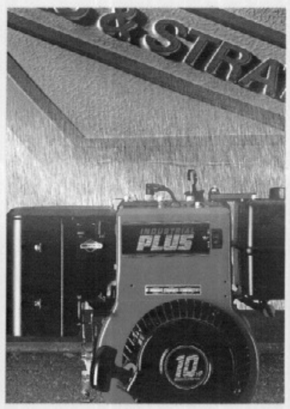
CAR & GENERAL

THE CAR & GENERAL GROUP OF COMPANIES



POWER FOR BETTER LIVING

2005 ANNUAL REPORT

CAR & GENERAL

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Report and Financial Statements of Car & General (Kenya) Limited Group

30 September, 2005

CAR & GENERAL (KENYA) LIMITED

CAR & GENERAL

DIRECTORS, OFFICIALS AND OTHER CORPORATE INFORMATION

BOARD OF DIRECTORS

C J Gidoomal - Chairman (Alternate S P Gidoomal, appointed 12 July 2005)
V V Gidoomal* - Group Managing Director
N Ng'ang'a, EBS
H S Amrit, EBS
E M Grayson*
B Kiplagat
P Shah
* British

SECRETARY

N P Kothari
PO Box 30633
00100 - Nairobi
Kenya

REGISTERED OFFICE

New Cargen House
Lusaka Road
P O Box 20001
00200 - Nairobi

AUDITORS

Deloitte & Touche
Ring Road, Westlands
P O Box 40092
00100 - Nairobi

BANKERS

Kenya

Standard Chartered Bank
Kenya Ltd
Moi Avenue Branch
P O Box 72585
00200 – Nairobi
Kenya

CFC Bank Ltd
CFC Centre, Chiromo Road
P O Box 72833
00200 – Nairobi

Giro Commercial Bank Ltd
Banda Street
P O Box 40263
00100 - Nairobi

Tanzania

Standard Chartered Bank
Tanzania Ltd
International House Branch
P O Box 9011
Dar es Salaam
Tanzania

Stanbic Bank Tanzania Ltd
Main Branch
P O Box 72647
Dar es Salaam
Tanzania

Uganda

Standard Chartered Bank
Uganda Ltd
Speke Road
P O Box 7111
Kampala
Uganda

National Bank of Commerce
(Uganda) Ltd
P O Box 23232
Kampala
Uganda

CAR & GENERAL

DIRECTORS, OFFICIALS AND OTHER CORPORATE INFORMATION (continued)

SUBSIDIARY COMPANIES	ACTIVITIES
Car & General (Trading) Limited - Kenya P O Box 20001 00200 - Nairobi	Sales and service of power equipment, household goods, marine engines, motor cycles, motor cars, three-wheeler vehicles, commercial laundry equipment, commercial engines and general goods.
Car & General (Automotive) Limited P O Box 20001 00200 - Nairobi	Sale of brake linings and friction materials.
Car & General (Piaggio) Limited (formerly Car & General (Weldtec) Limited) P O Box 20001 00200 - Nairobi	Sale of welding alloys and welding equipment and provision of sales and marketing services related to three-wheeler vehicles.
Car & General (Tanzania) Limited P O Box 1552 Dar es Salaam	Sales and service of power equipment, motor cycles, commercial engines, welding alloys, welding equipment and brake linings.
Car & General (Trading) Limited - Tanzania P O Box 1552 Dar es Salaam	Sales and service of power equipment, motor cycles, motor cars, three-wheeler vehicles, commercial engines, welding alloys, welding equipment and brake linings.
Car & General (Uganda) Limited P O Box 207 Kampala	Sales and service of power equipment, marine engines, motor cycles, commercial engines and general goods.
Kibo Poultry Products Limited P O Box 742 Moshi	Day old chick farming.
Sovereign Holdings International Limited P O Box 3444 Road Town Tortola British Virgin Islands	Property holding company.
Car & General (Engineering) Limited (formerly Kamco Engineering Limited) P O Box 20001 00200 - Nairobi	Recommenced trading during the year on provision of power equipment and related services.
Car & General (Marine) Limited (formerly Cargen Plastics Limited) P O Box 20001 00200 - Nairobi	Recommenced trading during the year on sales and marketing services related to the provision of marine engines and related products.
Car & General (Industries) Limited P O Box 20001 00200 - Nairobi	Dormant - ceased operations from 31 January 1997.
Cargen Insurance Agencies Limited P O Box 20001 00200 - Nairobi	Dormant since incorporation.

CAR & GENERAL

CHAIRMAN'S REPORT (continued)

AutoItalia
We are currently focusing on improving our service. We have had major problems dealing with South Africa in terms of both supply and price. We have now successfully moved our supply point from South Africa to Italy. Initial indications are extremely positive. Once we are satisfied that our service is up to scratch, we will consider being more aggressive on the Alfa Romeo brand. They have developed exciting new models. The brand can certainly carve itself a niche in the premium segment of the market. We expect a difficult year. Costs are being maintained at a minimum.

C&G Engineering
The Cummins business is growing significantly. Our challenge will be to maintain momentum and capture service. We are establishing a Cummins engine workshop which will be crucial to our service offering. This will be ready by June.

Our current challenge will be to develop Ingersoll-Rand into a market leader. Our biggest problem has been supply and price. We are working hard to resolve these issues following which we will be much more aggressive.

Head Office
The operation continues to earn rent and provide services to all divisions.

Car & General (Uganda) Limited
The operation is growing geometrically and should generate a satisfactory return this year. Our challenge will be to handle and service this growth. We will also need to invest in modernising our infrastructure.

Car & General (Trading) Limited - Tanzania
The operation has had a difficult year. The biggest drawback has been a restricted product portfolio. Most significantly, we have recently secured the Cummins Power Generation agency. The will be a turning point and we expect much better results this year.

