Chartered Accountant obtained from the Institute of Chartered Accountants (ICAN) in 1987, and holds a Masters of Business Administration from the University of Ilorin (1988). He is presently the **Group** Managing Director/Chief Executive Officer of Dunlop Nigeria Plc. Mr. Yinusa, at various times, held accounting and consultancy positions with companies which included Commercial & Scientific Computing Nigeria Limited, a company in which he later became Managing Director. He joined Dunlop Nigeria Plc in 1997 and was seconded to D. N. Meyer Plc in 1998. He was later appointed Managing Director at DN Meyer Plc before returning to Dunlop in 2003 as Director, Tyre Operations. He was elevated to the position of Managing Director of Dunlop in August 2005 and was appointed Group Managing Director/CEO in August 2006.

Mr. Goodie Minabo Ibru (OON)

Mr. Ibru graduated from the University of London, (Holborn College of Law) in 1965 and was called to the English Bar in 1966. He is also a Solicitor and Advocate of the Supreme Court of Nigeria. Mr. Ibru is Chairman of the Board of Ikeja Hotel Plc. and of Tourist Company of Nigeria, owners of Sheraton Lagos Hotel & Towers and the Federal Palace Hotel & Suites respectively. He is President of Council, Federation of Tourism Associations of Nigeria, Nigeria’s apex private sector tourism body and also runs his own law firm. Mr. Ibru is a recipient of the national award of Officer, Order of the Niger (OON). He joined the Board in 2002.

Dr. Kolapo Albert Popoola

He graduated with first class honours in Polymer science and Technology in 1982 from Polytechnic of North London. He was exempted from a master’s degree and completed his doctorate degree from the same school in 1988. Dr. Kolapo Albert Popoola is the Executive Director, Tyre Manufacturing of Dunlop Nigeria Plc. Dr Popoola joined Dunlop Nigeria Plc in 1975 as a Technical Assistant and has over the years functioned in various management positions with responsibility for quality control, labour quality upgrading, tyre production plan management and supervision of the Company’s Technical/ Engineering Centre. Dr. Popoola is highly skilled in the area of Tyre production and became Director, Tyre Manufacturing in 2003.

Dr. Olawale Olasukanmi Ajai

He obtained his LLB Law from Obafemi Awolowo University, Ile-Ife in 1980 and a doctorate degree in law in 1995 from the same University. He is the Director, Marketing and Strategy, and Group Company Secretary/Legal Adviser of Dunlop Nigeria Plc. He worked as a junior counsel for a brief period before joining the Obafemi Awolowo University, Ile-Ife as a lecturer in 1981. He moved to the Nigerian Institute of Advance Legal Studies, Lagos in 1991 where he rose to become an Associate Research Professor and Acting Director of Research. He was appointed Group Company Secretary/Legal Adviser of Dunlop

CHAIRMAN'S LETTER

Nigeria Plc in 1998 and became General Manager, Human Resources/ Legal in 2000. He was appointed Executive Director in charge of Human Capital management in 2003.

Mr. Olawale Sarajudeen Salami

He is the Group Finance Director, of the Company. He obtained a B.Sc. in Agricultural Economics in 1981. He is a Chartered Accountant and holds an MBA from the Olabisi Onabanjo University, Ago Iwoye (2004). Mr Salami worked with Coopers & Lybrand (now Pricewaterhouse Coopers), an international firm of accountants and the U. S. Feed Grains Council. In 1990 he joined Dunlop Nigeria Plc as Financial Accountant and became General Manager, Finance in 2000. He was appointed Executive Finance Director, in 2005. Mr. Salami is an alumnus of the Lagos Business School, Lagos and has published several papers on accounting techniques.

Mr. Sikiru Okunlade Araoye,

Mr. Araoye obtained a BSc in Zoology in 1986, he also holds a Masters Degree in Business Administration from the University of Maiduguri (1998). He is a skilled administrator with experience in the construction industry. He is presently the General Manager of Akfat Nigeria Ltd, a company he joined in 1995 as Administrative Manager. Mr. Araoye is the nominee director representing Odua Investment Company Ltd. He joined the Board in 2003.

Mr. Mansur Ahmed

He obtained his first degree in Mechanical Engineering in 1972 from Nottingham University. He holds a Masters Degree in Industrial Engineering and Administration from the Cranfield Institute of Technology, Bedford, England (1969). Mr Ahmed worked as a Research Assistant with Epsom Research Laboratories, UK after which he joined the Ahmadu Bello University, Zaria as a lecturer. He left the academia in 1976 for the private sector and worked with several companies, including Dunlop Nigeria Industries Ltd and Kaduna Textiles Ltd. In 1984 he moved to the New Nigerian Development Company Ltd. and thereafter he joined the Nigerian National Petroleum Company ("NNPC"). While with the NNPC he worked in various capacities which included Managing Director and Chief Executive Officer of the Kaduna Refining and Petrochemical Company. He retired from NNPC in 2003. He joined the Board in 2005.

Chief Ogala Osoka

He obtained his Associateship of the Chartered Institute of Insurance (ACII) in 1976 as a student in the City University, London. He is a member of several national and international insurance and management bodies and graduated from Nottingham University, England in 1977. He has served as President of the Chartered Insurance Institute of Nigeria and West African Insurance Companies Associations and is a member of the Executive Council of the Federation of Afro-Asian Insurers and Reinsurers. He has held the position of Managing Director and Chief Executive of NICON Insurance Corporation and the Nigerian Reinsurance Corporation. He is presently Chairman of Score Associates Ltd a company involved in finance, investment and pension consultancy. He has received many Awards of Distinction in recognition of his vast contributions to the insurance and management professions including a Merit Award from the Insurance Development in Africa (African Insurance Organisation) 1997 and a Distinguished Gold Award from the Nigerian Institute of Management also in 1997. He is the author of the award winning book "Insurance and the Nigerian Economy" amongst other publications. He joined the Board in 2005.

Mr. Terence Padmore

He obtained a HNC certificate in Mechanical Engineering from the Walsall & Staffordshire Technical College, UK (1965) and a Diploma in Industrial Engineering from the Cranfield School of Management, UK. Mr. Padmore joined Mathew Harvey & Co. of Walsall as a Student Apprentice in 1959. In 1960 he moved his apprenticeship to the Goodyear Tyre and Rubber Co. and after completing his term as apprentice, he became Development Engineer of the company. In 1969 he left Goodyear Tyre and Rubber Co. to join Dunlop Limited, UK as Industrial Engineer. At Dunlop Limited, Mr. Padmore worked in various operational and administrative capacities and was seconded to Dunlop Limited, Trinidad; Dunlop Zambia Ltd; Dunlop Nigeria Plc and Dunlop Tyre International (Pty), South Africa. He retired as General Manager, Dunlop Africa Marketing (UK) Ltd in 2006, having put thirty six years of meritorious service into the Dunlop brand worldwide. He lives in Birmingham, England.

CHAIRMAN'S LETTER

Management

The Company is managed by a dynamic, versatile and result-oriented team and has grown to symbolise innovation, service excellence and professionalism.

The Senior Management Team led by the Group Managing Director/Chief Executive Officer, oversees the day to day activities of the Company and is responsible to the Board of Directors. The key senior management staff of the Company aside the executive directors include the following:

Mr. Akintunde J. Aremu , the Material Supply Manager, holds a Bachelors Degree in Mechanical Engineering from the University of Lagos (1984), he is an alumnus of the Lagos Business School (2003). He has attended advanced courses in Planned/Preventive Maintenance at Shire Systems Development in Southampton, U.K in 1991. He joined Dunlop in 1986 as an Engineering Superintendent and rose from Systems Development Manager in 1990 to Material Supply Manager in 1998 from which he was promoted in 2001 to the position he holds presently.

Mr. Oyeniyi. O. Shittu, the Group Internal Auditor, joined Dunlop Group Nigeria in 2005. He is an Accountant by profession and holds Bachelor of Science degree in Accounting from Ogun State University (now, Olabisi Onabanjo University) in 1987. He is a member of the Nigeria Institute of Management obtained in 1988. He had also attended several technical and management courses in financial and general management. Before joining Dunlop Group Nigeria, he had worked as head of finance with Resourcery Nigeria Limited, Internal Audit Manager Michelin Group Nigeria, Chief accountant Michelin Plantations, Treasurer Michelin Plantations, a division of Michelin Group Nigeria.

Mr. Botukore. O. Kuale, the Technical Manager of Dunlop Nigeria Plc, holds a Bachelor of Engineering Degree in Mechanical Engineering from Ahmadu Bello University , Zaria (1978) and a Master of Science Degree in Polymer Technology from Loughborough University of Technology Loughborough, United Kingdom (1982). Before his present position he was Manager Material Development and Product Verification. He joined Dunlop Nigeria Plc in September, 1998 as Research and Development Manager. He was until September, 1998 a Principal Lecturer at Federal Polytechnic Auchi, Edo State. He attended a technical training course in Dunlop South Africa on tyre development and manufacture. He is an Alumnus of Business School Netherlands and has attended several management courses.

Mr. Chuddy. C. Oduenyi, the Marketing and Development Manager, he holds a degree in History from the University of Calabar (1987), and also holds a Master of Business Administration (MBA) degree specializing in Marketing from the Imo State University, Owerri. He studied Mass Communications at the Institute of Management and Technology (IMT) Enugu and History at the University of Calabar graduating with a Second Class Honours (Upper Division) in 1987. He had served for several years in senior management positions in some of the nation's topflight media organization including The Guardian Press and Vanguard Newspapers where he functioned as a Special Projects Editor in June 1991. In March 1994 he joined the Quadrant Company, Nigeria's leading Public Relations Consultancy, as head of Client Services with responsibility for providing brand communications strategies and creative media implementation plans for such global brands as Pepsi-Cola, Samsung, Guinness, British Airways, DHL, Nestle, Mobil, Procter and Gamble, Pfizer, Benson & Hedges, Peugeot, Bill and Melinda Gates Foundation among others. In April 2000 he was elevated to the rank of an Associate Director and was responsible for Social Marketing, Corporate Communications and Key Accounts Management. He joined Dunlop Nigeria Plc in August 2004 as Corporate Affairs Adviser with responsibilities that spanned Corporate Communications, Government Relations and Events Management. He is a member of many professional bodies among them are Nigerian Institute of Public Relations (NIPR), National Institute of Marketing of Nigeria (NIMN), Nigerian Institute of International Affairs (NIIA) and the Advertising Practitioners Council of Nigeria (APCON).

CHAIRMAN'S LETTER

Mr. Francis. F. Ayeni, the Chief Accountant, obtained a B.Sc. (Banking and Finance) from Onabisi Onabanjo University Ago-Iwuye in 1997 and an MBA degree from Lagos State University in 2002.. He also has a diploma in Accountancy from Lagos State Polytechnic in 1986. He is a Chartered Accountant and a fellow of the Institute of Chartered Accountants of Nigeria. Prior to this appointment he had worked in various capacities in the organization, he was the Accountant-Cash Office between 1991-1993, Financial Accounts Manager 1993-1996, Group Internal Auditor 1996 – March 1999, Group Treasurer April 1999 – March 2002, he was then seconded to DN Meyer Plc in April 2000 as the Acting Finance Director, till December 2000, when he was recalled to Dunlop as the Group Treasurer. He was appointed Manager, Cost and Management Accounts on Executive Grade in March 2003. He is a member of various professional organizations which includes Fellow, Institute of Chartered Accountant of Nigeria, Member, Nigeria Institute of Management, Associate Member, Chartered Institute of Taxation of Nigeria. He is an alumnus of the prestigious Lagos Business School.

Mr. Abubakar Abari , the Chief Engineer, holds a B.Sc. degree in Mechanical Engineering from University of Lagos (1981). In September 1986, he registered as a Chartered Mechanical Engineer with the Institution of Mechanical Engineers (Great Britain). He is a registered Mechanical Engineer of the Council for the Regulation of Engineering in Nigeria (1989) and corporate member of the Nigerian Society of Engineers. He joined Dunlop Nigeria Plc in 1982, and functioned in various capacities including Factory Engineering Maintenance, Engineering Services, Project Management and Production Management. He is an Alumnus of Lagos Business School.

Mr. Dele Salami, the Human Capital Manager, graduated from the University of Ibadan in 1984 with Bachelor of Science degree in Geography (Social Science). He also holds Master's degree in Public Administration (MPA: 1995) and a Post Graduate Diploma in Education (1989), both from the University of Lagos, Akoka-Lagos. He is an Alumnus of the Lagos Business School. He was the Company's National Sales & Distribution Manager between October 2003 and September 2006 and during the period he was able to achieve significant turnaround in the key result areas, particularly, sales strategy & distribution operations, cash collection, trade debt and inventory management, and customer development. Prior to this appointment, he served as the Company's Recruitment & Manpower Development Manager for two (2) years. He joined Dunlop Nigeria Plc from the Lagos State Public Service in September 1995 as Personnel Officer and rose to become Staff Manager in February 1997. He later served as Manpower Development Manager for two (2) years and was elevated to Senior Management position in 2001. He has attended many training & development programmes both locally and abroad. He is an Associate of both the Chartered Institute of Personnel Management of Nigeria (CIPM) and the National Institute of Marketing of Nigeria (NIMN). He is also a member of the Nigerian Facilitators Network.

Mr. Samuel. A. Fakoya, the Works Manager is an HND holder in Electrical Engineering from Yaba College of Technology (1975). He also attended The Polytechnic Ibadan and graduated in 1971. He started his carrier in the Engineering Department of the Company in January 1973 and grew through the ranks to become the first Nigerian to occupy the position of Electrical Engineer in 1988; later functioned in other capacities before becoming the Works Manager of the Tyre factory. He has attended several professional and management development programmes within and outside the country and is an Alumnus of the Lagos Business School.

