CARBACID INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 1995

CARBACID INVESTMENTS LIMITED

CONTENTS **PAGES**

CARBACID INVESTMENTS LIMITED

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the twenty - fifth Annual General Meeting of the Company will be held at the Professional Centre (Council Chamber), Parliament Way, Nairobi on Friday, 15 December 1995 at 12 noon for the following purposes:-

SPECIAL BUSINESS

To consider and, if thought fit, pass the following Resolutions as ORDINARY RESOLUTIONS of the Company:

1. **Increase of Authorized Capital**

   That the share capital of the Company be increased from Shs. 22,500,000/- to Shs. 30,000,000/- by the creation of 1,500,000 additional Ordinary Shares of Shs. 5/- each.

2. **Capitalization of Revenue Reserves**

   That it is desirable to capitalize the sum of Shs. 8,427,645/- being part of the amount standing to the credit of the Revenue Reserve account in the books of the Company, and accordingly that such sum be set free for distribution amongst the holders of the Ordinary Shares of the Company on the Register of Members at the close of business on 22 November, 1995 in the proportion in which they hold such shares respectively on that day on condition that the same be not paid in cash but be applied in paying up in full at par 1,685,529 Ordinary Shares of Shs. 5/- each to be allotted, distributed and credited as fully paid up to and amongst the said holders of Ordinary Shares in the proportions aforesaid, and the Directors shall give effect to this Resolution.

3. **Fractions**

   That should any of the said 1,685,529 Ordinary Shares not being issued by reason of any fractions of the share being disregarded, the Directors be authorized to allot and issue the same to such persons and upon such terms and conditions as they may deem fit.

ORDINARY BUSINESS

4. To receive the Directors' Report and audited financial statements for the year ended 31 July 1995.
5. To approve Directors' fees.
6. To declare a final dividend on the proposed increased capital as recommended by the Directors.
7. To re-elect Directors.
8. To authorize the Directors to fix the remuneration of the auditors, Deloitte & Touche.

By Order of the Board

Nairobi
3 November 1995

2007/0788

N P KOTHARI
Secretary

A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.

CARBACID INVESTMENTS LIMITED

Directors:	S G SMITH (Chairman) HON K S N MATIBA, MP SIR PETER HEWETT, BT R A SHEPHERD J M WANJIGI
Secretary:	N P KOTHARI
Registrars:	SPECIALIST CORPORATE CONSULTANTS, P.O. BOX 30633, NAIROBI
Registered Office:	COMCRAFT HOUSE, HAILE SELASSIE AVENUE, P.O. BOX 30633, NAIROBI
Auditors:	DELOITTE & TOUCHE P.O. BOX 40092, NAIROBI
Bankers:	KENYA COMMERCIAL BANK LIMITED, P.O. BOX 30081, NAIROBI STANDARD CHARTERED BANK KENYA LIMITED, P.O. BOX 18081, NAIROBI.

CARBACID INVESTMENTS LIMITED

CHAIRMAN'S STATEMENT FOR THE YEAR ENDED 31 JULY 1995

GENERAL

The Company has had another very good year to 31 July 1995.

SALES

Local sales have continued to be strong and export sales have been particularly good.

DEVELOPMENTS

The production facilities have been maintained to the highest standards and investment continues to be made in tanks and vehicles to meet increasing demand. A standby generator is being installed at the mine to cover power deficiences.

CAPITALIZATION ISSUE

It is proposed, subject to the approval of the Capital Markets Authority, to make a capitalization issue of two new shares for every five shares held. The new shares will be entitled to the final dividend.

DIVIDENDS

An interim dividend of 16% (1994 - 15%) was paid in April 1995 and the Directors have recommended that a final dividend of 22% (1994 - 21%) be paid in December on the share capital as increased by the capitalization issue.

FUTURE PROSPECTS

Your Company continues to enjoy strong sales volumes and profitability.

STAFF

On behalf of the Board of Directors and our Shareholders I wish to congratulate our staff for another excellent year and to convey our appreciation to all of them.

Nairobi
24 October 1995

S G SMITH
Chairman

TAARIFA YA MWENYEKITI YA MWAKA ULIOMALIZIKA JULAI 31 1995

MAELEZO KWA UJUMLA

Kampuni hii imekuwa na mwaka mwingine mzuri hadi Julai 31 1995

MAUZO

Mauzo ya hapa nchini yameendelea kuwa imara ilhali katika nchi za kigeni yamekuwa pia mazuri mno.