Kibo Poultry Products Limited
The operation is on track and will generate a satisfactory return this year. We have expanded capacity and will continue to do so on a marginal basis with limited risk. Assuming we are able to avoid disease (a big assumption) we are positive about prospects. Avian flu is a particular concern.

The Future
Our current portfolio of niche engine products offers significant scope for further growth. In the short term we will remain focused on achieving this. We will also be looking to expand regionally on the same product portfolio. We have recently been awarded Cummins distribution rights for additional territories including Ethiopia, Eritrea, Somalia, Djibouti and Seychelles. This is a significant growth opportunity for our entire basket of products. It will take investment in the short term. Generally we are optimistic that the Group will continue to grow above 15% per annum.

Your company recommends a dividend of KSh 15m for the financial year 2004-05. This represents KSh 0.67 per share. We are recommending conservative dividends in view of the significant resources required to achieve budgeted growth levels.

Our PE ratio is 3. We hope to generate growth on both these parameters in the coming years in order to deliver a satisfactory shareholder return.

I must express my gratitude to my co-directors and all members of staff of the company for their dedication and support. I look forward to their continued support and to further progress of the Group.

CJ Gidoomal
CHAIRMAN

30 January 2006

CAR & GENERAL

CORPORATE GOVERNANCE

The company's Board of Directors is responsible for the governance of the company and is accountable to the shareholders for ensuring that the company complies with the law, the highest standards of corporate governance and business ethics. The directors attach great importance to the need to conduct the business and operations of the Company and the group with integrity and in accordance with generally accepted corporate practice and endorse the internationally developed principles of good corporate governance.

Board of directors

The Board meets at least five times a year. The Directors are given appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational and compliance issues.

Except for direction and guidance on general policy, the Board has delegated authority for conduct of day-to-day business to the Group Managing Director. The Board nonetheless retains responsibility for establishing and maintaining the company's overall internal control of financial, operational and compliance issues.

Five out of the seven members of the Board are non-executive including the Chairman of the Board, and other than the Group Managing Director, are subject to periodic reappointment in accordance with the Company's Articles of Association.

Committees of the Board

The company has two standing committees that meet regularly under the terms of reference set by the Board.

Audit Committee

The Board has constituted an Audit Committee that meets as required. Its responsibilities include review of financial information, budgets, development plans, compliance with accounting standards, liaison with the external auditors, remuneration of external auditors and overseeing internal control systems. Two non-executive directors attend all meetings of the committee. Internal and external auditors and other executives attend as required.

Recruitment and Remuneration Committee

The Recruitment and Remuneration Committee meets as required. The committee is responsible for monitoring and appraising the performance of senior management, including the Group Managing Director, review of all human resource policies, determining the remuneration of senior management and making recommendations to the Board on the remuneration of non-executive Directors. The Chairman and the Group Managing Director attend all the meetings of the committee.

Internal controls

The Group has defined procedures and financial controls to ensure the reporting of complete and accurate accounting information. These cover systems for obtaining authority for major transactions and for ensuring compliance with laws and regulations that have significant financial implications. Procedures are also in place to ensure that assets are subject to proper physical controls and that the Group remains structured to ensure appropriate segregation of duties.

In reviewing the effectiveness of the systems of internal control, the Board takes into account the results of all the work carried out to audit and review the activities of the Group.

A comprehensive management accounting system is in place providing financial and operational performance indicators. Monthly management meetings are held by the executive management to monitor performance and to agree on measures for improvement.

CORPORATE GOVERNANCE (continued)

Top ten shareholders

		2005 No of shares
1	Fincom Limited	7,240,789
2	Primaco Limited	4,248,737
3	Betrin Limited	3,834,122
4	Monyaka Investments Limited	2,787,285
5	Gambit Holdings Limited	722,510
6	Mr C J Gidoomal	245,677
7	Mr K D Kyuli	168,960
8	Lerematesho Limited	149,200
9	Mr D G Bellhouse	140,798
10	Mr Kieti Peter Makau	121,086

Directors' shareholdings

Mr C J Gidoomal	245,677
Mr V V Gidoomal	880
Mr N Ng'ang'a	3,027
Mr EM Grayson	880
Mr B Kiplagat	880
Mr Harbans Singh Amrit	880
Mr P Shah	880

CAR & GENERAL

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their annual report together with the audited group financial statements for the year ended 30 September 2005.

ACTIVITIES

The company acts as a holding company and derives its revenue from rental income, management fees and dividend income. The activities of the subsidiary companies are detailed on page 3.

GROUP RESULTS

An analysis of the consolidated results for the year attributable to the shareholders of Car & General (Kenya) Limited are as follows:

		2005 Sh'000
Kenya:	Parent company	218,477
	Trading	41,017
	Engineering	1,193
		260,687
Uganda:	Trading	13,588
Tanzania:	Trading	(2,702)
	Poultry	11,437
		8,735
Group profit before taxation		283,010
Taxation		(88,737)
Minority interest		(328)
Net profit for the year transferred to revenue reserve		193,945

DIVIDEND

The Directors propose payment of a first and final dividend of Sh 15,000,000 (2004 - Sh 15,000,000) in respect of the year.

DIRECTORS

The present Board of Directors is shown on page 2.

Mr S P Gidoomal was appointed alternate to C J Gidoomal on 12 July 2005.

Mr E M Grayson and Mr B Kiplagat retire by rotation in accordance with Articles of Association and, being eligible, offer themselves for re-election.

AUDITORS

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

Secretary
30 January 2006

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and the company as at the end of the financial year and of the operating results of the group for that year. It also requires the directors to ensure the group and the company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and the company. They are also responsible for safeguarding the assets of the group.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company and its subsidiaries will not remain a going concern for at least the next twelve months from the date of this statement.