CHAIRMAN’S LETTER

Premises

Dunlop Nigeria Plc’s Head Office is situated at Plot 23, Oba Akran Avenue, Ikeja Industrial Estate, Ikeja, Lagos. Details of the Company’s other premises are provided below:

S/N	Location	Address	Tenure	Title
1	Lagos	Plot 23, Oba Akran Avenue, Ikeja	55 Years	Leasehold
2	Lagos	No. 46, Adeniyi Jones Avenue, Ikeja	5 Years	Leasehold
3	Benin	No. 5, Factory Road, Aba – Benin Depot	5 Years	Leasehold
4	Onitsha	No. 5, Sokoto Haruna Road, Onitsha	11 Years	Leasehold
5	Jos	No. 13, Jengere Road, Jos	86 Years	Leasehold
6	Lagos	Maisonette 1, No. 21, Temple Road, Ikoyi	1 Year	Leasehold
7	Lagos	Maisonette 4, No. 21, Temple Road, Ikoyi	1 Year	Leasehold
8	Lagos	Maisonette 13, No. 21, Temple Road, Ikoyi	1 Year	Leasehold
9	Lagos	Fadco Plaza, Plot 999d, Danmole Street, Victoria Island	1 Year	Leasehold

Purpose of the Offer

The intention of the Offer is to refinance part of the short term funding used for the All Steel Radial Truck Tyre (ASRT) expansion project with long term equity funds and to provide enhanced working capital. After deducting the Issue costs of ₦341,522,500.00 estimated at 6.21% of the gross issue proceeds, (including Right issue proceeds) will be applied as follows:

Purpose	₦ billion	%
Part-payment of ASRT Loan	2.50	48.00
Enhancement of Working Capital	2.66	52.00
Total	5.16	100.00

CHAIRMAN'S LETTER

Working Capital, Profit and Dividend Forecasts

The Directors of the Company having regard to its present financial position and the anticipated proceeds from the Offer, are of the opinion that the Company will have adequate working capital and sufficient liquidity to meet its immediate and foreseeable obligations and funding requirements.

The Directors estimate that in the absence of unforeseen circumstances, the profit after taxation for the years ending December 31, 2006, 2007, 2008 and 2009 will be in the order of ₦(189,378,000), ₦230,241,000, ₦1,085,251,000 and ₦1,998,987,000 respectively. If these estimates are achieved, the appropriations thereof will be approximately as follows:

Year Ending December 31,	6 Months 2006	2007	2008	2009
	₦'000	₦'000	₦'000	₦'000
Turnover	2,838,658	10,544,809	13,713,392	16,636,926
(Loss)/Profit before taxation	(189,378)	328,915	1,550,358	2,855,696
Taxation	-	(98,674)	(456,107)	(856,709)
(Loss)/Profit after taxation	(189,378)	230,241	1,085,251	1,998,987
Appropriation				
Dividend Proposed	-	-	(301,648)	(1,206,592)
Retained (Loss)/profit for the year	(189,378)	230,241	783,603	792,395
Forecast (Loss)/Earnings Per share (kobo)	(6)	8	36	66
Forecast Earnings Yield at the Offer price (%)	(2.50)	3.33	15	27.50
Forecast Dividend Per Share (kobo)	-	-	10	40
Forecast Dividend Yield at the Offer price (%)	-	-	4	16
Forecast Price/Earnings ratio at the Offer price	(41.67)	31.25	6.94	3.79

* Calculation of forecast earnings per share and dividend per share were based on the 3,016,480,000 ordinary shares of 50 kobo each expected to be in issue at the end of the Offer.

Corporate Social Responsibility

Dunlop Nigeria has partnered with the Federal Road Safety Commission (FRSC) to educate drivers and motorists on safety measures when they travel. The partnership is an annual sponsorship of the educational rallies that occurs simultaneously across 3 regions (in Lagos, Abuja and Aba). The two organisations would also partner various transport associations. The annual event has been part of Dunlop's social responsibility programme to awaken road safety consciousness in motorists around the end of the year when a lot of travelling is done.

Corporate Governance

Dunlop's board and executive has continued to demonstrate very strong commitment to achieving the highest standards of corporate governance, corporate responsibility and risk management in directing and controlling the company's business. The Company is fully compliant with all the duties and responsibilities stated under Parts A, B and C of the Code of Best Practices on Corporate Governance in Nigeria.

As a company listed on the Nigerian Stock Exchange, the fundamental basis of our drive for effective corporate governance is provided by, above all, the "Code of Best Practices on Corporate Governance" for publicly quoted companies launched in November 2003 by the Securities and Exchange Commission. The key elements of our responsible and value-driven system of corporate governance include clearly defined board structure and roles, functionally competent board and executive committees with clearly articulated expectations, good relations with shareholders, effective cooperation between the Management and the Board, as well as a transparent reporting.

CHAIRMAN'S LETTER

The Board consists of the Chairman, with no executive responsibilities, 4 executive Directors and 5 non-executive Directors. The non-executive Directors are experienced and influential individuals from a range of industries and their mix of skills and business experience is a major contribution to the proper functioning of the board and its committees.

In clear functional terms, the responsibilities include ensuring that the company:

- a. Keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act 1990
- b. Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities
- c. Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied
- d. Ensures transparent reporting to regulatory bodies and shareholders
- e. Determines the terms of reference and procedures of Board Committees and membership.
- f. Approves the company's business growth options, local and international alliances and overall corporate strategy
- g. Makes decisions and reviews and approves key policies and decisions of the company, in relation to: group strategy and operating plans; risk management and internal control; business development, and overall enterprise management

As a vital part of our corporate governance system, the Board of Directors ensures that the company maintains good relationship with the shareholders. In this wise, our shareholders are involved by law in the fundamental decisions of Dunlop such as amendments to the Articles of Association, the issue of new shares and important structural modifications.

Research and Development

Dunlop has expended a sum of ₦311,607,000.00 on research and development within the last 3 years. However, it is expected that Dunlop will continue to improve on its performance in the years ahead as we are at a continuous basis, carrying out research into new tyre products and **services**.

Future Plans

Dunlop's strategic direction is to achieve the completion of the 2nd and 3rd phases of the expansion plant and the modernisation of the existing plant to enable Dunlop reap the returns of its investments and achieve greater efficiency and compete effectively in the market.

The future is full of interesting opportunities, Dunlop's profit forecast clearly confirms that Dunlop is a viable investment opportunity and it expects to leverage on the sound fundamentals the company was built on to deliver improved returns to shareholders. Prospective investors are encouraged to take advantage of the opportunity this Offer presents to become shareholders of Dunlop.

Conclusion

The Board and Management have sighted tremendous opportunities in the area of growth in road transportation in Nigeria as well as the recently concluded re-capitalisation and consolidation in the banking industry. We are equally confident that in the absence of any unforeseen events, Dunlop will continue to record significant improvement and would like to encourage prospective investors to take advantage of the opportunity which this Offer presents, to become shareholders of Dunlop Nigeria Plc.

Thank you.

Yours faithfully,

Mr. Jabez D. Lawuyi, (MON)

Chairman
Board of Directors
Dunlop Nigeria Plc

FINANCIAL FORECAST

Letter from the Reporting Accountants

The following is a copy of the letter on the Profit Forecast by BDO Oyediran Faleye Oke & Co (Chartered Accountants), the Reporting Accountants to the Offer:

22nd November 2006

BDO Oyediran Faleye Oke & Co

Elephant Cement House
Alausa
Ikeja
Lagos

The Directors
Dunlop Nigeria Plc
Plot 23 Oba Akran Avenue
Ikeja Industrial Estate
Ikeja
Lagos

and

The Directors
UBA Global Markets
UBA House
57 Marina
Lagos

and

The Directors
Sterling Capital Markets Limited
67 Marina
Lagos

and

The Directors
Ecobank Nigeria Plc
21 Ahmadu Bello Way
Victoria Island
Lagos

Gentlemen,

RE: OFFER FOR SUBSCRIPTION OF 1,504,480,000 ORDINARY SHARES OF 50 KOBO EACH AT ₦2.50 PER SHARE IN DUNLOP NIGERIA PLC (THE “OFFER”)

We have reviewed the accounting policies and calculations of the profit forecast of Dunlop Nigeria Plc for the years ending December 31, 2007, 2008, and 2009.

In our opinion, the financial forecast has been properly compiled on the basis of the assumptions made and is consistent with the accounting policy of Dunlop Nigeria Plc.

However, there will usually be differences between forecast and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

FINANCIAL FORECAST

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Yours faithfully,

BDO Oyediran Faleye Oke & Co
(Chartered Accountants)
Reporting Accountants

FINANCIAL FORECAST

Letter from the Reporting Accountants in respect of Going Concern Status

22nd November 2006

BDO Oyediran Faleye Oke & Co

Elephant Cement House
Alausa
Ikeja
Lagos

The Directors
UBA Global Markets Limited
UBA House
57 Marina
Lagos

and

The Directors
Sterling Capital Markets Limited
67 Marina
Lagos

and

The Directors
Ecobank Nigeria Plc
21 Ahmadu Bello Way
Victoria Island
Lagos

Dear Sirs,

**CONFIRMATION OF GOING CONCERN STATUS -
OFFER FOR SUBSCRIPTION OF 1,504,480,000 ORDINARY SHARES OF 50 KOBO EACH AT
₦2.50 PER SHARE IN DUNLOP NIGERIA PLC (THE "OFFER")**

Based on confirmations received from the Directors of Dunlop Nigeria Plc and on our review of past results of the Company as well as existing operations, we do not have reasons to doubt that the Company will continue in operation in the foreseeable future.

Yours faithfully

BDO Oyediran Faleye Oke & Co
(Chartered Accountants)
Reporting Accountants

FINANCIAL FORECAST

The Directors are of the opinion that in the absence of unforeseen circumstances, and based on the assumptions set out below, the profit before taxation for the period/years ending 31 December 2006 to 31 December 2009, will be as indicated below. If this forecast is achieved, appropriations therefrom will be approximately as follows:

ii) **PROFIT FORECAST FOR 1 JULY 2006 - 31 DECEMBER 2009**

The Directors are of the opinion that in the absence of unforeseen circumstances, and based on the assumptions set out below, the profit before taxation for the period/years ending 31 December 2006 to 31 December 2009, will be as indicated below. If this forecast is achieved, appropriations therefrom will be approximately as follows:

	6 Months 31/12/2006 N'000	12 Months 31/12/2007 N'000	12 Months 31/12/2008 N'000	12 Months 31/12/2009 N'000
Turnover	2,838,658	10,544,809	13,713,392	16,636,926
Cost of sales	-1,991,795	-6,974,140	-8,606,005	-9,993,318
Distribution expenses	-57,584	-210,896	-274,268	-332,739
Technical aids fees and royalty	-119,224	-442,882	-575,962	-698,751
Gross profit	670,055	2,916,891	4,257,157	5,612,118
Divisional expenses	-481,104	-1,630,449	-1,805,984	-2,061,392
Divisional contribution	188,951	1,286,442	2,451,173	3,550,726
Corporate expenses	-160,293	-391,820	-448,511	-513,550
Profit before interest and taxation	28,658	894,622	2,002,662	3,037,176
Financing charges	-218,036	-565,707	-452,304	-181,480
(Loss)/profit before taxation	-189,378	328,915	1,550,358	2,855,696
Taxation	-	-98,674	-465,107	-856,709
Profit after taxation	-189,378	230,241	1,085,251	1,998,987
Dividend	-	-	-301,648	-1,206,592
Retained profit	-189,378	230,241	783,603	792,395
Per share data (Kobo)				
(Loss)/earnings per share	-0.06	0.08	0.36	0.66
Forecast earnings yield at offer price (%)	0.0	3.32	14	26.4
Forecast dividend yield at offer price (%)	-	-	4	16
Dividend cover (Times)	-	-	3.60	1.66
Dividend Per Share	0	0	10	40
Forecast Price Earnings Ratio	-41.67	31.25	6.94	3.79

FINANCIAL FORECAST

Bases and Assumptions

The forecast has been arrived at on the following bases and assumptions.

Bases

- a. The forecasts for the six month period ending 31 December 2006 and years ending 31 December 2007, 2008 and 2009 have been prepared on a basis consistent with the accounting policies normally adopted by the Company
- b. Previous years actual performance have been reviewed against budget as the basis for measuring the reasonableness of the forecasts for the six month period ending 31 December 2006 and years ending 31 December 2007, 2008 and 2009 .
- c. The forecast is based on the net proceeds from the rights/public offer being realised and brought into the books at the end of the offer period.

Assumptions

- a. The Company will continue to enjoy the goodwill and patronage of present and potential customers.
- b. There will be no significant changes in the Federal Government's monetary and fiscal policies that will adversely affect the Company.
- c. There will be no material changes in the political and economic climate that will adversely affect the operations of the Company.
- d. The basis of taxation both direct and indirect, will not change materially.
- e. The quality of the Company's management will be sustained during the forecast period.
- f. There will be no litigations with adverse consequences on the Company.
- g. Taxation is calculated at 30% and education tax at 2% of assessable profit.
- h. The Company will experience growth in its customer base
- i. In 2007, turnover is expected to increase by 87% over 2006 level due to the coming on stream of the new radial truck factory. Turnover is expected to increase by 30% and 21% in 2008 and 2009 respectively.
- j. Selling price will increase by an average of 10% per annum from 2007
- k. The shares of the Company on offer will be fully subscribed.
- l. The official exchange rate (currently N130:\$1) is not expected to change significantly over the forecast period.
- m. The Company will not suffer any major uninsurable catastrophe.
- n. The average cost of fund for the Company for 2007 - 2009 is projected at 20% per annum.
- o. Average cost of funds in respect of foreign loan is projected at between 10% and 12% during the forecast period.
- p. Waste level will be maintained at 7%, 6% and 5% during 2007, 2008 and 2009 for the Radial Truck factory.

FINANCIAL FORECAST

- q. Royalty and Technical Aid Fee will be maintained at maximum of 4.2% (VAT inclusive) of turnover during the forecast period.
- r. Inflation growth rate will be 7.5% per annum during the forecast period.
- s. Direct overheads will increase by 10% between 2007 and 2008 and 8% in 2009.
- t. Selling and distribution costs will average 2% of sales during the forecast period.
- u. Marketing and administration costs will be 3.5% and 2% of turnover in 2007 and 2008 respectively.