V. V. Gidoomal
Director

E. M. Grayson
Director

30 January 2006

Deloitte

Deloitte & Touche
Certified Public Accountants (Kenya)
"Kirungii",
Ring Road, Westlands
P.O. Box 40092 - GPO 00100
Nairobi
Kenya

Tel: + (254-20) 444 1344/05-12
Fax: + (254-20) 444 8966
Dropping Zone No. 92
E-mail: admin@deloitte.co.ke

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CAR & GENERAL (KENYA) LIMITED

We have audited the financial statements on pages 12 to 38, for the year ended 30 September 2005 and have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Respective responsibilities of directors and auditors

As described on page 10, the directors are responsible for the preparation of the financial statements. Our responsibility is to express an opinion on those financial statements based on our audit.

Basis of opinion

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

Opinion

In our opinion:

(a) proper books of account have been kept by the company and the company's balance sheet is in agreement therewith;

(b) the financial statements give a true and fair view of the state of affairs of the company and the group at 30 September 2005 and of the profit and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and comply with the Kenyan Companies Act.

30 January 2006

CAR & GENERAL

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2005

	Note	2005 Sh'000	2004 Sh'000
TURNOVER	2	1,061,742	629,100
COST OF SALES		(801,776)	(418,510)
GROSS PROFIT		259,966	210,590
OTHER OPERATING INCOME	3	13,790	12,395
GAIN IN FAIR VALUE OF INVESTMENT PROPERTY	17	205,218	-
SELLING AND DISTRIBUTION COSTS		(109,475)	(72,505)
ADMINISTRATIVE EXPENSES		(95,632)	(84,231)
OPERATING PROFIT	4	273,867	66,249
FINANCE INCOME/(COSTS) - NET	6	9,143	(22,243)
PROFIT BEFORE TAXATION		283,010	44,006
TAXATION CHARGE	7	(88,737)	(6,591)
PROFIT BEFORE MINORITY INTEREST	8	194,273	37,415
MINORITY INTEREST	9	(328)	(871)
NET PROFIT FOR THE YEAR		193,945	36,544
		Sh	Sh
EARNINGS PER SHARE - Basic and diluted	10	8.71	1.64
DIVIDEND PER SHARE	11	0.67	0.67

CAR & GENERAL

CONSOLIDATED BALANCE SHEET
30 SEPTEMBER 2005

	Note	2005 Sh'000	2004 Sh'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	268,969	206,981
Operating lease prepayments	14	17,425	21,435
Intangible assets	16	352	229
Investment property	17	283,284	77,093
Finance lease receivables	18	11,485	-
		581,515	305,738
Current assets			
Inventories	20	375,066	287,820
Finance lease receivables	18	28,050	-
Trade and other receivables	21	158,297	124,449
Taxation recoverable		6,098	6,589
Cash and bank balances		11,887	17,174
		579,398	436,032
Total assets		1,160,913	741,770
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	111,398	111,398
Revaluation reserve		143,839	103,190
Revenue reserve		333,148	168,854
Proposed dividend		15,000	15,000
Shareholders' funds		603,385	398,442
Minority interest	9	(181)	(509)
Non-current liabilities			
Deferred taxation	24	109,602	18,086
Borrowings	25	10,017	11,350
		119,619	29,436
Current liabilities			
Borrowings	25	156,243	72,731
Trade and other payables	26	281,847	241,670
		438,090	314,401
Total equity and liabilities		1,160,913	741,770

The financial statements on pages 12 to 38 were approved by the board of directors on 30 January 2006 and were signed on its behalf by:

V. V. Gidoomal	E. M. Grayson
Director	Director

CAR & GENERAL

COMPANY BALANCE SHEET
30 SEPTEMBER 2005

	Note	2005 Sh'000	2004 Sh'000
ASSETS			
Non current assets			
Property, plant and equipment	13	143,630	105,885
Operating lease prepayments	15	1,158	2,172
Intangible assets	16	150	187
Investment property	17	283,284	77,093
Investment in subsidiaries	19	27,427	27,427
		455,649	212,764
Current assets			
Trade and other receivables	21	17,555	13,290
Due from group companies	22	234,194	215,663
Taxation recoverable		1,232	1,030
Cash and bank balances		275	144
		253,256	230,127
Total assets		708,905	442,891
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23	111,398	111,398
Revaluation reserve		64,886	38,167
Revenue reserve		236,190	90,186
Proposed dividend		15,000	15,000
Shareholders' funds		427,474	254,751
Non current liabilities			
Deferred taxation	24	110,876	27,220
Current liabilities			
Trade and other payables	26	16,795	22,006
Due to group companies	22	92,116	105,258
Borrowings	25	61,644	33,656
		170,555	160,920
Total equity and liabilities		708,905	442,891

The financial statements on pages 12 to 38 were approved by the board of directors on 30 January 2006 and were signed on its behalf by:

V. V. Gidoomal
Director

E. M. Grayson
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2005

	Share Capital Sh '000	Revaluation reserve Sh '000	Revenue reserve Sh '000	Proposed dividend Sh '000	Total Sh '000
Year ended 30 September 2004					
At 1 October 2003	111,398	97,605	130,813	15,000	354,816
Transfer of excess depreciation	-	(2,087)	2,087	-	-
Deferred tax on depreciation transfer	-	626	(626)	-	-
Currency translation differences	-	7,046	15,036	-	22,082
Net profit for the year	-	-	36,544	-	36,544
Dividend paid - 2003	-	-	-	(15,000)	(15,000)
Proposed dividend - 2004	-	-	(15,000)	15,000	-
At 30 September 2004	111,398	103,190	168,854	15,000	398,442
Year ended 30 September 2005					
At 1 October 2004	111,398	103,190	168,854	15,000	398,442
Revaluation surplus on property	-	62,462	-	-	62,462
Deferred tax on revaluation surplus		(11,775)	-		(11,775)
Transfer of excess depreciation	-	(1,939)	1,939	-	-
Deferred tax on depreciation transfer	-	582	(582)	-	-
Currency translation differences	-	(8,681)	(16,008)	-	(24,689)
Net profit for the year	-	-	193,945	-	193,945
Dividend paid - 2004	-	-	-	(15,000)	(15,000)
Proposed dividend - 2005	-	-	(15,000)	15,000	-
At 30 September 2005	111,398	143,839	333,148	15,000	603,385

CAR & GENERAL

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2005

	Share Capital Sh '000	Revaluation reserve Sh '000	Revenue reserve Sh '000	Proposed dividend Sh '000	Total Sh '000
Year ended 30 September 2004					
At 1 October 2003	111,398	38,923	111,500	15,000	276,821
Transfer of excess depreciation	-	(1,080)	1,080	-	-
Deferred tax on depreciation transfer	-	324	(324)	-	-
Net loss for the year	-	-	(7,070)	-	(7,070)
Dividend paid - 2003	-	-	-	(15,000)	(15,000)
Proposed dividend - 2004	-	-	(15,000)	15,000	-
At 30 September 2004	111,398	38,167	90,186	15,000	254,751
Year ended 30 September 2005					
At 1 October 2004	111,398	38,167	90,186	15,000	254,751
Revaluation surplus on property		39,249	-	-	39,249
Deferred tax on revaluation surplus		(11,775)	-	-	(11,775)
Transfer of excess depreciation	-	(1,078)	1,078	-	-
Deferred tax on depreciation transfer	-	323	(323)	-	-
Net profit for the year	-	-	160,249	-	160,249
Dividend paid - 2004	-	-	-	(15,000)	(15,000)
Proposed dividend - 2005	-	-	(15,000)	15,000	-
At 30 September 2005	111,398	64,886	236,190	15,000	427,474

CAR & GENERAL

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2005

	Note	2005 Sh'000	2004 Sh'000
OPERATING ACTIVITIES			
Cash generated from operations	27(a)	11,257	8,596
Interest paid		(23,183)	(9,360)
Interest received		5,804	-
Tax paid		(7,529)	(2,641)
Net cash used in operating activities		(13,651)	(3,405)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(21,005)	(10,915)
Purchase of intangible assets		(221)	(65)
Proceeds on disposal of operating lease prepayments, property, plant and equipment		1,946	1,743
Proceeds on disposal of investment properties		-	7,365
Net cash used in investing activities		(19,280)	(1,872)
FINANCING ACTIVITIES			
Loans received	27(b)	70,697	31,329
Loans repaid	27(b)	(31,999)	(20,784)
Increase in finance lease receivables		(39,535)	-
Dividend paid		(15,000)	(15,000)
Net cash used in financing activities		(15,837)	(4,455)
Decrease in cash and cash equivalents		(48,768)	(9,732)
Cash and cash equivalents at 1 October		(37,267)	(27,535)
Cash and cash equivalents at 30 September	27(c)	(86,035)	(37,267)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2005

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards. The principal accounting policies adopted have not changed from the previous year and are set out below:

Basis of accounting

The financial statements are prepared under the historical cost basis of accounting modified to include the revaluation of certain properties.

Consolidation

Subsidiary undertakings, being those companies in which the Group either directly or indirectly has an interest of more than 50% of the voting rights or otherwise has power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated as from the date of disposal. All inter-company transactions, balances and unrealised surpluses and deficits on transactions with the subsidiary companies have been eliminated.

The income statements of subsidiaries are translated at average exchange rates for the year, and balance sheets at year end rates. The resulting differences from translation are dealt with in reserves.

The consolidated financial statements incorporate the financial statements of the company and its subsidiaries, all of which have a financial year end of 30 September.

The subsidiaries which have been consolidated are set out in note 19.

Turnover

Sales are recognised upon the delivery of products to customers and the performance of services, and are stated net of VAT and discounts.

Rental income is recognised when it falls due.

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less depreciation and any accumulated impairment losses.

Depreciation

Freehold land is not depreciated.

Depreciation on other property, plant and equipment is provided using the reducing balance method at the following annual rates:

Buildings	2%
Plant and machinery	12.5% - 20%
Office equipment	12.5% - 30%
Motor vehicles	25%

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

The depreciation charge to the income statement is based on the carrying amounts of the property, plant and equipment. The excess of this charge over that based on the historical cost of the property and equipment is released each year from the revaluation reserves to retained earnings.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation reserve relating to those assets are transferred to retained earnings.

Impairment

At each balance sheet date, the group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Any impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount. A reversal of an impairment loss is recognised as income immediately.

Leasehold land

Payments to acquire leasehold interest in land are treated as prepaid operating lease rentals and amortised over the period of the lease.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the lease.

All other leases are classified as operating leases.

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

Investment property

Investment property comprises land and buildings and parts of buildings held to earn rentals and/or for capital appreciation. They are carried at fair value, as determined regularly by external independent valuers. The fair value is based on active market prices as adjusted, if necessary, for any difference in the nature, condition or location of the specific asset.

Investment property is not subject to depreciation. Changes in their carrying amount between balance sheet dates are recorded, net of deferred tax, through the profit and loss account.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit and loss account.

Investment in subsidiaries

Investment in subsidiaries is stated at cost less any impairment losses. The holding company accounts for dividends from subsidiary companies only when they are received.

Intangible assets

Intangible assets represent computer software which is stated at cost less amortization and any impairment losses. Amortisation is calculated to write off the cost of computer software on a reducing balance basis at a rate of 20% p.a.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 ACCOUNTING POLICIES (continued)

Inventories

Raw materials, imported finished products and spare parts are stated at cost including duty, freight and clearance charges, where appropriate. Manufactured finished products and work in progress are stated at raw material cost, plus labour and attributable manufacturing overheads. All inventories are stated at net realisable value if lower than cost. Livestock is valued at market value. Provision is made for obsolete, slow moving and defective inventories.