FINANCIAL FORECAST

The following is a copy of the letter from the Issuing Houses on the Financial Forecast:

Letter from the Issuing House

**UBA Global Markets
Limited**
UBA House
57 Marina
Lagos

**Sterling Capital Markets
Limited**
67 Marina
Lagos

Ecobank Nigeria Plc
21 Ahmadu Bello Way
Victoria Island
Lagos

22nd November 2006

The Directors
Dunlop Nigeria Plc
Plot 23, Oba Akran Avenue
Ikeja Industrial Estate
P.M.B. 21079, Ikeja, Lagos

Dear Sirs

**RE: OFFER FOR SUBSCRIPTION OF 1,504,480,000 ORDINARY SHARES OF 50 KOBO
EACH AT ₦2.50 PER SHARE IN DUNLOP NIGERIA PLC (THE "OFFER")**

We write further to the Prospectus issued in respect of the Offer for Subscription of 1,504,480,000 Ordinary Shares of 50 kobo each at ₦2.50 per share in Dunlop Nigeria Plc, the draft of which we have had the privilege of reviewing. The Prospectus contains forecasts of the profits of the Company for the years ending December 31, 2006, 2007, 2008 and 2009.

We have discussed the basis and assumptions upon which the forecasts were made with you and with BDO Oyediran Faleye Oke & Co., Reporting Accountants. We have also considered the letter dated October 16th, 2006 from the Reporting Accountants regarding the bases and assumptions upon which the forecasts were compiled.

Having considered the assumptions made by you as well as the accounting bases and calculations reviewed by BDO Oyediran Faleye Oke & Co., Reporting Accountants, we consider that the forecasts (for which you as Directors are solely responsible) have been made by you after due and careful enquiry.

Yours faithfully,

Sonnie Ayere
Managing Director/ CEO
UBA Global Markets Limited

Biodun Dabiri
Managing Director/CEO
Sterling Capital Markets Limited

Offong Ambah
Managing Director/CEO
Ecobank Nigeria Plc

FIVE YEAR FINANCIAL SUMMARY

The following is the text of report from BDO Oyediran Faleye Oke & Co. Chartered Accountants, Reporting Accountants to the Offer.

BDO Oyediran Faleye Oke & Co

Elephant Cement House
Alausa
Ikeja
Lagos

The Directors
Dunlop Nigeria Plc
Plot 23 Oba Akran Avenue
Ikeja
Lagos

And

The Directors
UBA Global Markets Limited
11th Floor
UBA House
57 Marina
Lagos

And

The Directors
Sterling Capital Markets Limited
67 Marina
Lagos

And

The Directors
Ecobank Plc
Plot 21, Ahmadu Bello Way
Victoria Island
Lagos

Dear Sirs

RE: OFFER FOR SUBSCRIPTION OF 1,504,480,000 ORDINARY SHARES OF 50 KOBO EACH AT ₦2.50 PER SHARE IN DUNLOP NIGERIA PLC (THE "OFFER")

We have reviewed the audited financial statements of Dunlop Nigeria Plc ("The Company") for the each of the last five years ended 31 December 2005 and six months ended 30 June 2006. The financial statements were prepared under the historical cost convention, modified to include the revaluation of leasehold properties and on the basis of accounting policies disclosed in notes to the financial information.

Basis of preparation

The summarised profit and loss accounts, balance sheets and cashflow statements set out in the offer documents are based on the audited financial statements of the Company. No audited financial statements of the Company have been made up in respect of any period subsequent to 30 June 2006.

FIVE YEAR FINANCIAL SUMMARY

Responsibility

The financial statements are the responsibility of the Directors of Dunlop Nigeria Plc who approved the issue. The Directors of the Company are also responsible for the contents of the prospectus in which this report is included.

It is our responsibility to compile the financial information set out in our report from the financial statements, to form an opinion on the financial information and to report our opinion to you.

Financial information

The evidence included that recorded by the auditors who audited the financial statements underlying the financial information. Our work also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial statements underlying the financial information, and whether the accounting policies are appropriate to the circumstances of Dunlop Nigeria Plc, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, based on our examination of the reports of Ernst and Young (Chartered Accountants) of 62 Marina, who are the auditors of Dunlop Nigeria Plc, the information set out in this report gives a true and fair view of the results of the Company for the periods stated.

Yours faithfully

BDO Oyediran Faleye Oke & Co.
(Chartered Accountants)
(Reporting Accountants)

FIVE YEAR FINANCIAL SUMMARY

Statement of significant accounting policies

- i) Nature of financial information
The financial information set out in paragraphs 4 to 7 below does not constitute statutory accounts within the meaning of section 334 of the Companies and Allied Matters Act, 1990, but has been extracted from the audited financial statements of Dunlop Nigeria PLC for the financial years ended 31 December 2001, 2002, 2003, 2004, 2005 and the period to 30 June 2006. The Auditors of Dunlop Nigeria Plc, Ernst and Young of 62 Marina, Lagos have audited and made a report under section 359 of the Companies and Allied Matters Act, 1990 on Dunlop Nigeria Plc's annual financial statements for each of the financial years ended 31 December 2001, 2002, 2003, 2004 and 2005 and the period to 30 June 2006. None of the financial statements for each of the financial years ended 31 December 2001, 2002, 2003, 2004, 2005 and the period to 30 June 2006 was qualified. Statutory accounts in respect of each of the financial years ended 31 December 2001 to 2005 had been delivered to the Corporate Affairs Commission.
- ii) Significant change
There has been no significant change in the business of the Company since 30 June 2006 the date to which the last audited financial statements signed by the directors were made up.
- iii) Accounting policies
The financial information in this report has been prepared in accordance with the applicable accounting standards. The principal policies adopted for the purposes of this financial information have been applied by the Company on a consistent basis.

Basis of Accounting

- (a) The financial statements are prepared in accordance with the historical cost convention as modified by the revaluation of leasehold properties and comply with the Statements of Accounting Standards issued by the Nigerian Accounting Standards Board
- (b) Fixed assets

	2006	2005	2004	2003	2002	2001
Long or short term leasehold properties	100 years or such shorter period as is appropriate to the unexpired terms of the respective leases	100 years or such shorter period as is appropriate to the unexpired terms of the respective leases	40 years or such shorter period as is appropriate to the unexpired terms of the respective leases	40 years or such shorter period as is appropriate to the unexpired terms of the respective leases	40 years or such shorter period as is appropriate to the unexpired terms of the respective leases	40 years or such shorter period as is appropriate to the unexpired terms of the respective leases
Plants and Machinery	27 years	N/A	N/A	7 to 16 years	7 to 16 years	7 to 16 years
Moulds	N/A	N/A	N/A	10 years	10 years	10 years
Plants, Machinery and Moulds	N/A	27 years	10 years	N/A	N/A	N/A
Fixtures and fittings	6.66 years	6.66 years	6.66 years	5 to 7 years	5 to 7 years	5 to 7 years
Vehicles	N/A	N/A	N/A	4 years	4 years	4 years
Light vehicles	4 years	4 years	4 years	N/A	N/A	N/A
Heavy vehicles	7 years	7 years	7 years	N/A	N/A	N/A
Plantation expenditure	N/A	N/A	N/A	36 years	36 years	36 years
Oil Palm plantation expenditure	N/A	28 years	28 years	N/A	N/A	N/A
Rubber plantation expenditure	33 years	33 years	33 years	N/A	N/A	N/A
Plantation Plants and machinery	4 years	4 years	4 years	N/A	N/A	N/A
Estate Plants and machinery	14 years	14 years	14 years	N/A	N/A	N/A

FIVE YEAR FINANCIAL SUMMARY

(c) Stocks

Raw materials, work-in-progress, finished goods and engineering spare parts are stated at the lower of cost and net realisable value. Cost is determined on the basis of first-in-first out and, for work-in-progress and finished goods represent materials, direct labour and an appropriate proportion of factory overheads.

(d) Deferred taxation

Deferred taxation is provided for by the liability method which represents taxation at the current rate of Corporate Income Tax on the difference between the net book value of fixed assets qualifying for capital allowances and their corresponding tax written down values. Currently enacted tax rates are used to determine deferred income tax

(e) Foreign currency conversion

Transactions in foreign currencies are converted at the rate of exchange ruling at the dates of the transactions. At the balance sheet date, all liabilities in foreign currencies are translated into Naira at the rates of exchange ruling on that date in accordance with Central Bank of Nigeria guidelines. Any exchange adjustments arising are dealt with in the profit and loss account.

(f) Retirement benefits

Employees' retirement benefits are charged to operations as incurred under the terms of the Trust Deeds of Dunlop Nigeria PLC Staff Pension Scheme and the Pension Reform Act, 2004. Any payments to be made for back service, improved benefits or actuarial deficiencies are similarly so charged.

(g) Investment in subsidiaries

Investments in subsidiaries are stated at the lower of cost and the Company's share of net tangible assets for unquoted investments and market value for quoted investments. The difference is written off to profit and loss account.

(h) Debtors

Debtors are stated after deduction of adequate provisions for any debt considered bad and doubtful debts.

(i) Consolidation

The group financial statements consolidate the financial statements of Dunlop Nigeria Plc and its Subsidiary, Pamol (Nigeria) Limited both made up to 31 December. Intercompany balances and transactions including unrealised intercompany profits are eliminated in the consolidation accounts.

(j) Borrowing costs

Borrowing costs directly attributable to the construction/acquisition of qualifying capital expenditure are added to the cost of the assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed during the period in which they are incurred.

FIVE YEAR FINANCIAL SUMMARY

(k) Leases

Lease transactions are treated in the financial statements in accordance with the provisions of IAS 17

(l) Deferred charges

Deferred charges are to be amortised over a maximum period of five years beginning from the year such expenditures were incurred.

FIVE YEAR FINANCIAL SUMMARY

Balance Sheet

The following is a summary of the Balance Sheets of Dunlop Nigeria Plc:

Notes	30/06/06 The Company =N=000	31/12/05 The Group =N=000	31/12/05 The Company =N=000	31/12/04 The Group =N=000	31/12/04 The Company =N=000	31/12/03 The Group =N=000	31/12/03 The Company =N=000	31/12/02 The Group =N=000	31/12/02 The Company =N=000	31/12/01 The Group =N=000	31/12/01 The Company =N=000	
Fixed assets	7.01	11,872,254	13,000,437	10,996,684	5,721,929	4,771,828	4,284,012	2,848,225	2,412,526	1,236,221	1,913,727	1,026,767
Deferred charges	7.02	3,238	3,726	2,209	10,837	4,938	57,624	43,352	70,944	44,381	112,098	81,785
Trade investment		500	500	500	500	500	500	500	500	500	500	500
Investment in subsidiaries	7.03	45,684	-	45,684	-	45,684	-	45,684	-	174,795	-	174,795
		11,921,676	13,004,663	11,045,077	5,733,266	4,822,950	4,342,136	2,937,761	2,483,970	1,455,897	2,026,325	1,283,847
Current assets												
Stocks	7.04	1,507,885	1,439,017	1,418,578	999,186	941,336	2,005,928	1,695,246	1,792,010	1,431,550	1,612,683	1,372,156
Trade debtors		425,756	185,846	103,849	260,504	214,824	586,207	307,362	424,548	262,121	200,251	116,336
Sundry debtors and prepayments		111,312	174,922	71,891	552,952	156,557	221,988	147,792	162,162	96,191	120,767	75,812
Intercompany balances		515,133	-	472,852	-	534,685	-	411,577	-	331,388	-	184,685
Cash at bank and in hand		289,648	399,266	397,912	479,753	471,800	479,774	426,881	620,026	580,389	367,503	313,842
TOTAL CURRENT ASSETS		2,849,734	2,199,051	2,465,082	2,292,395	2,319,202	3,293,897	2,988,858	2,998,746	2,701,639	2,301,204	2,062,831
Creditors: Amounts falling due within one year												
Borrowings	7.05	4,057,073	3,098,065	2,958,010	2,783,281	2,525,149	2,454,242	1,879,650	1,492,337	1,307,221	1,276,863	1,170,555
Bills payable		966,176	848,484	767,515	441,625	715,656	972,236	853,534	497,450	338,857	98,345	98,345
Trade creditors		504,856	671,530	650,499	116,771	87,372	195,881	29,309	163,039	32,700	104,767	16,283
Other creditors and accruals	7.06	520,804	845,587	476,222	423,297	262,498	444,316	329,418	396,777	202,432	236,623	191,215
Taxation	7.07	6,048,909 (7,009)	5,463,666 12,460	4,852,246 (7,009)	3,764,974 59,346	3,590,675 36,249	4,066,695 97,446	3,091,911 76,602	2,549,603 69,085	1,881,210 54,004	1,716,598 80,990	1,476,398 53,086
		6,041,900	5,476,126	4,845,237	3,824,320	3,626,924	4,164,141	3,168,513	2,618,688	1,935,214	1,797,588	1,529,484
Net current liabilities		(3,192,166)	(3,277,075)	(2,380,155)	(1,531,925)	(1,307,722)	(870,244)	(179,655)	380,058	766,425	503,616	533,347
Total assets less current liabilities		8,729,510	9,727,588	8,664,922	4,201,341	3,515,228	3,471,892	2,758,106	2,864,028	2,222,322	2,529,941	1,817,194
Creditors: Amounts falling due after more than one year												
Borrowings	7.08	4,437,261	4,254,654	4,254,654	2,843,685	2,843,685	1,675,636	1,675,636	831,858	818,764	587,446	527,461
Deferred taxation	7.09	442,728	600,155	474,919	83,595	83,595	237,506	178,495	261,691	202,680	6,227	-
		4,879,989	4,854,809	4,729,573	2,927,280	2,927,280	1,913,142	1,854,131	1,093,549	1,021,444	593,673	527,461
		3,849,521	4,872,779	3,935,349	1,274,061	587,948	1,558,750	903,975	1,770,479	1,200,878	1,936,268	1,289,733
Capital and reserves												
Share capital	7.10	378,000	378,000	378,000	378,000	378,000	302,400	302,400	302,400	302,400	302,400	302,400
Share premium	7.11	152,868	157,400	157,400	157,400	157,400	157,400	157,400	157,400	157,400	158,098	158,098
Capital reserve	7.12	3,565,567	3,565,567	3,565,567	13,557	13,557	13,557	13,557	13,557	13,557	13,557	13,557
General reserve	7.13	321,000	321,000	321,000	321,000	321,000	396,600	396,600	396,600	396,600	396,600	396,600
Revenue reserve	7.14	(567,914)	(14,782)	(486,618)	220,344	(282,009)	422,568	34,018	656,278	330,921	796,823	419,078
Shareholders' funds		3,849,521	4,407,185	3,935,349	1,090,301	587,948	1,292,525	903,975	1,526,235	1,200,878	1,667,478	1,289,733
Minority interest	7.15	-	465,594	-	183,760	-	266,225	-	244,244	-	268,790	-
		3,849,521	4,872,779	3,935,349	1,274,061	587,948	1,558,750	903,975	1,770,479	1,200,878	1,936,268	1,289,733

FIVE YEAR FINANCIAL SUMMARY

Profit and Loss Account

The following is a summary of the Profit and Loss accounts of Dunlop Nigeria Plc:

		30/06/06	31/12/05	31/12/05	31/12/04	31/12/04	31/12/03	31/12/03	31/12/02	31/12/02	31/12/01	31/12/01
	Notes	Company =N=000	Group =N=000	Company =N=000	Group =N=000	Company =N=000	Group =N=000	Company =N=000	Group =N=000	Company =N=000	Group =N=000	Company =N=000
Turnover	1.16	2,812,218	5,150,388	5,037,493	5,217,774	5,038,312	4,994,847	4,153,177	6,385,274	4,669,661	5,439,725	4,324,803
Cost of sales		(2,299,736)	(4,031,175)	(4,078,946)	(4,404,723)	(4,395,134)	(4,207,129)	(3,774,303)	(4,887,505)	(3,654,400)	(4,102,793)	(3,397,240)
Gross profit		512,482	1,119,213	958,547	813,051	643,178	787,718	378,874	1,497,769	1,015,261	1,336,932	927,563
Distribution expenses		(57,572)	(120,430)	(98,825)	(139,023)	(112,393)	(163,708)	(80,035)	(265,047)	(98,877)	(213,240)	(73,116)
Administration and Marketing expenses		(384,531)	(912,500)	(793,419)	(849,916)	(791,129)	(787,798)	(618,063)	(712,139)	(524,788)	(628,202)	(478,744)
Other income		-	18,297	-	-	-	-	-	-	-	-	-
Profit/(loss) before interest and tax	1.17	70,379	104,580	66,303	(175,888)	(260,344)	(163,788)	(319,224)	520,583	391,596	495,490	375,703
Interest receivable		15,139	12,017	12,017	4,199	14,914	696	10,692	10,414	11,106	15,775	10,114
Interest payable and similar charges		(199,005)	(322,042)	(286,273)	(206,431)	(162,121)	(490,606)	(441,603)	(384,789)	(351,608)	(206,568)	(181,075)
(Loss)/profit before taxation		(113,487)	(205,445)	(207,953)	(378,120)	(407,551)	(653,698)	(750,135)	146,208	51,094	304,697	204,742
Taxation	1.07(a)	32,191	(41,011)	3,344	88,903	91,524	(30,984)	(20,802)	(49,628)	(12,559)	(67,036)	(34,662)
(Loss)/profit after taxation		(81,296)	(246,456)	(204,609)	(289,217)	(316,027)	(684,682)	(770,937)	96,580	38,535	237,661	170,080
Extraordinary items	1.18	-	-	-	107,294	-	474,034	474,034	-	82,344	-	-
Minority interest		-	11,328	-	(20,301)	-	(23,062)	-	(28,089)	-	(24,243)	-
(Loss)/profit attributable to members		(81,296)	(235,128)	(204,609)	(202,224)	(316,027)	(233,710)	(296,903)	68,491	120,879	213,418	170,080
Proposed dividend		-	-	-	-	-	-	-	-	-	(90,720)	(90,720)
Retained (Loss)/Profit for the period/year		(81,296)	(235,128)	(204,609)	(202,224)	(316,027)	(233,710)	(296,903)	68,491	120,879	122,698	79,360
(Loss)/earnings per share (in kobo)		(11)	(33)	(27)	(38)	(42)	(113)	(127)	16	6	39	28

FIVE YEAR FINANCIAL SUMMARY

Statement of Cashflow

	30/06/06	31/12/05	31/12/05	31/12/04	31/12/04	31/12/03	31/12/03	31/12/02	31/12/02	31/12/01	31/12/01
Notes	Company =N=000	Group =N=000	Company =N=000	Group =N=000	Company =N=000	Group =N=000	Company =N=000	Group =N=000	Company =N=000	Group =N=000	Company =N=000
CASH FLOWS FROM OPERATING ACTIVITIES											
Cash receipts from customers	2,408,609	6,094,094	5,294,967	5,943,700	5,516,076	4,833,188	4,107,936	6,160,977	4,523,876	5,493,966	4,368,355
Payment to suppliers and employees	(1,528,285)	(4,526,432)	(4,024,261)	(4,789,064)	(4,427,004)	(3,613,842)	(3,448,897)	(5,038,718)	(3,924,891)	(4,717,064)	(3,796,702)
Income tax paid		(47,634)	(43,258)	(44,047)	(43,729)	(39,847)	(35,428)	(44,733)	(24,932)	(49,557)	(35,104)
Net cash inflow from operating activities	880,324	1,520,028	1,227,448	1,110,589	1,045,343	1,179,499	623,611	1,077,526	574,053	727,345	536,549
CASH FLOWS FROM INVESTING ACTIVITIES											
Proceeds from sale of equipment/sub shares/ind prods	303	17,320	457	301,827	1,827	537,789	664,514	(24,901)	160,488	29,234	17,559
Interest received	15,139	12,017	12,017	4,199	14,914	697	10,692	10,414	11,106	15,775	10,114
Payment for purchase of fixed assets (ASRT)	-	(516,225)	(238,099)	(491,894)	(148,429)	(493,984)	(184,655)	(265,162)	(44,663)	(546,268)	(394,134)
	(983,100)	(2,198,724)	(2,198,724)	(1,917,534)	(1,917,534)	(1,602,670)	(1,602,670)	(331,631)	(331,631)	-	-
Net cash outflow from investing activities	(967,658)	(2,685,612)	(2,424,349)	(2,103,402)	(2,049,222)	(1,558,168)	(1,112,119)	(611,280)	(204,700)	(501,259)	(366,461)
CASH FLOWS FROM FINANCING ACTIVITIES											
Interest paid	(199,005)	(322,042)	(286,273)	(206,431)	(162,121)	(490,606)	(441,603)	(384,789)	(351,608)	(206,568)	(181,074)
Dividend paid	-	(2,149)	-	(5,459)	(3,776)	(23,888)	(23,816)	(82,430)	(62,691)	(105,910)	(93,006)
Share premium written-off	(4,532)	-	-	-	-	-	-	-	-	-	-
Term loan received	182,607	1,409,288	1,409,286	1,204,682	1,214,695	752,911	800,419	253,496	311,493	53,516	47,855
Net cash (outflow)/inflow from financing activities	(20,930)	1,085,097	1,123,013	992,792	1,048,798	238,417	335,000	(213,723)	(102,806)	(258,962)	(226,225)
Net (decrease)/increase in cash	(108,264)	(80,487)	(73,888)	(21)	44,919	(140,252)	(153,508)	252,523	266,547	(32,876)	(56,137)
Cash at the beginning of the financial year	397,912	479,753	471,800	479,774	426,881	620,026	580,389	367,503	313,842	400,379	369,979
Cash at the end of the financial year	1.20 289,648	399,266	397,912	479,753	471,800	479,774	426,881	620,026	580,389	367,503	313,842

FIVE YEAR FINANCIAL SUMMARY

Notes to the financial statements

	30/06/06 The Company =N=000	31/12/05 The Group =N=000	31/12/05 The Company =N=000	31/12/04 The Group =N=000	31/12/04 The Company =N=000	31/12/03 The Group =N=000	31/12/03 The Company =N=000	31/12/02 The Group =N=000	31/12/02 The Company =N=000	31/12/01 The Group =N=000	31/12/01 The Company =N=000
1.01 Fixed assets											
Cost/Valuation:											
Balance at the beginning of the period/year	12,734,289	7,094,075	5,919,416	5,655,813	3,863,770	3,619,406	2,133,619	2,984,372	1,837,621	2,504,458	1,488,858
Additions	983,100	2,714,682	2,436,825	2,377,954	2,065,963	2,096,654	1,787,325	723,297	376,294	546,268	394,134
DN MEYER Disposal	-	-	-	(411,675)	-	-	-	-	-	-	-
Disposals	(6,433)	(44,371)	(11,141)	(528,017)	(10,317)	(60,247)	(57,174)	(88,263)	(80,296)	(66,354)	(45,371)
Revaluation	-	5,082,606	4,389,189	-	-	-	-	-	-	-	-
Write Off	-	(58,389)	-	-	-	-	-	-	-	-	-
Balance at the end of the year	13,710,956	14,788,603	12,734,289	7,094,075	5,919,416	5,655,813	3,863,770	3,619,406	2,133,619	2,984,372	1,837,621
Depreciation:											
Balance at the beginning of the period/year	1,737,605	1,372,146	1,147,588	1,371,801	1,015,545	1,206,880	897,398	1,070,645	810,854	925,864	714,959
Charge for the period/year	107,332	178,413	158,515	175,896	141,605	189,708	139,861	192,977	135,319	187,514	126,685
On disposal	(6,235)	(13,166)	(11,009)	(54,556)	(9,562)	(24,787)	(21,714)	(56,742)	(48,775)	(42,733)	(30,790)
DN MEYER Disposal	-	-	-	(120,995)	-	-	-	-	-	-	-
Revaluation	-	250,773	442,511	-	-	-	-	-	-	-	-
Balance at the end of the period/year	1,838,702	1,788,166	1,737,605	1,372,146	1,147,588	1,371,801	1,015,545	1,206,880	897,398	1,070,645	810,854
Net book values	11,872,254	13,000,437	10,996,684	5,721,929	4,771,828	4,284,012	2,848,225	2,412,526	1,236,221	1,913,727	1,026,767
1.02 Deferred charges											
Balance brought forward	2,209	10,837	4,938	57,624	43,352	70,944	44,381	112,098	81,785	102,390	75,735
Additions	17,521	-	-	-	-	21,899	21,899	15,444	-	38,738	28,187
Amortisation	(16,492)	(7,111)	(2,729)	(46,787)	(38,414)	(35,219)	(22,928)	(56,598)	(37,404)	(29,030)	(22,137)
Balance carried forward	3,238	3,726	2,209	10,837	4,938	57,624	43,352	70,944	44,381	112,098	81,785

FIVE YEAR FINANCIAL SUMMARY

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	30/06/06 The Company =N=000	31/12/05 The Group =N=000	31/12/05 The Company =N=000	31/12/04 The Group =N=000	31/12/04 The Company =N=000	31/12/03 The Group =N=000	31/12/03 The Company =N=000	31/12/02 The Group =N=000	31/12/02 The Company =N=000	31/12/01 The Group =N=000	31/12/01 The Company =N=000
Investment in subsidiaries											
Balance at the beginning of the year	45,684	-	45,684	-	45,684	-	174,795	-	174,795	-	174,795
Disposal	-	-	-	-	-	-	(129,111)	-	-	-	-
Balance at the end of the year	45,684	-	45,684	-	45,684	-	45,684	-	174,795	-	174,795

During the year ended 31 December 2003, the Company divested its holdings in DN Meyer Plc.

Stocks

Stocks in transit	280,531	107,124	107,124	-	-	-	-	-	-	-	-
Raw materials	524,161	704,973	693,439	320,511	320,511	643,591	563,820	859,648	758,541	824,309	777,718
Work-in-progress	58,113	137,606	117,540	76,899	73,087	99,285	63,172	78,722	42,043	93,121	54,879
Finished goods	164,576	29,952	41,113	75,878	70,254	580,262	491,137	339,890	228,658	182,196	94,300
Nursery seedlings	-	-	-	25,701	-	42,476	-	38,534	-	32,207	-
Engineering spares	480,504	459,362	459,362	500,197	477,484	640,314	577,117	475,216	402,308	480,850	445,259
	1,507,885	1,439,017	1,418,578	999,186	941,336	2,005,928	1,695,246	1,792,010	1,431,550	1,612,683	1,372,156

Raw materials include deposit and purchases on the foreign exchange market in respect of outstanding letters of credit in favour of overseas suppliers amounting to	280,531	-	107,124	-	-	-	79,242	-	286,643	-	311,233
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Borrowings

Term loans	1,361,030	189,920	183,182	225,047	184,864	151,312	138,218	242,876	205,364	233,792	196,280
Bank overdraft	2,696,043	2,908,145	2,774,828	2,558,234	2,340,285	2,302,930	1,741,432	1,249,461	1,101,857	1,043,071	974,275
	4,057,073	3,098,065	2,958,010	2,783,281	2,525,149	2,454,242	1,879,650	1,492,337	1,307,221	1,276,863	1,170,555

1.06 Other creditors and accruals

Accruals and sundry creditors	520,804	842,991	476,222	418,552	262,498	363,943	325,643	293,614	174,841	105,032	100,933
Dividend payable	-	2,596	-	4,745	-	80,373	3,775	103,163	27,591	131,591	90,282
	520,804	845,587	476,222	423,297	262,498	444,316	329,418	396,777	202,432	236,623	191,215

1.07 Taxation

a) Per profit and loss account:

Income tax on profit for	-	-	-	-	-	8,876	-	25,243	14,959	57,841	28,040
Education tax	-	748	-	-	-	1,306	-	7,586	3,955	9,195	6,622
Underprovision in prior y	-	-	-	5,923	3,302	44,987	44,987	-	-	-	-
Deferred taxation	-	40,263	(3,344)	(94,900)	(94,900)	(24,185)	(24,185)	16,799	(6,356)	-	-
Capital gains tax	-	-	-	74	74	-	-	-	-	-	-
	-	41,011	(3,344)	(88,903)	(91,524)	30,984	20,802	49,628	12,558	67,036	34,662