Financial instruments

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

Trade receivables

Trade receivables are stated at their nominal value as reduced by the appropriate allowances for estimated irrecoverable amounts.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

Trade payables are stated at their nominal value.

Employee entitlements

Employee entitlements to annual leave and gratuity are recognised when they accrue to employees. A provision is made for the estimated liability for the entitlements as a result of services rendered by employees up to the balance sheet date.

Retirements benefits obligations

The group operates a defined contribution pension scheme for its eligible employees. The assets of the scheme are held in a separate trustee administered fund. The scheme is funded by payments from both the employees and the company.

The group also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute.

The group's obligations to retirement benefit schemes are recognised in the income statement as they fall due.

Taxation

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

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Tax rates enacted or substantially enacted are used to determine deferred tax.

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

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES (continued)

Foreign currencies

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

Segmental reporting

Segment results include revenue and expenses directly attributable to a segment.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

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

2 SEGMENTAL INFORMATION

(a) Primary reporting format – Business segments

	Trade, motor vehicles and workshop items Sh'000	Rental income Sh'000	Poultry sales Sh'000	Group Sh'000
2005				
Turnover	951,998	49,200	60,544	1,061,742
Fair value gains	-	205,218	-	205,218
Operating profit	52,148	208,464	13,255	273,867
Segment assets	633,388	509,330	18,195	1,160,913
Segment liabilities	354,058	189,315	14,336	557,709
Depreciation/amortisation	5,974	4,448	400	10,822
Capital expenditure	16,096	2,468	2,441	21,005
2004				
Turnover	527,882	48,814	52,404	629,100
Operating profit	56,244	5,773	4,232	66,249
Segment assets	460,333	264,120	17,317	741,770
Segment liabilities	243,866	83,141	16,830	343,837
Depreciation/amortisation	5,791	4,569	302	10,662
Capital expenditure	9,990	301	624	10,915

(b) Secondary reporting – Geographical segments

The group's revenues are derived from sales in the following markets:

	2005 Sh'000	2004 Sh'000
Kenya	761,038	430,861
Uganda	135,505	83,446
Tanzania	165,199	114,793
	1,061,742	629,100

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 DIVIDEND PER SHARE

A first and final dividend is proposed in respect of 2005 of Sh 15,000,000 (2004 - Sh 15,000,000). The dividend per share of Sh 0.67(2004 - Sh 0.67) is calculated by dividing the final dividend by the number of ordinary shares in issue during the year of 22,279,616 (2004 - 22,279,616).

12 PROPERTY, PLANT AND EQUIPMENT - GROUP

	Freehold land and buildings Sh'000	Plant and equipment Sh'000	Total Sh'000
COST OR VALUATION			
At 1 October 2004	214,231	86,933	301,164
Exchange rate adjustments	(10,863)	(3,045)	(13,908)
Additions	-	21,005	21,005
Disposals	-	(1,260)	(1,260)
Write offs	-	(1,791)	(1,791)
Revaluation surplus	51,836	-	51,836
At 30 September 2005	255,204	101,842	357,046
COMPRISING:			
At valuation 2005	114,270	-	114,270
At valuation 1994	10,293	-	10,293
At valuation 1992	49,800	-	49,800
At valuation 1991	10,199	-	10,199
At cost	70,642	101,842	172,484
	255,204	101,842	357,046
DEPRECIATION			
At 1 October 2004	40,018	54,165	94,183
Exchange rate adjustments	(2,265)	(1,211)	(3,476)
Charge for the year	4,068	6,427	10,495
Eliminated on disposals	-	(1,063)	(1,063)
Eliminated on write offs	-	(1,436)	(1,436)
Written back on revaluation	(10,626)	-	(10,626)
At 30 September 2005	31,195	56,882	88,077
NET BOOK VALUE			
At 30 September 2005	224,009	44,960	268,969
At 30 September 2004	174,213	32,768	206,981
NET BOOK VALUE (COST BASIS)			
At 30 September 2005	99,283	32,768	132,051
At 30 September 2004	101,587	32,768	134,355

Freehold land and buildings are carried at valuations derived by various external professional valuers. The basis of valuation has been open market value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12 PROPERTY, PLANT AND EQUIPMENT - GROUP (continued)

	2005 Sh'000	2004 Sh'000
ANALYSIS OF FREEHOLD LAND AND BUILDINGS AT COST OR VALUATION:		
Freehold	130	130
Leasehold over 50 years unexpired	62,462	44,459
Leasehold under 50 years unexpired	192,612	169,642
	255,204	214,231

The exchange rate adjustments arise as a result of the translation of the property, plant and equipment opening balances of Car & General (Uganda) Limited, Car & General (Tanzania) Limited, Car & General (Trading) Limited - Tanzania, Kibo Poultry Products Limited and Sovereign Holdings International Limited.

The rates of exchange applied at 30 September were as follows:

	2005 Sh	2004 Sh
1 Tanzania shilling	0.0652	0.0765
1 Uganda shilling	0.0397	0.0464
1 US dollar	74.0000	81.1000

Included in plant and equipment as at 30 September 2005 are idle assets with an original cost of Sh 1,053,000 (2004 - Sh 1,053,000) and accumulated depreciation of Sh 947,000 (2004 – Sh 947,000).

Included in plant and equipment as at 30 September 2005 are fully depreciated assets with an original cost of Sh 88,000 (2004 - Sh 88,000). The notional depreciation on these assets is Sh 11,000 (2004 – Sh 11,000).