FIVE YEAR FINANCIAL SUMMARY

			30/06/06 The Group =N=000	30/06/06 The Company =N=000	31/12/05 The Group =N=000	31/12/05 The Company =N=000	31/12/04 The Group =N=000	31/12/04 The Company =N=000	31/12/03 The Group =N=000	31/12/03 The Company =N=000	31/12/02 The Group =N=000	31/12/02 The Company =N=000	31/12/01 The Group =N=000
IBTC Chartered	400m	(a) N200m Twenty quarterly instalments of N10m each commencing from February 2001	- do -	40,000	40,000	40,000	120,000	120,000	200,000	200,000	280,000	280,000	360,000
	N250m	(b) N200m Twenty quarterly instalments of N10m each commencing from February 2002											
	N500m	Repayment to be sixteen equal instalments of N31.25m commencing from July 2005	- do -	343,750	406,250	406,250	500,000	500,000	500,000	500,000	500,000	500,000	-
UBA	N200m Agric	Repayments to be in Twenty-four equal quarterly instalment of N9.09m commencing from January 2001	- do -	-	18,182	18,182	54,545	54,545	90,909	90,909	127,273	127,273	163,636
UBN Plc	N134m	Repayments to be in Twenty four equal monthly instalment of N5.75m each commencing from January 2002	- do -	-	-	-	-	-	1,855	1,855	70,855	70,855	134,105
ASRT													
Consortium	N2.973bn	Repayment over five years including twenty four months	- do -	2,973,404	2,973,404	2,973,404	2,348,004	2,348,004	995,090	995,090	-	-	-
FBN (Merchant Bankers)		moratorium on the principal only, commencing in November 2006											
Consortium of banks													
Diamond Bank	N1.0bn	Repayment over four years including twelve months moratorium on the principal only, commencing in October 2006	- do -	1,000,000	1,000,000	1,000,000	-	-	-	-	-	-	-

FIVE YEAR FINANCIAL SUMMARY

		30/06/06 The Group =N=000	30/06/06 The Company =N=000	31/12/05 The Group =N=000	31/12/05 The Company =N=000	31/12/04 The Group =N=000	31/12/04 The Company =N=000	31/12/03 The Group =N=000	31/12/03 The Company =N=000	31/12/02 The Group =N=000	31/12/02 The Company =N=000	31/12/01 The Group =N=000
Intercontinental												
Bank	N246m											
	The facility is repayable over two years with 8 months moratorium on the principal only		246,154	-	-	-	-	-	-	-	-	-
Sterling Bank Plc	N200m		194,983	-	-	-	-	-	-	-	-	-
	Repayments to be in thirty six monthly instalments of N5,555,555.56 commencing March 2007											
Bank of Industry	N1.0bn											
	Repayment to be in twelve equal and consecutive quarterly instalments of N83,333,333 commencing from January 2007		1,000,000									
	Total term loans		5,798,291	4,444,574	4,437,836	3,068,732	3,028,549	1,826,948	1,813,854	1,074,734	1,024,128	821,238
	Less amount due within 12 months		(1,361,030)	(189,920)	(183,182)	(225,047)	(184,864)	(151,312)	(138,218)	(242,876)	(205,364)	(233,792)
	Due after one year		4,437,261	4,254,654	4,254,654	2,843,685	2,843,685	1,675,636	1,675,636	831,858	818,764	587,446

FIVE YEAR FINANCIAL SUMMARY

	30/06/06 The Company =N=000	31/12/05 The Group =N=000	31/12/05 The Company =N=000	31/12/04 The Group =N=000	31/12/04 The Company =N=000	31/12/03 The Group =N=000	31/12/03 The Company =N=000	31/12/02 The Group =N=000	31/12/02 The Company =N=000	31/12/01 The Group =N=000	31/12/01 The Company =N=000
1.09 Deferred taxation											
Balance at the beginning											
(a) of the period/ year	474,919	83,595	83,595	237,506	178,495	261,691	202,680	6,227	-	6,227	-
Prior year adjustment (Note 7.09(b))	-	-	-	-	-	-	-	238,665	209,036	-	-
(Write back)/charge for the period/ year	(32,191)	516,560	391,324	(153,911)	(94,900)	(24,185)	(24,185)	16,799	(6,356)	-	-
Balance at the end of the period/ year	442,728	600,155	474,919	83,595	83,595	237,506	178,495	261,691	202,680	6,227	-

During the year ended 31 December 2002, the Company complied with the provisions of the Statement of Accounting Standards (SAS) 19 in the computation of deferred tax. By complying (b) the deferred tax charge which would have been provided as at 31 December 2001 amounted to N209 million.

This amount was adjusted against the opening reserves brought forward on 1 January 2002 in accordance with the provision of SAS 6, accounting for prior year adjustments. The deferred tax credit of N6 million arising in respect of temporary differences for 2002 financial statement was credited to the profit and loss account.

1.10 Share capital

i) Authorised :

800,000,000 ordinary shares of 50k each	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
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ii) Issued and fully paid :

756,000,000 ordinary shares of 50k each	378,000	378,000	378,000	378,000	378,000	-	-	-	-	-	-
604,800,000 ordinary shares of 50k each	-	-	-	-	-	302,400	302,400	302,400	302,400	302,400	302,400
	378,000	378,000	378,000	378,000	378,000	302,400	302,400	302,400	302,400	302,400	302,400

FIVE YEAR FINANCIAL SUMMARY

	30/06/06 The Company =N=000	31/12/05 The Group =N=000	31/12/05 The Company =N=000	31/12/04 The Group =N=000	31/12/04 The Company =N=000	31/12/03 The Group =N=000	31/12/03 The Company =N=000	31/12/02 The Group =N=000	31/12/02 The Company =N=000	31/12/01 The Group =N=000	31/12/01 The Company =N=000
1.11 Share premium											
Movements on the share premium account are as indicated below:											
Balance at the beginning of the period/ year	157,400	157,400	157,400	157,400	157,400	157,400	157,400	158,098	158,098	159,846	159,846
Write-off during the period/year	(4,532)										
Bonus issue expenses	-	-	-	-	-	-	-	(698)	(698)	(1,748)	(1,748)
Balance at the end of the period/ year	152,868	157,400	157,400	157,400	157,400	157,400	157,400	157,400	157,400	158,098	158,098
1.12 Capital reserve											
Balance at the beginning of the period/year	3,565,567	13,557	13,557	13,557	13,557	13,557	13,557	13,557	13,557	13,557	13,557
Revaluation surplus for the year		3,946,678	3,946,678								
Deferred tax on revaluation surplus		(394,668)	(394,668)								
Balance at the end of the period/ year	3,565,567	3,565,567	3,565,567	13,557	13,557	13,557	13,557	13,557	13,557	13,557	13,557
(b) Capital reserve represents net surplus on the revaluation of the Company's landed properties, plants and machinery in line with IFRS.											
1.13 General reserve											
Balance at the beginning of	321,000	321,000	321,000	396,600	396,600	396,600	396,600	396,600	396,600	396,600	396,600
Bonus issue	-	-	-	(75,600)	(75,600)	-	-	-	-	-	-
Balance at the end of the period/year	321,000	321,000	321,000	321,000	321,000	396,600	396,600	396,600	396,600	396,600	396,600

FIVE YEAR FINANCIAL SUMMARY

	30/06/06 The Company =N=000	31/12/05 The Group =N=000	31/12/05 The Company =N=000	31/12/04 The Group =N=000	31/12/04 The Company =N=000	31/12/03 The Group =N=000	31/12/03 The Company =N=000	31/12/02 The Group =N=000	31/12/02 The Company =N=000	31/12/01 The Group =N=000	31/12/01 The Company =N=000
1.14 Revenue reserve											
Balance at the beginning of the period/ year	(486,618)	220,344	(282,009)	422,568	34,018	656,278	330,921	796,823	419,078	674,125	339,718
Prior year adjustment (Note 7.09(b))	-	-	-	-	-	-	-	(209,036)	(209,036)	-	-
(Loss)/profit for the period/ year	(81,296)	(235,126)	(204,609)	(202,224)	(316,027)	(233,710)	(296,903)	68,491	120,879	122,698	79,360
Balance at the end of the period/ year	(567,914)	(14,782)	(486,618)	220,344	(282,009)	422,568	34,018	656,278	330,921	796,823	419,078
1.15 Minority interest											
This represents the interest of minority shareholders in the capital and reserves of the subsidiary company Pamol (Nigeria) Limited. The Company owns 60% of Pamol (Nigeria) Limited.											
1.16 Turnover											
i) Turnover represents invoice value of sales to third parties less rebates											
ii) Analysis by geographical location											
Sales within Nigeria	2,812,218	5,120,265	5,037,493	5,182,469	5,031,969	4,967,439	4,153,177	6,380,045	4,664,432	5,424,813	4,309,891
Export sales	-	30,123	-	35,305	6,343	27,408	-	5,229	5,229	14,912	14,912
	2,812,218	5,150,388	5,037,493	5,217,774	5,038,312	4,994,847	4,153,177	6,385,274	4,669,661	5,439,725	4,324,803
iii) Analysis by products											
Tyres	2,812,218	4,604,767	5,037,493	4,578,599	5,038,312	3,554,703	4,153,177	4,429,650	4,429,650	3,821,018	3,821,018
Flooring products	-	-	-	-	-	-	-	387,743	158,340	364,088	364,088
Chemical products	-	-	-	-	-	-	-	78,612	78,612	119,701	119,701
Natural Rubber and oil palm processing	-	545,621	-	639,175	-	700,073	-	575,677	3,059	231,162	19,996
Paints	-	-	-	-	-	740,071	-	913,592	-	903,756	-
	2,812,218	5,150,388	5,037,493	5,217,774	5,038,312	4,994,847	4,153,177	6,385,274	4,669,661	5,439,725	4,324,803
1.17 (Loss)/profit before interest and tax											
i) Analysis by products											
Tyres	(113,487)	(207,953)	(207,953)	(407,551)	(407,551)	(750,135)	(750,135)	101,429	48,468	166,434	174,032
Flooring products	-	-	-	-	-	-	-	8,878	1,732	22,522	22,522
Chemical products	-	-	-	-	-	-	-	1,800	860	6,142	6,142
Natural Rubber and oil palm processing	-	2,508	-	29,431	-	58,172	-	13,182	34	5,952	2,047
Paints	-	-	-	-	-	38,266	-	20,919	-	103,647	-
	(113,487)	(205,445)	(207,953)	(378,120)	(407,551)	(653,697)	(750,135)	146,208	51,094	304,697	204,743

FIVE YEAR FINANCIAL SUMMARY

	30/06/06 The Company =N=000	31/12/05 The Group =N=000	31/12/05 The Company =N=000	31/12/04 The Group =N=000	31/12/04 The Company =N=000	31/12/03 The Group =N=000	31/12/03 The Company =N=000	31/12/02 The Group =N=000	31/12/02 The Company =N=000	31/12/01 The Group =N=000	31/12/01 The Company =N=000
Profit/(loss) before interest and tax											
is stated after charging:											
Depreciation	107,332	178,413	158,515	175,896	141,605	189,708	139,861	192,977	135,319	187,514	126,685
Auditors' remuneration	4,000	8,740	6,000	6,750	4,500	6,750	4,500	7,740	4,500	6,700	3,720
Directors' emoluments	9,121	22,455	18,240	13,983	10,516	9,704	8,237	8,428	7,113	7,419	5,975
1.18 Extraordinary items											
Gain on disposal of subsidiary company's shares	-	-	-	-	-	356,517	356,517	-	-	-	-
Gain on disposal of landed property	-	-	-	63,000	-	130,557	130,557	-	-	-	-
Gain on sales of Calabar Oil Palm Estate	-	-	-	44,294	-	-	-	-	-	-	-
Gain on disposal of industrial products business	-	-	-	-	-	-	-	89,280	-	-	-
	-	-	-	107,294	-	487,074	487,074	-	89,280	-	-
Capital gains tax	-	-	-	-	-	(13,040)	(13,040)	-	(6,936)	-	-
	-	-	-	107,294	-	474,034	474,034	-	82,344	-	-
1.19 Notes to the statement of cash flow											
Reconciliation of net income to net cash provided by operating activities:											
Loss after tax	(81,296)	(235,126)	(204,609)	(289,217)	(316,027)	(684,682)	(770,937)	96,580	38,535	237,661	170,080
Adjustment to reconcile net income to net cash provided:											
Depreciation	107,332	178,413	158,515	174,933	141,606	189,708	139,861	192,977	135,319	187,514	126,685
(Profit)/loss on sales of fixed assets	(105)	(5,087)	(45,230)	(108,366)	(1,072)	(5,448)	(5,448)	56,422	(128,967)	(5,613)	(2,978)
Interest receivable	(15,139)	(12,017)	(12,017)	(14,914)	(14,914)	696	10,692	10,414	11,106	15,775	10,114
Interest expenses and similar charges	199,005	322,042	286,273	216,444	162,121	490,607	441,603	384,789	351,609	206,568	181,075
Changes in assets and liabilities											
(Increase)/decrease in inventories	(89,307)	(442,347)	(477,241)	1,214,038	753,910	(213,918)	(263,696)	(179,327)	(59,394)	(368,034)	(335,454)
(Increase)/decrease in debtors and prepayments	(361,328)	492,683	195,641	(5,261)	(39,335)	(132,052)	(96,842)	(265,692)	(244,676)	24,154	40,575
Increase/(decrease) in creditors	1,196,663	1,226,203	1,326,731	(301,721)	412,164	1,517,092	1,249,125	496,650	376,222	421,550	355,797
(Increase)/reduction in deferred charges	(1,029)	7,111	2,729	46,786	38,414	13,320	1,029	41,154	37,404	(9,708)	(6,050)
Increase in intercompany Assets written off	(42,281)	(17,609)	-	269,391	-	-	(80,189)	-	(146,703)	-	(2,853)
Adjustment for deferred tax provision	(32,191)	992	(3,344)	(91,524)	(91,524)	4,176	(1,587)	243,559	203,598	17,478	(442)
	961,620	1,755,154	1,432,057	1,399,806	1,361,370	1,864,181	1,394,548	980,946	535,518	489,684	366,469
Net cash provided by operating activities	880,324	1,520,028	1,227,448	1,110,589	1,045,343	1,179,499	623,611	1,077,526	574,053	727,345	536,549

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	30/06/06 The Company =N=000	31/12/05 The Group =N=000	31/12/05 The Company =N=000	31/12/04 The Group =N=000	31/12/04 The Company =N=000	31/12/03 The Group =N=000	31/12/03 The Company =N=000	31/12/02 The Group =N=000	31/12/02 The Company =N=000	31/12/01 The Group =N=000	31/12/01 The Company =N=000
1.20 Cash and cash equivalent											
Cash in hand	4,661	1,050	1,050	3,757	2,951	-	-	-	-	-	-
Cash at bank	77,087	120,042	118,688	135,094	127,947	-	-	-	-	-	-
Fixed deposit	207,900	278,174	278,174	340,902	340,902	-	-	-	-	-	-
	289,648	399,266	397,912	479,753	471,800	479,774	426,881	620,026	580,389	367,503	313,842

1.21 Financial commitments

Details of capital expenditures approved by the Directors are as follows :

Contracted out	6,871,860	-	6,542,579	-	4,586,413	-	3,239,656	-	167,103	-	455,544
Not contracted out	306,983	-	125,434	-	562,535	-	143,122	-	2,360,191	-	97,140
	7,178,843	-	6,668,013	-	5,148,948	-	3,382,778	-	2,527,294	-	552,684

1.22 Contingent liabilities

a) The Company guaranteed loans for members of its staff, as follows:

i) Car loans	44,384	-	55,073	-	73,319	-	45,630	-	63,342	-	58,555
ii) Housing loans	4,114	-	5,310	-	18,817	-	10,318	-	9,438	-	9,520

b) Gurantees for logistic providers

	140,379	-	120,236	-	120,236	-	-	-	-	-	-
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c) Bonds and guarantees

	-	-	-	-	1,055	-	-	-	-	-	-
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1.23 Commitment to Provident Funds

The Company operates a self-administered provident fund scheme for the staff. The benefit under the plan is generally related to an

employee's length of service and remuneration. The Provident scheme is a defined contribution scheme.

The assets of the scheme are managed by Trustees of D.N. Pension Trust Limited. The National Pension

Commission has however granted the Company approval to continue with its existing contributory pension scheme in line with the provisions of the Pension Reform Act, 2005. Charges against the profit for the year in respect of contribution to the Company's Provident/Pension Funds for staff.

	50,417	75,205	-	62,031	-	56,000	-	61,522	-	49,278	-
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The latest actuarial valuation as at 31 December 2004 was carried out by Alexander Forbes. The valuation disclosed a surplus of N151.5 million as at the date of valuation. The surplus has been left unappropriated until the next valuation.

FIVE YEAR FINANCIAL SUMMARY

30/06/06 The Company =N=000	31/12/05 The Group =N=000	31/12/05 The Company =N=000	31/12/04 The Group =N=000	31/12/04 The Company =N=000	31/12/03 The Group =N=000	31/12/03 The Company =N=000	31/12/02 The Group =N=000	31/12/02 The Company =N=000	31/12/01 The Group =N=000	31/12/01 The Company =N=000
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1.24 Post Balance Sheet events

There were no significant post balance sheet events which could have had a material effect on the state of affairs of the company as at 30 June 2006 which have not been adequately provided for.

1.25 Transactions with related companies

The company sources certain raw materials, engineering spares and fixed assets from companies related to it, Dunlop Africa Marketing (DAM-UK), and Pamol Nigeria Limited its subsidiary. Transactions conducted include technical services with Dunlop Africa Marketing (DAM-UK). Technical services fee which is based on turnover less rebates are:

Technical Aids Fees	78,232	135,518	125,794	94,098	93,668	86,565
Royalty	33,406	57,202	52,402	39,356	45,538	45,209
	111,638	192,720	178,196	133,454	139,206	131,774

1.26 Consolidation

Group results for six month period to 30 June 2006 is not included because consolidated financial statements were not prepared as it is only the Company's results that were audited.

1.27 Comparative figures

Comparative figures in some cases have been restated to conform with changes in presentation in the current period.

STATUTORY AND GENERAL INFORMATION

Incorporation and Share Capital History

The Company was incorporated on October 21, 1961 as Dunlop Nigeria Industries Limited. On 13th June 1991 the name was changed to Dunlop Nigeria Plc. The Company was admitted to the Stock Exchange in 1961.

Year	Authorised Share Capital (₦)		Issued & Fully Paid-up (₦)		Consideration
	Increase	Cumulative	Increase	Cumulative	
	₦	₦	₦	₦	
1961	5,000,000	5,000,000	3,000,000	3,000,000	Cash
1976	5,000,000	10,000,000	3,000,000	6,000,000	Scrip
1977	-	10,000,000	1,000,000	7,000,000	Scrip
1978	2,500,000	12,500,000	-	7,000,000	-
1981	-	12,500,000	3,500,000	10,500,000	Scrip
1987	17,500,000	30,000,000	5,250,000	15,750,000	Scrip
1988	-	30,000,000	5,250,000	21,000,000	Cash
1992	-	30,000,000	7,000,000	28,000,000	Scrip
1993	95,000,000	125,000,000	28,000,000	56,000,000	Scrip
1993	-	125,000,000	28,000,000	84,000,000	Cash
1995	130,000,000	255,000,000	84,000,000	168,000,000	Scrip
1997	-	255,000,000	84,000,000	252,000,000	Scrip
2000	145,000,000	400,000,000	50,400,000	302,400,000	Scrip
2004	-	400,000,000	75,600,000	378,000,000	Scrip
2006	1,108,240,000	1,508,240,000	-	-	
TOTAL		1,508,240,000		378,000,000	

Shareholding Structure

As at the date of this Prospectus, the issued and fully paid-up capital of the Company stood at ₦378,000,000 comprising 756,000,000 Ordinary Shares of 50 kobo each and were beneficially held as follows:

Shareholder	No. of Ordinary Shares held	(%) Percentage Holdings
Dunlop Africa Marketing (UK) Limited	190,512,017	25.20
Odua Investment Company Ltd	61,635,366	8.15
Others	503,852,617	66.65

Except as stated above, no Shareholder holds more than 5% of the issued share capital of the Company.

Director's Beneficial Interest

As at the date of this Prospectus, the interests of the Directors of Dunlop Nigeria Plc in the issued share capital of the Company as recorded in the Register of Members and as notified by them for the purpose of Section 275 (1) of the Companies & Allied Matters Act Cap 20 LFN 2004 are as follows:

Director	Direct Shareholding	Indirect Shareholding	(%) Percentage Holding
Jabez Dayo Lawuyi	1,125,000	-	0.1488%
Mohammed Jimoh Yinusa	584,558	-	0.0773%
Goodie Minabo Ibru	1,063,478	-	0.1407%
Kolapo Albert Popoola	241,500	-	0.0319%
Olawale Surajudeen Salami	36,000	-	0.0048%

STATUTORY AND GENERAL INFORMATION

Olawale Olasunkanmi Ajai	16,000		0.0021%
Sikiru Okunola Araoye	Nil		Nil
Mansur Ahmed	3,300		0.0004%
Ogala Osoka	102,471		0.013%
Terence Montague Padmore	Nil		Nil

Indebtedness

As at the date of this Prospectus, the Company had no outstanding debentures, mortgages, charges or similar indebtedness or material contingent liabilities other than in the ordinary course of business amounting to ₦9.46 billion. Also, the contingent liabilities from all the suits against the Company should not exceed ₦500,000.00 (Five Hundred Thousand Naira).

Subsidiaries and Associated Companies

As at the date of this Prospectus, the Company had a subsidiary

Subsidiary	Shareholding
Pamol (Nigeria) Limited	60.0%

Extracts from the Articles of Association

The following are relevant extracts from the Company's Articles of Association.

SHARES

- Without prejudice to any special rights previously conferred on the holders of existing shares in the Company, any share in the Company may be issued with preferred, deferred, or other special rights or such restrictions whether in regard to dividend, voting, return of share capital or otherwise as the Company may from time to time by Special Resolution determine.

TRANSFER OF SHARES

- The Directors may decline to register any transfer of shares upon which the Company has a lien and in the case of shares not fully paid up may refuse to register a transfer to a transferee of whom they do not approve. Fully paid-up shares shall be free from any restriction on the right of transfer.
- The instrument of transfer of any share in the Company shall be in the usual common form or other form as shall be approved by the Directors, and shall be executed both by the transferor and the transferee, and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register in respect thereof, and when registered the instrument of transfer shall be retained by the Company.

INCREASE OR REDUCTION OF CAPITAL

- The Directors may, with the sanction of a General Meeting of the Company, increase the capital of the Company by the issue of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amount as the Company may direct, or, if no direction be given, as the Directors think expedient. Subject to such privileges, priorities or conditions as are or may be attached thereto, all new shares shall be subject to the same provisions in all respects as if they had been part of the original capital.
- Any new shares shall be allotted and issued in such manner and on such terms as the Company at the meeting which sanctions such issue shall direct, or, if no direction be given, as the Directors may think expedient.
- Subject to section 48 (1) of the Ordinance the Company may from time to time by Special Resolution reduce its capital by paying off capital or canceling capital which has been lost or unrepresented by available assets, or reducing the liability on the shares or otherwise as may seem expedient, and capital may be paid off upon the footing that it may be called up again or otherwise.

GENERAL MEETINGS

- The statutory General Meeting of the Company shall be held within the period required by section 67 of the Ordinance.

STATUTORY AND GENERAL INFORMATION

47. A General Meeting shall be held once at least in each calendar year at (subject as hereinafter provided) such time and place as may be prescribed by the Company in General Meeting, and if no other time and place is prescribed, at (subject as aforesaid), such time and place as may be determined by the Directors, provided that no General Meeting of the Company shall be held in the United Kingdom of Great Britain and Northern Ireland.
48. The General Meeting referred to in the last preceding clause shall be called Ordinary Meetings, all other meetings of the Company shall be called Extraordinary General Meetings.
51. The business of an Ordinary Meeting shall be to receive and consider the profit and loss account, the balance sheet and reports of the Directors and of the Auditors, to elect Directors and officers in the place of those retiring by rotation, to fix the remuneration of Directors, to appoint and fix the remuneration of Auditors, to declare dividends, and to transact any business brought before the meeting by the Directors' report and any other business which under these presents ought to be transacted at an Ordinary Meeting. All other business transacted at an Ordinary Meeting and all business transacted at an Extraordinary Meeting shall be deemed special.
52. For all purpose the quorum for a General Meeting shall be not less than two members present in person or by proxy.
53. No business shall be transacted at any General Meeting unless the quorum requisite shall be present at the commencement of the business.

DIRECTORS

73. The number of Directors shall not be more than twelve nor less than two: but the continuing or actual Directors may act notwithstanding any vacancy in their body, provided that if the number of the Board be less than the prescribed minimum the remaining Directors or Director shall forthwith appoint an additional Director or additional Directors to make up such minimum or convene a General Meeting of the Company for the purpose of making such appointment.
74. The first Directors shall be appointed by the subscribers to the Memorandum of Association. Each of the Directors shall be paid out of the funds of the Company by way of remuneration for his services such sums as the Company in General Meeting may from time to time determine. Such remuneration shall be divided between the Directors in such proportions and manner as the Company in General Meeting shall determine.
76. A Director shall not be required to hold any qualification shares.

POWERS AND DUTIES OF DIRECTORS

84. The business of the Company shall be managed by the Directors who however shall be entitled to exercise their powers as Directors only when and whilst they are outside the said United Kingdom and Northern Ireland. In addition to the powers and authorities by these presents or otherwise expressly conferred upon them the Directors may exercise all such powers and do all such acts and things as may be exercised or done by the Company, and as are not by the Statutes or by these Articles required to be exercised or done by the Company in General Meeting, subject nevertheless to such directions being not inconsistent with any regulations of these Articles or the provisions of the Statutes as may be given by the Company in General Meeting, provided that no direction given by the Company in General Meeting shall invalidate any prior act of the Directors, which would have been valid if such direction had not been given, and any provision contained in these Articles as to any specific power of the Directors shall not be deemed to abridge the general powers thereby given.

STATUTORY AND GENERAL INFORMATION

86. A Director of the Company may be or become a director of any company promoted by this Company, or in which it may be interested as a vendor, shareholder or otherwise, and no such Director shall be accountable for any benefits derived as director or member of such company. A Director may, subject as hereinafter provided, hold any other office or place of profit under the Company except that of Auditor in conjunction with the office of Director, and no such terms as to remuneration and otherwise as the Directors may arrange.

BORROWING POWERS

87. The Directors may borrow or raise from time to time, such sums of money as they think necessary for the purpose of the Company, provided that the aggregate sum of such borrowings (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed two and a half times the paid up share capital and reserves, except with the consent of the Company in General Meeting by Ordinary Resolution. This provision shall not prejudice or affect the security of any persons bona fide lending money to the Company without notice that the limit has been or is about to be exceeded, or render it necessary for him to see or inquire whether any such consent has been given.

DISQUALIFICATION OF DIRECTOR

91. The office of a Director shall be vacated.
- (i) If he deliver to the Board or to the Secretary of the Company a notice in writing of his resignation of his office of Director.
 - (ii) If he ceases to be a Director by virtue of the Statutes.
 - (iii) If he becomes bankrupt, makes any declaration of insolvency or suspend payment or compromise with his creditors or have execution levied upon his property following the judgment of a court of law.
 - (iv) If he becomes of unsound mind.
 - (v) If he be removed by the Company under the provision of Articles 98 hereof.