The group has pledged assets with net book value of Sh 457,670,000 (2004 – Sh 135,835,000) to secure borrowings granted to it.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 PROPERTY, PLANT AND EQUIPMENT - COMPANY

	Freehold land and buildings	Plant and equipment	Total
	Sh'000	**Sh'000**	**Sh'000**
COST OR VALUATION			
At 1 October 2004	122,839	18,652	141,491
Additions	-	2,468	2,468
Write offs	-	(1,791)	(1,791)
Revaluation surplus	32,501	-	32,501
At 30 September 2005	155,340	19,329	174,669
COMPRISING:			
At valuation 2005	57,475	-	57,475
At valuation 1992	28,964	-	28,964
At cost	68,901	19,329	88,230
	155,340	19,329	174,669
DEPRECIATION			
At 1 October 2004	22,982	12,624	35,606
Charge for the year	2,457	1,160	3,617
Eliminated on write offs	-	(1,436)	(1,436)
Written back on revaluation	(6,748)	-	(6,748)
At 30 September 2005	18,691	12,348	31,039
NET BOOK VALUE			
At 30 September 2005	136,649	6,981	143,630
At 30 September 2004	99,857	6,028	105,885
NET BOOK VALUE (COST BASIS)			
At 30 September 2005	60,526	6,981	67,507
At 30 September 2004	61,905	6,028	67,933

The company has pledged assets with net book value of Sh 351,250,000 (2004 – Sh 97,879,000) to secure borrowings granted to it.

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 PROPERTY, PLANT AND EQUIPMENT – COMPANY (continued)

ANALYSIS OF FREEHOLD LAND AND BUILDINGS AT COST OR VALUATION:

	2005 Sh'000	2004 Sh'000
Freehold	130	130
Leasehold under 50 years unexpired	5,667	3,404
Leasehold over 50 years unexpired	149,543	119,305
	155,340	122,839

Freehold land and buildings are carried at valuations derived by various external professional valuers. The basis of valuation has been open market value.

14 OPERATING LEASE PREPAYMENTS - GROUP

	Sh'000
COST	
At 1 October 2004	25,493
Exchange rate adjustments	(3,210)
Reclassified to investment property	(1,500)
Disposals	(59)
At 30 September 2005	20,724
AMORTISATION	
At 1 October 2004	4,058
Exchange rate adjustments	(451)
Reclassified to investment property	(527)
Amortisation for the year	235
Disposals	(16)
At 30 September 2005	3,299
NET BOOK VALUE	
At 30 September 2005	17,425
At 30 September 2004	21,435

The reclassification relates to the transfer of leasehold land with a net book value of Sh 973,000 (note 17) to investment property in accordance with the revised International Accounting Standard No. 40, Investment Property.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15 OPERATING LEASE PREPAYMENTS - COMPANY

	Sh'000
COST	
At 1 October 2004	3,070
Reclassified to investment property	(1,500)
At 30 September 2005	1,570
AMORTISATION	
At 1 October 2004	898
Reclassified to investment property	(527)
Charge for the year	41
At 30 September 2005	412
NET BOOK VALUE	
At 30 September 2005	1,158
At 30 September 2004	2,172

The reclassification relates to the transfer of leasehold land with a net book value of Sh 973,000 (note 17) to investment property in accordance with the revised International Accounting Standard No. 40, Investment Property.

16 INTANGIBLE ASSETS

	GROUP Sh'000	COMPANY Sh'000
COST		
At 1 October 2004	523	465
Exchange rate adjustments	(8)	-
Additions	221	-
At 30 September 2005	736	465
DEPRECIATION		
At 1 October 2004	294	278
Exchange rate adjustments	(2)	-
Charge for the year	92	37
At 30 September 2005	384	315
NET BOOK VALUE		
At 30 September 2005	352	150
At 30 September 2004	229	187

NOTES TO THE FINANCIAL STATEMENTS (continued)

17 INVESTMENT PROPERTY – GROUP AND COMPANY

	Sh'000
At 1 October 2004	77,093
Reclassified from operating lease prepayments (note 14)	973
Fair value gains	205,218
At 30 September 2005	283,284

Investment properties comprise residential and commercial properties held for long-term rental yields and not occupied by the group.

These properties were valued by R R Oswald & Company Limited and Highland Valuers Limited, registered valuers, as at 30 September 2005, on an open market basis.

	2005 Sh'000	2004 Sh'000
ANALYSIS OF INVESTMENT PROPERTY AT VALUATION:		
Freehold	-	-
Leasehold over 50 years unexpired	73,284	26,492
Leasehold under 50 years unexpired	210,000	50,601
	283,284	77,093

18 FINANCE LEASE RECEIVABLES - GROUP

	Minimum lease payments		Present value of minimum lease payments	
	2005 Sh'000	2004 Sh'000	2005 Sh'000	2004 Sh'000
Amounts receivable under finance leases:				
Within one year	34,189	-	28,050	-
In the second to fifth year inclusive	12,539	-	11,485	-
	46,728	-	39,535	-
Less: unearned finance income	(7,193)	-	-	-
Present value of minimum lease payments receivable	39,535	-	39,535	-

The company enters into finance leasing arrangements for certain equipment and motor vehicles. The average term of finance leases entered into is 2 years.

Unguaranteed residual values of assets leased under finance leases are estimated at nil (2004 - Nil).