DIVIDENDS

107. The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interests in the profits, but no larger dividend shall be declared than is recommended by the Board.
109. The Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserves which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit. The Directors may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

Claims and Litigation

The Company in its ordinary course of business is presently involved in Eleven (11) cases. The amount claimed in five (5) of the Eleven cases instituted against the Company is estimated at Sixty-eight million, Eight hundred and Forty-five thousand Six hundred and Eighty-seven Naira Thirty kobo (₦68,845,687.30); while the total amount claimed in three (3) of the Eleven cases instituted by the Company is estimated at Thirty-one million, Three hundred and Twenty-seven thousand, Nine hundred Naira (₦31,327,900.00). With respect to the remaining 3 cases, Dunlop is a nominal party in one and the remaining two cases are Group Claims by the Lagos State Government against the Manufacturers Association of Nigeria. They are Sales tax cases. However the Solicitors to the Company are of the opinion that the contingent liability arising from the cases pending against the Company is not likely to exceed an estimate of Five hundred thousand Naira (₦500,000.00).

The Directors of the Company are of the opinion that none of the aforementioned cases is likely to have material effect on the Company or the Offer, and are not aware of any other pending and or threatened claims or litigation which may be material to the offer.

STATUTORY AND GENERAL INFORMATION

Costs and Expenses

The costs, charges and expenses of and incidental to the Offer as well as that of and incidental to the Offer for Subscription of 1,504,480,000 Ordinary Shares of 50k each at ₦2.50 per share and Rights Issue of 756,000,000 Ordinary Shares of 50 kobo each at ₦2.30 per share respectively each including fees payable to the regulatory authorities, brokerage commission as well as printing and distribution expenses are estimated at ₦341,522,500.00 representing approximately 6.21% of the proceeds of the Offer for Subscription and Rights Issue.

Corporate Governance

As a company listed on the Nigerian Stock Exchange, the fundamental basis of Dunlop's drive for effective corporate governance is provided by, above all, the "Code of Best Practices on Corporate Governance" for publicly quoted companies launched in November 2003 by the Securities and Exchange Commission. The key elements of Dunlop's responsible and value-driven system of corporate governance include clearly defined board structure and roles, functionally competent board and executive committees with clearly articulated expectations, good relations with shareholders, effective cooperation between the Management and the Board, as well as a transparent reporting.

Related Party Transaction

The Company sources certain raw materials, engineering spares and fixed asset from companies related to it which are Dunlop Africa Marketing (DAM-UK), and Pamol Nigeria Limited its subsidiary. Transactions concluded include technical services with Dunlop Africa Marketing and have been disclosed in page 17 of the 6 month Audited Financial Statements ended June 30 2006.

Mergers or Takeover

During the preceding financial year and the current financial year, the Company is not aware of any of any merger or take-over offer by any third parties in respect of the Company's securities or has there been any merger or take-over offer by the Company in respect of other company's securities.

Unclaimed Dividend

As at 30 June 2006, Dunlop Nigeria Plc had shareholders in the Register of members who had not claimed their dividend warrants. The total amount of unclaimed dividends with the Registrars as at 30 June 2006 is ₦ 54,725,464.16. The Company publishes the list of shareholders holding unclaimed dividend payments in every Annual Report issued yearly.

Off Balance Sheet Items

Contingent liabilities of ₦144,793,246.00 to Dunlop's logistics providers, save as disclosed in the Audited Financial Statements as at June 30 2006, the Company is not aware of any off balance sheet transaction.

Declarations

Except as otherwise disclosed in this Prospectus:

- (a) No share of the Dunlop Nigeria Plc is under option or agreed conditionally or unconditionally to be put under option;
- (b) No commissions, discounts, brokerages or other special terms have been granted by Dunlop Nigeria Plc to any person in connection with the offer or sale of any share of the Company;
- (c) Save as disclosed herein, the Directors of the Dunlop Nigeria Plc have not been informed of any holding representing 10% or more of the issued share capital of the Company;
- (d) There are no founders', management or deferred shares or any options outstanding in Dunlop Nigeria Plc;
- (e) There are no material service agreements between the Company or any of its Directors and employees other than in the ordinary course of business;
- (f) There are no long term service agreements between Dunlop Nigeria Plc and any of its Directors and employees except Pension Agreements; and
- (g) No Director of the Company has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Company in the five years prior to the date of this Prospectus.

Material Contracts

The following agreement has been entered into and is considered material to this Offer:

- (a) A Vending Agreement dated 22nd November 2006 by which UBA Global Markets, Sterling Capital Markets Limited and Ecobank Nigeria Plc have agreed to Offer for Subscription of Ordinary Shares of 50 kobo each at ₦2.50 per share and Rights Issue of 756,000,000 Ordinary Shares of

STATUTORY AND GENERAL INFORMATION

50 kobo each at ₦2.30 per share.

- (b) An Underwriting Agreement dated 22nd November 2006 by which UBA Global Markets, Sterling Capital Markets Limited and Ecobank Nigeria Plc have agreed to underwrite on a stand-by basis, the Offer for Subscription of 1,504,480,000 Ordinary Shares of 50 kobo each at ₦2.50 per share and Rights Issue of 756,000,000 Ordinary Shares of 50 kobo each at ₦2.30 per share.
- (c) A Licence Agreement dated 1st of January 2005 entered into between Dunlop Tyres International and Dunlop Nigeria Plc by which Dunlop is granted the exclusive licence to use and exploit the Dunlop Tyres International licensed trademarks.
- (d) A Technical Know-How Agreement dated 1st of January 2005 entered into between Dunlop Tyres International and Dunlop Nigeria Plc by which Dunlop is granted the exclusive right to use, distribute, sell and market Dunlop Tyres International's licensed products and information.

Other than as stated above, the Company has not entered into any material contract except in the ordinary course of business.

Relationship between the Issuer and its Advisers

As at the date of this Prospectus, there is no relationship between the Company and any of its advisers except in the ordinary course of business.

Consents

The following have given and not withdrawn their written consents to the issue of this Prospectus with their names and reports (where applicable) included in the form and context in which they appear:

Directors of the Company

Jabez Dayo Lawuyi (Chairman)
Mohammed Jimoh Yinusa (Group Managing Director/CEO)
Goodie Minabo Ibru
Kolapo Albert Popoola
Sikiru Okunlade Araoye
Mansur Ahmed
Ogala Osoka
Olawale Surajudeen Salami
Olawale Olasukanmi Ajai
Terence Montague Padmore

Company Secretary

Olawale Olasukanmi Ajai

Joint Lead Issuing Houses/Arrangers

UBA Global Markets
Ecobank Nigeria Plc

Joint Issuing House

Sterling Capital Markets Limited

Stockbrokers

Security Swaps Limited
Nigeria Stockbrokers Limited
Lead Capital Limited
UBA Stockbrokers Limited
Royal Crest Finance Limited
Capital Asset Limited
Reward Investments and Services Limited
ESL Securities Limited

Auditors

Ernst & Young

Reporting Accountants

BDO Oyediran Faleye Oke & Co.

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Solicitors to the Offer Ephraim Oluwanuga & Co.

Solicitors to the Company Olumuyiwa Aduroja & Co.

Registrars Union Registrars Limited

Receiving Banks UBA Plc
Sterling Bank Plc
Ecobank Nigeria Plc

Documents Available for Inspection

Copies of the following documents may be inspected at the offices of the Issuing Houses, during normal business hours on any weekday (except public holidays), from Wednesday, 29th November 2006 until Friday, 5th January 2007.

- 1) Certificate of Incorporation of the Company;
- 2) Memorandum and Articles of Association of the Company;
- 3) AGM Resolution increasing the Authorised share capital of the Company;
- 4) The Shareholders' Resolution authorising the Offer;
- 5) Board Resolution approving the Offer for Subscription of 1,504,480,000 Ordinary Shares of 50 kobo each at ₦2.50 per share;
- 6) The Audited financial statements of the Company for each of the five years ended December 31, 2001 to 2005;
- 7) The Interim Audited financial statements of the Company for 6 month ended June 30, 2006;
- 8) Reporting Accountants' Report on the financial statements of the Company for each of the five years ended December 31, 2001 to 2005 and 6 months ended June 30, 2006;
- 9) Reporting Accountants' Report on the Profit Forecast of the Company for the years ending December 31, 2006, to 2009;
- 10) The list of claims and litigation referred to above;
- 11) The material contracts referred to above;
- 12) The written consents of the Directors and Parties to the Offer;
- 13) The Prospectus issued in respect of the Offer;
- 14) Letter from the Securities & Exchange Commission approving the Offer; and
- 15) Letter from the Nigerian Stock Exchange approving the Offer.
- 16) Licence Agreement between Dunlop Tyres International and Dunlop Nigeria Limited.
- 17) Technical know how Agreement between Dunlop Tyres International and Dunlop Nigeria Limited

OVERVIEW OF THE NIGERIAN CAPITAL MARKET

Regulatory Structure

The conventional responsibilities for regulating the Nigerian capital market lie with SEC and the Exchange. While SEC, as the apex regulatory authority, provides a broader oversight of operating activities in the capital market, NSE, as a self-regulatory body, promotes an efficient and transparent market for both operators and investors.

Securities & Exchange Commission

Consequent to the establishment of the then Lagos Stock Exchange, an ad hoc consultative and advisory body known as the Capital Issues Committee was established in 1962 under the management of the CBN. Amongst its mandate was the examination of applications from companies seeking to raise funds from the market and the determination of the prices, timing and amount of such Issues. The notable development in the level of economic activities, which included the promulgation of the Nigerian Enterprises Promotion Decree in 1972, necessitated the creation of another institution, the Capital Issues Commission (CIC) in March, 1973 to take over the activities of the Capital Issues Committee.

Pursuant to the acceptance of the recommendation of the Financial System Reviewing Committee in 1976, the Federal Government approved the establishment of SEC to take over from the Capital Issues Commission.

Thus, the CIC served as the precursor to the establishment of the Securities and Exchange Commission, which had its enabling enactment in the Securities and Exchange Commission Decree 17 of 1979. By this Decree, the Commission was empowered to carry out the responsibilities of regulating and developing the Nigerian capital market with the ultimate objective of protecting the investing public and accelerating socio-economic development. This Decree was however re-enacted as Decree No. 29 of 1988, which was later repealed and replaced in its entirety by the Investment and Securities ("ISA") Act No 45 of 1999 now ISA Cap I24 LFN 2004.

In a bid to fulfil its role of developing the capital market, SEC periodically organises a number of enlightenment programmes for capital market operators as well as the investing public.

The Nigerian Stock Exchange

The Exchange was established in 1960 with the name Lagos Stock Exchange. In December 1977, its name was changed to the Nigerian Stock Exchange headquartered in Lagos with branches established in some of the major commercial cities in the country. Currently, the exchange operates with eight (8) branches in Abuja, Port Harcourt, Kano, Onitsha, Ibadan, Kaduna, Yola and Benin. There are 270 listed securities on the Exchange's Daily Official List, made up of 32 Government stocks, 36 Industrial loan (Debenture/Preference) stocks and 202 Equities, contributing to a total market capitalisation of ₦3.12 trillion, as at 7th July, 2006.

Trading is executed via an Automated Trading System. Trading activities commence at 10.00 a.m and end at 12 noon, from Monday to Friday except public holidays. Prices of shares are determined by demand and supply mechanism. NSE All Share Index (with base period January 3, 1984 equals 100) is comprised solely of equities and is calculated based on market capitalisation and market value.

Clearing, settlement and delivery of transactions on the Exchange are done electronically by CSCS, a subsidiary of NSE. CSCS was incorporated in 1992 and commenced operations in 1997. It has reduced the settlement time of transactions to T+3days making the Nigerian stock market more efficient and investor friendly.

Outlook of the Nigerian Economy

According to the CBN, the Nigerian economy at the end of 2004 fiscal year recorded a decline in real growth in GDP from 10.2% to 6.1%, which was above the 5% growth targeted for the year.

OVERVIEW OF THE NIGERIAN CAPITAL MARKETS

While recorded nominal growth could be attributed to significant contributions from major sectors, namely, mining (crude oil), agriculture, industry, utilities, communications, building and construction and services, the decline in the nation's real growth rate was as a result of high inflation figures for the year.

Inflation rate reportedly stood at 13 per cent in 2005. Liquidity injection into the economy is the major source of the increase in inflation rate, which pushes the FGN's single-digit target further out of reach, through the release from the Federation Accounts Allocation Committee (FAAC) between January and April. Given the impact of monetary growth on price levels, the FGN continues to adopt tightening policies aimed at reducing the volume of funds in the system. Apart from its recent introduction of a federal government bond and a continued pursuit of its Open Market Operations, there has been a consistent reduction in the Minimum Rediscount Rate, which currently stands at 14 per cent. However, the implication of increases in pump prices of petroleum products remains a potential factor that could curtail the impact of improved earnings from crude oil, which had its price peak recently at a high of \$70 per barrel, on real GDP growth for 2005.

Apart from lifting its ban on the Export Expansion Grant earlier imposed in July 2004, the FGN has achieved significant success in its comprehensive reform of key sectors of the Nigerian economy in 2005.

Privatisation Programme

The power sector has seen the evolution of the Electric Power Sector Reform Act 2004, which seeks to unbundle the National Electric Power Authority (NEPA) and open up opportunities for investors in the sector through a streamlined legal framework. To this end, the BPE has announced the new identity of NEPA as the Power Holding Company of Nigeria Plc (PHCN). Amongst the assignments earmarked for the new company is to redistribute NEPA's assets amongst the entities into which the electricity behemoth will be unbundled. Although PHCN announced recently that its power generation capacity has peaked at 3523MW, following the successful rehabilitation of its power stations, there is still evidence of massive load shedding.

Given the 2007 target set for the achievement of 10,000 megawatts of energy generation, we expect the BPE to speedily conclude its planned capital raising of US\$20 billion for PHCN ahead of the eventual privatisation of the 18 companies created from the unbundling of NEPA.

The privatisation of NITEL has been concluded with the divestment of 75% to Transnational Corporation Plc following the decision by the FGN to divest its holding to a core investor in order to resolve the deficit of approximately ₦63 billion in the corporation's pension fund

Pension Reform

With the operation of the PFAs and PFCs, a take off of the recently introduced contributory pension scheme has commenced, the degree of technology required to support the smooth operations of the entire process in line with the requirements of the Pension Reform Act 2004 might pose some initial challenges. However, most Nigerians view the pension reform as a welcome change to the previous defined benefit system, which largely failed most Nigerian workers at the end of their working careers.

Banking Reform

The banking industry remains one of the fastest growing sectors in the Nigerian economy, with a consistent average annual growth rate of over 33% in gross and net earnings since 1998. The sector also has 92% of total financial savings in the economy, with total assets and contingents in excess of ₦4.5 trillion as reported in the CBN's 2005 Annual Report.

OVERVIEW OF THE NIGERIAN CAPITAL MARKETS

The Nigerian Banking industry has undergone significant changes over the past 18 months, in terms of number of products and services, ownership structure, as well as depth and breadth of operations. Prior to the CBN Governor's announcement on July 6, 2004, of a new minimum capital base of ₦25 billion for each bank, there were 89 banks with over 3,300 branches nationwide, operating in Nigeria. At least 25 of these 89 banks were, at best, marginal players and the remainder, although sound, could not compete globally on account of their limited capital base. As a result of these, and in order to prevent potential financial crisis as well as to strategically position local banks in the emerging world economy, the CBN increased the minimum capital base to ₦25 billion and encouraged banks to consolidate and/or raise additional capital to ensure compliance.

Following the expiration of the 31 December 2005 deadline imposed by the CBN, 25 banks have emerged on the Nigerian banking scene. With the conclusion of the banking consolidation and recapitalisation exercise, it is hoped that these banks will be able to achieve their full potentials and act as catalysts for economic development. In furtherance of CBN's desire to develop more local banks into world-class banking institutions, it has also announced that any global custodian institution wishing to manage Nigeria's external reserve must be ready to partner with Nigerian banks.

By and large, we expect the volume of shares to be listed on The NSE in the medium term to enhance the depth of the Nigerian capital market.

PROCEDURE FOR APPLICATION AND ALLOTMENT

1. APPLICATION

- 1.1 The general investing public is hereby invited to apply for the Ordinary Shares through any of the Receiving Agents listed on page 63
- 1.2 Applications for Shares now being offered must be made in accordance with the instructions set out on the back of the Application Form. Care must be taken to follow the instructions, as applications, which do not comply, will be rejected.
- 1.3 The Application List for the Shares now being offered will open on Wednesday, 29th November 2006 and close on Friday, 5th January 2007. Applications for the Shares must be for a minimum of 1,000 shares and in multiples of 100 Shares thereafter. The number of the Shares for which the application is made and the amount of the cash, cheque or bank draft attached should be entered in the boxes provided.
- 1.4 The subscription currency for the offer is the Nigerian Naira (₦).
- 1.5 The Applicant should make only one application, whether in his name or in the name of a nominee. Multiple or suspected multiple applications will be rejected.
- 1.6 Individual applicants should sign the declaration and write his/her full names, address, daytime telephone number and mobile number in the section marked (1) on the Application Form for the Offer whilst the Section marked 2 should be completed in the case of joint applicants. A corporate applicant should affix its seal in the box provided for this purpose and state its incorporation (RC) Number or in the case of a corporate foreign subscriber its appropriate identification number in the jurisdiction in which it is constituted.
- 1.7 Each Application should ONLY be forwarded to any of the Receiving Agents listed on Page 62 of this Prospectus, together with the cheque or bank draft for the full amount of the purchase price. The cheque or bank draft must be drawn on a Bank in the same town or city in which the Receiving Agent is located, and crossed "DUNLOP OFFER", and made payable to the Receiving Agent to which the application is addressed, with the name, address and daytime telephone number of the applicant written on the back. All Bank commissions and transfer charges must be prepaid by the Applicant. All cheques and bank drafts will be presented upon receipt and all applications in respect of which cheques or bank drafts are returned unpaid will be rejected and returned through the post .

2. ALLOTMENT

UBA Global Markets, Sterling Capital Markets Limited, Ecobank Nigeria Plc and the Directors of Dunlop reserve the right to accept or reject any application in whole or in part. The allotment proposal will be subject to the clearance of SEC. All irregular or suspected multiple applications will be rejected. In the event of an over subscription, additional shares in an amount not exceeding 25% excess proceed in line with SEC's Rules and Regulations subject to the approval of the Board of Directors of Dunlop may be allotted. The allotment proposal will be subject to the clearance of SEC.

3. APPLICATION MONIES

All application monies will be retained in a separate interest bearing bank account with the Receiving Banker pending allotment. If any application is not accepted, or is accepted for fewer shares than the number applied for, a crossed cheque for the full amount or the balance of the amount paid as the case may be, will be returned by registered post within 5 (five) working days of allotment. A share certificate in respect of shares allotted will be sent by registered post not later than 15 (fifteen) working days from the date of allotment.

4. SHARE CERTIFICATE

Share Certificates in respect of shares allotted will be sent through registered post not later than 15 working days from the date of allotment. Investor who does not wish his/her Share Certificate to be posted should therefore state the name of his/her Stockbroker as well as his/her CSCS account number on the space provided on the Application Form.

RECEIVING AGENTS

Application Forms may be obtained free of charge from any of the following Receiving Agents registered as capital market operators by SEC, to whom brokerage will be paid at the rate of ₦1 per ₦100 worth of shares allotted in respect of applications bearing their official stamps.

The Issuing Houses cannot accept responsibility for the conduct of any of the Receiving Agents listed below. Investors are therefore advised to conduct their own independent enquiries before choosing an agent to act on their behalf. Evidence of lodgement of funds at any of the Receiving Agents listed below, in the absence of corresponding evidence of receipt by the Issuing Houses, cannot give rise to a liability on the part of any of the Issuing Houses under any circumstances.

BANKS

Access Bank Nigeria Plc Afribank Nigeria Plc Diamond Bank Nigeria Plc Ecobank Nigeria Plc Equitorial Trust Bank Limited Fidelity Bank Plc First Bank of Nigeria Plc First City Monument Bank Plc	First Inland Bank Nigeria Plc Guaranty Trust Bank Plc IBTC Chartered Plc Intercontinental Bank Plc Nigeria International Bank Limited Oceanic Bank International Plc PlatinumHabib Nigeria Plc Stanbic Bank Nigeria Limited Standard Chartered Bank Limited	Sterling Bank Plc Skye Bank Plc Spring Bank Plc Union Bank of Nigeria Plc United Bank for Africa Plc Unity Bank Plc Wema Bank Plc Zenith Bank Plc
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STOCKBROKERS AND OTHERS

2AS Amap Consult A.A.A Stockbrokers Limited Adamawa Securities Ltd Adonai Stockbrokers Ltd AIL Securities Ltd Allbond Investment Ltd Alliance Capital Management Company Ltd Altrade Securities Ltd Anchoria Investment & Securities Ltd APT Securities & Funds Ltd Atlas Portfolio Ltd Belfry Investment & Securities Limited Best Link Investment Ltd Best Worth Assets & Trust Ltd BFCL Assets & Securities Ltd BGL Securities Ltd BSD Securities Ltd Calyx Securities Ltd Camry Securities Ltd Capital Asset Ltd Capital Bancorp Ltd Capital Express Securities Ltd Capital Trust Brokers Ltd Cash Craft Securities Ltd Center-point Investment Ltd Century Securities Ltd City-Code Trust & Investment Company Clearview Investment Company Ltd Consolidated Investment Ltd Cooper Fleming Stockbrokers Ltd Counters Trust Securities Crossworld Securities Ltd CSL Stockbrokers Ltd Davandy Finance & Securities Ltd De-Canon Investment Ltd De-Lords Securities Ltd Denham Management Ltd Dependable Securities Ltd Dynamic Portfolio Ltd EBN Securities Ltd Emerging Capital Ltd EPIC Investment Trust Ltd ESL Securities Ltd Eurocomm Securities Ltd Excel Securities Ltd Express Portfolio Services Ltd F & C Securities Ltd Falcon Securities Ltd FBN Capital Ltd Fidelity Finance Company Ltd Fidelity Union Securities Ltd Finmal Finance Services Ltd First Alstate Securities Ltd First Stockbrokers Ltd Folu Securities Ltd Forte Asset Management Ltd Fountain Securities Ltd FutureView Investment and Securities Ltd	Gidauniya Investment & Securities Ltd Global Assets Management (Nig) Ltd Golden Securities Ltd GTI Capital Ltd Guardian Express Trust Ltd Heartbeat Investments Limited Hedge Securities & Investment Ltd Horizon Stockbrokers Ltd IBN Securities Ltd IBTC Asset Management Ltd ICMG Securities Limited ICON Stockbrokers Ltd Ideal Securities & Investments Ltd Indemnity Finance Ltd Independent Securities Ltd Intercontinental Securities Ltd International Standard Sec. Ltd Integrated Trust & Investments Ltd International Capital Securities Ltd Investment Masters & Trust Ltd Jamkol Investment Ltd Jenkins Investment Ltd Kapital Care Trust & Securities Ltd Kinley Securities Ltd Kundila Finance Services Ltd Lambeth Trust & Investments Company Ltd LB Securities Ltd Lead Capital Ltd LMB Stockbrokers Ltd Maclaize Trust & Securities Ltd Magnartis Finance & Inv Ltd Maninvest Asset Management Ltd Marimpex Finance & Investment Ltd Marina Securities Ltd Maxifund Investments & Securities Ltd Mayfield Investment Ltd MBC Securities Ltd MBL Financial Services Ltd Mega Equities Ltd Meristem Securities Ltd Midas Stockbrokers Ltd Mission Securities Ltd Molten Trust Ltd Mountain Investment & Securities Ltd Newdevco Finance Securities Ltd Niche Securities Ltd Nigerian International Securities Ltd Nigerian Stockbrokers Ltd Omas Investment & Trust Ltd OMF Securities & Finance Ltd Options Securities Ltd Partnership Investment Co. Ltd Peninsula Assets Mgt & Investment Co Ltd Perfecta Investment Trust Ltd	Pilot Securities Ltd Pinefields Investment Services Ltd Pivot Trust & Investment Company Ltd Premium Securities Ltd Professional Stockbrokers Ltd Profund Securities Ltd PSI Securities Ltd Pyramid Securities Ltd Quantum Securities Ltd Regency Assets Management Ltd Resano Securities Limited Resort Securities & Trusts Ltd Rivtrust Securities Limited Rolex Securities Ltd Rostrum Investment & Securities Ltd Royal Crest Finance Ltd Santrust & Securities Ltd Securities Solutions Ltd Securities Transaction & Trust Company Ltd Security Swaps Ltd Sterling Capital Markets Ltd Shalom Investment & Securities Ltd Shelong Investment Ltd Sigma Securities Ltd Signal Investments Securities Limited SMADAC Securities Ltd Solid Rock Securities & Investment Ltd Spring Trust & Securities Ltd Springboard Trust & Investment Ltd Stanbic Equities Nig. Ltd Stranwal Securities Ltd Sterling Capital Markets Ltd Strategy & Arbitrage Ltd Summa Guaranty & Trust Co. Summit Finance Co. Ltd Support Services Ltd The Investors Advisers Limited Three Stars Investment Ltd Tiddo Securities Ltd Tomil Trust Ltd Topmost Finance & Investment Ltd Tower Assets Management Ltd Traders Trust & Investment Co. Ltd Trans Africa Financial Services Ltd Tropics Securities Ltd Trust Yield Securities Ltd Trusthouse Investments Ltd TRW Stockbrokers Ltd UBA Global Markets UNEX Securities & Investment Ltd Union Capital Markets Ltd Valmon Securities Ltd Valueline Securities & Investment Ltd Vision Trust & Investment Ltd Vetiva Capital Management Ltd Wizetrade Capital Asset & Mgt Ltd Yobe Investment Company Ltd
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INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

1. Applications should be made only on the Application Form, or Photocopy, downloaded or scanned copies of the Application Form.
2. Applications must not be for less than the minimum number of shares stated on the Application Form. Applications for more than the minimum number of shares must be in the multiples stated on the Application Form. The number of Ordinary Shares for which an application is made and the amount of the cheque or Bank draft attached should be entered in the boxes provided.
3. The Application Form when completed should be lodged with any of the Receiving Agents listed on Page 62. Applications must be accompanied by a cheque or Bank draft made payable to the Receiving Agent to whom the application is submitted, for the full amount payable on application. The cheque or draft must be drawn on a Bank in the same town or city in which the Receiving Agent is located and crossed **'DUNLOP OFFER'** with the name, address and daytime telephone number of the applicant written on the back. All Bank commissions and transfer charges must be prepaid by the applicant. All cheques and drafts will be presented upon receipt and all applications in respect of which cheques are returned unpaid will be rejected and returned through the post
4. The applicant should make only one application, whether in his/her own name or in the name of a nominee. Multiple or suspected multiple applications will be rejected.
5. Joint applicants must all sign the Application Form.
6. An application from a group of individuals should be made in the names of those individuals with no mention of the name of the group. An application by a firm, which is not registered under the Companies and Allied Matters Act Cap C 20 LFN 2004, should be made either in the name of the proprietor or in the names of the individual partners. In neither case should the name of the firm be mentioned.
7. An application from a corporate body must bear the corporate body's seal and be completed under the hand of a duly authorised official.
8. An application from a pension or provident fund must be in the name of each individual trustee unless the trustee is a limited liability company.
9. An application by an illiterate should bear his/her right thumbprint on the Application Form and be witnessed by an official of the Bank or stockbroker at which the application is lodged who must first have explained the meaning and effect of the Application Form to the illiterate in his/her own language. Above the thumb print of the illiterate, the witness must record in writing that he/she has given this explanation to illiterate in a language understandable to him/her and that the illiterate appeared to have understood same before affixing his/her thumb impression.
10. The applicant should not print his/her signature. If he/she is unable to sign in the normal manner he should be treated for the purpose of this Offer as an illiterate and his right thumbprint should be clearly impressed on the Application Form.

Application Form

DUNLOPNIGERIA PLC