The interest rate inherent in the leases is variable at the contract date for all of the lease term. The weighted average interest rate on finance lease receivables at 30 September 2005 was 18% (2004 - Nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

		Country of incorporation	Holding	2005 Sh '000	2004 Sh '000
19	**INVESTMENT IN SUBSIDIARIES**				
	Cargen Insurance Agencies Limited 100 shares of Sh 20 each at cost	Kenya	100%	2	2
	Car & General (Marine) Limited 157,757 shares of Sh 20 each at cost	Kenya	84%	3,155	3,155
	Car & General (Automotive) Limited 95,480 shares of Sh 20 each at cost less amounts written off	Kenya	100%	1,098	1,098
	Car & General (Industries) Limited 1,000 shares of Sh 20 each at cost	Kenya	100%	20	20
	Car & General (Trading) Limited - Kenya 2,000 shares of Sh 20 each at cost	Kenya	100%	40	40
	Car & General (Piaggio) Limited 25,000 shares of Sh 20 each at cost	Kenya	100%	500	500
	Car & General (Engineering) Limited 130,000 shares of Sh 20 each at cost	Kenya	100%	2,600	2,600
	Car & General (Tanzania) Limited 520,000 shares of Tsh 5 each at cost	Tanzania	100%	2,600	2,600
	Car & General (Trading) Limited - Tanzania 30,520,000 shares of Tsh 5 each at cost	Tanzania	100%	15,072	15,072
	Kibo Poultry Products Limited 998 shares of Tsh 5,000 each at cost	Tanzania	100%	90	90
	Car & General (Uganda) Limited 450,000 shares of Ush 5 each at cost	Uganda	100%	2,250	2,250
	Sovereign Holdings International Limited 1 share of US$ 1 each	British Virgin Islands	100%	-	-
				27,427	27,427

A restructuring is scheduled to occur in 2006 which will streamline the operations and structure of the group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20 INVENTORIES

	2005 Sh '000	2004 Sh '000
Raw materials, spares and consumables	44,600	36,774
Work in progress	2,154	1,741
Finished products	121,085	95,110
Goods in transit and in bond	203,847	147,121
Livestock	3,380	7,074
	375,066	287,820

21 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2005 Sh '000	2004 Sh '000	2005 Sh '000	2004 Sh '000
Trade receivables	117,703	97,540	11,635	10,411
Due from directors	2,026	1,123	1,138	1,123
Other receivables	38,568	25,786	4,782	1,756
	158,297	124,449	17,555	13,290

22 GROUP COMPANIES

Due from Group Companies:

	2005 Sh '000	2004 Sh '000
Car & General (Trading) Limited - Kenya	113,641	123,565
Car & General (Piaggio) Limited	66,999	51,439
Car & General (Automotive) Limited	19,926	3,464
Car & General (Tanzania) Limited	1,371	1,371
Car & General (Trading) Limited - Tanzania	1,141	670
Car & General (Engineering) Limited	9,096	7,588
Car & General (Marine) Limited	7,236	8,351
Kibo Poultry Products Limited	6,238	10,669
Sovereign Holdings International Limited	8,546	8,546
	234,194	215,663

NOTES TO THE FINANCIAL STATEMENTS (continued)

		2005 Sh '000	2004 Sh '000
22	**GROUP COMPANIES** (continued)		
	Due to Group Companies:		
	Car & General (Uganda) Limited	87,631	100,705
	Car & General (Industries) Limited	4,485	4,553
		92,116	105,258

23 SHARE CAPITAL

	2005 Sh '000	2004 Sh '000
Authorised 23,000,000 ordinary shares of Sh 5 each	115,000	115,000
Issued and fully paid 22,279,616 ordinary shares of Sh 5 each	111,398	111,398

24 DEFERRED TAX

Deferred tax is calculated in full on all temporary differences under the liability method using a principal tax rate of 30%. The movement on the deferred income tax account is as follows:

GROUP	2005 Sh '000	2004 Sh '000
At 1 October	18,086	9,833
Exchange difference on translation	(1,791)	2,303
Income statement charge - (note 8)	81,532	5,950
Revaluation reserve debit	11,775	-
At 30 September	109,602	18,086

COMPANY		
At 1 October	27,220	30,633
Income statement charge/(credit)	71,881	(3,413)
Revaluation reserve debit	11,775	-
At 30 September	110,876	27,220

NOTES TO THE FINANCIAL STATEMENTS (continued)

24 DEFERRED TAX (continued)

Deferred tax assets and liabilities, and the movement on the deferred tax account are attributable to the following items:

	2004 Sh '000	Exchange adjustment Sh '000	Charged to revaluation reserve Sh '000	Charged/ (credited) adjustment to Income statement Sh '000	2005 Sh '000
GROUP					
DEFERRED TAX LIABILITIES					
Accelerated capital allowances	(969)	(129)	-	2,805	1,707
Relating to revaluation surplus	50,384	(2,402)	11,775	61,102	120,859
Unrealised exchange differences	-	-	-	10,673	10,673
	49,415	(2,531)	11,775	74,580	133,239
DEFERRED TAX ASSETS					
Tax losses carried forward	(25,973)	819	-	2,714	(22,440)
Unrealised exchange differences	(4,330)	(64)	-	4,394	-
Leave pay provision	(1,026)	(15)	-	(156)	(1,197)
	(31,329)	740	-	6,952	(23,637)
Net deferred tax liability	18,086	(1,791)	11,775	81,532	109,602
COMPANY					
DEFERRED TAX LIABILITIES					
Relating to revaluation surplus	33,751	-	11,775	61,361	106,887
Unrealised exchange differences	-	-	-	5,933	5,933
	33,751	-	11,775	67,294	112,820
DEFERRED TAX ASSETS					
Accelerated capital allowances	(306)	-	-	104	(202)
Tax losses carried forward	(686)	-	-	(297)	(983)
Leave pay provision	(973)	-	-	214	(759)
Unrealised exchange differences	(4,566)	-	-	4,566	-
	(6,531)	-	-	4,587	(1,944)
Net deferred tax liability	27,220	-	11,775	71,881	110,876

NOTES TO THE FINANCIAL STATEMENTS (continued)

		2005 Sh'000	2004 Sh'000
25	**BORROWINGS**		
	GROUP		
	Loans:		
	Short - term note - interest 9.76% p.a.	49,960	-
	Stanbic Bank Tanzania Limited - secured, interest at 16% p.a.	13,303	6,329
	Giro Commercial Bank Limited - secured, interest at 16% (2004 - 16%) p.a.	5,075	2,040
	Standard Chartered Bank Kenya Limited - secured, interest at 11.75% p.a.	-	11,250
	Stanbic Bank Kenya Limited - secured, interest at 11.5% p.a.	-	5,000
	Others - Unsecured	-	5,021
		68,338	29,640
	Bank overdrafts (secured)	97,922	54,441
		166,260	84,081
	Current	(156,243)	(72,731)
	Non-current	10,017	11,350
	COMPANY		
	Loans:		
	Short - term note - interest 9.76% p.a.	12,856	-
	Standard Chartered Bank Kenya Limited secured, interest at 11.75% p.a.	-	11,250
	Giro Commercial Bank Limited secured, interest at 16% p.a.	-	2,040
		12,856	13,290
	Bank overdrafts (secured)	48,788	20,366
		61,644	33,656
	Current	(61,644)	(33,656)
	Non-current	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

25 BORROWINGS (Continued)

MATURITY OF NON CURRENT BORROWINGS

	GROUP		COMPANY	
	2005 Sh'000	2004 Sh'000	2005 Sh'000	2004 Sh'000
Between 1 and 2 years	-	2,570	-	-
Between 2 and 5 years	10,017	8,780	-	-
	10,017	11,350	-	-

Interest rates

The effective interest rates at 30 September were as follows:

	2005	2004
Bank overdrafts	14.34%	11.9%
Loans	11.64%	11.9%

Details of securities for loans and overdrafts

GROUP

a) The Standard Chartered Bank Kenya Limited loans and overdrafts are secured by a collateral legal charge over land and buildings and a debenture over all assets for Sh 210,000,000 ranking pari passu with Stanbic Bank Kenya Limited.

b) The Stanbic Bank Tanzania Limited loan is secured by a legal charge over land and building.

c) The Stanbic Bank Kenya Limited loan and overdraft are secured by a collateral legal charge over land and buildings and a debenture over all assets of the company for Sh 63,000,000 ranking pari passu with Standard Chartered Bank Kenya Limited.

d) The Giro Commercial Bank Limited loan and overdraft are secured by a legal charge over land and buildings for Sh 30,000,000.

e) The National Bank of Commerce (Uganda) Limited bank overdraft is secured by a debenture over all assets for Sh 1,390,000.

f) The Standard Chartered Bank Uganda Limited overdraft is secured by a legal charge over land and buildings and a debenture over all assets for Sh 103,600,000.

g) Unsecured loans in 2004 represented funds injected in the company by one of the shareholders to finance the company's operations. These loans had no specific repayment terms and were interest free.

COMPANY

a) The Standard Chartered Bank Kenya Limited loan and overdrafts are secured by a collateral legal charge over land and buildings and a debenture over all assets for Sh 210,000,000.

b) The Giro Commercial Bank Limited loan and overdraft are secured by a legal charge over land and buildings for Sh 30,000,000.

Undrawn facilities

The group had undrawn committed borrowing facilities amounting to Sh 183,075,000 (2004 - Sh 32,970,000). The borrowing facilities consist of loans, bank overdrafts, letters of credit and guarantees.

NOTES TO THE FINANCIAL STATEMENTS (continued)

31 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the year, the following transactions were carried out with related parties, Giro Commercial Bank Limited and National Bank of Commerce (U) Limited which are not members of Car & General (Kenya) Limited Group but are related through certain common directors:

	Group		Company	
	2005 Sh'000	2004 Sh'000	2005 Sh'000	2004 Sh'000
Borrowings repaid	414	414	414	414
Interest paid	6,858	2,407	81	20
Loan balance at year end	2,040	2,040	2,040	2,040
Overdraft balance at year end	23,054	22,143	7	-

32 RISK MANAGEMENT POLICIES

The group's financial risk management objectives and policies are detailed below:

Currency risk

A sizable portion of the group's purchases are denominated in foreign currencies. The group manages the currency risk by using foreign exchange forward contracts and by maintaining bank accounts in the principal foreign currency from which the payments are made.

Interest rate risk

The interest rate risk exposure arises mainly from interest rate movements on the group's borrowings. To manage the interest rate risk, management has endeavoured to only sign and obtain borrowings from institutions that offer contracts with fixed interest rates. At year end, borrowings with no fixed interest rate were minimal.

Credit risk

In the normal course of its business, the group incurs credit risk from customers. The credit risk is, however, managed through management's constant monitoring of the status of the credit worthiness of its customers. The group has no significant concentration of credit risk, with exposure spread over a large number of customers.

33 INCORPORATION

The company is domiciled and incorporated in Kenya under the Companies Act.

34 CURRENCY

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

CAR & GENERAL (KENYA) LIMITED
GROUP

CAR & GENERAL

Proxy
Annual General Meeting

I/We

of

being a Member/Members of Car & General (Kenya) Limited hereby appoint

of

of failing him/her

of

or failing him the Chairman of the Meeting as my/our Proxy to vote for me /us and on my /our behalf at the Annual General Meeting of the Company to be held at the Company's Registered Office, New Cargen House, Lusaka Road, Nairobi on 23 March 2006 at 12 noon, and at any adjournment thereof.

Dated this day of 2006

Signature

Notes

1 A member may appoint a proxy of his own choice. A proxy need not be a member of the Company.

2 If the appointer is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized in their behalf.

3 In the case of joint holders, the signature of any one holder will be sufficient but the names of all the joint holders should be stated.

To be valid, this form must be completed and deposited at the Registered Office of the Company, New Cargen House, Lusaka Road, not less than twenty four hours before the time fixed for holding the meeting or adjourned meeting