MASTAWISHO

Mitambo na vifaa vya kazi vimehifadhiwa katika hali ya juu zaidi na rasilmali zimeendelea kutumiwa katika matangi na magari ili kutosheleza mahitaji yanayoongezeka. Jenereta ya akiba inawekwa mgodini ili kutumiwa katika dharura wakati hitilafu za nguvu za umeme zinapotokea.

TOLEO LA RASILMALI ZA HISA

Inapendekezwa kutegemea idhini ya Halmashauri ya hisa za mtaji, kuongeza rasilmali za hisa kwa toleo la hisa mbili mpya kwa kila hisa tano zinazohifadhiwa. Hisa hizo mpya zitastahili kupata mgao wa mwisho wa faida.

MIGAO YA FAIDA

Mgao wa muda wa faida wa asili mia 16 (asili mia 15 mnamo 1994) ulilipwa mnamo Aprili 1995 na Wakurugenzi wamependekeza kwamba mgao wa mwisho wa faida wa asili mia 22 (asili mia 21 mnamo 1994) ulipwe mnamo Desemba kwa hisa ya rasilmali iliyoongezeka kwa toleo la rasilmali ya hisa.

MATUMAINI YA BAADAYE

Kampuni yenu inaendelea kufurahia mafanikio ya vimo imara vya mauzo na faida .

WAFANYA KAZI

Kwa niaba ya Halmashauri ya Wakurugenzi na Wenyehisa wetu napenda kuwapongeza wafanya kazi wetu kwa mwaka mwingine wa fanaka na kuwapa wote shukrani.

Nairobi
Oktoba 24 1995

S G SMITH
Mwenyekiti

REPORT OF THE DIRECTORS

The directors present their report together with the group audited financial statements for the year ended 31 July 1995.

ACTIVITIES

The company is a holding company with one wholly owned operating subsidiary, Carbacid (CO_2) Limited, whose principal activity is the mining of carbon dioxide gas.

RESULTS

	Sh '000	Sh '000
Profit before taxation		56,611
Taxation		19,819
Profit after taxation		36,792
Dividends - Paid	3,371	
- Proposed	6,489	9,860
Retained profit for the year transferred to revenue reserve		26,932

DIVIDENDS

An interim dividend of 16% amounting to Sh 3.371 million (1994 - 15% amounting to Sh 3.16 million) was paid in April 1995. The directors propose a final dividend of 22% amounting to Sh 6.489 million (1994 - 21% amounting to Sh 4.425 million) on the issued share capital as increased by the proposed capitalization of 2 shares for every 5 in issue. This makes a total dividend of Sh 9.86 million for the year.

DIRECTORS

The directors since 1 August 1994 have been:

S G Smith (Chairman)
Hon K S N Matiba, MP
Sir Peter Hewett, Bt
R A Shepherd
J M Wanjigi

Hon K S N Matiba, MP and Sir Peter Hewett, Bt retire by rotation and, being eligible, offer themselves for re-election.

REPORT OF THE DIRECTORS *(Continued)*

AUDITORS

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

By Order of the Board

N P KOTHARI
Secretary

Nairobi
12 October 1995

REPORT OF THE AUDITORS
TO THE MEMBERS OF CARBACID INVESTMENTS LIMITED

1 We have audited the financial statements on pages 9 to 20 and have obtained all the information and explanations considered necessary for our audit.

2 The financial statements are the responsibility of the directors. Our responsibility is to express an opinion on the financial statements based on our audit.

3 We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the directors, and evaluating the overall financial statement presentation.

4 In our opinion:

(i) Proper books of account have been kept by the company and the company's balance sheet is in agreement therewith.

(ii) The financial statements, which comply with the Companies Act, give a true and fair view of the state of affairs of the company and the group at 31 July 1995 and of the profit and cash flows of the group for the year ended on that date.

DELOITTE & TOUCHE

Certified Public Accountants (Kenya)

Nairobi
25 October 1995

CARBACID INVESTMENTS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 1995

	Note		1995 Sh '000	1994 Sh '000
TURNOVER			109,630	73,803
OPERATING PROFIT	2		43,983	34,133
INTEREST RECEIVABLE			12,286	18,693
DIVIDENDS RECEIVABLE			342	273
PROFIT BEFORE TAXATION			56,611	53,099
TAXATION	3		19,819	19,958
PROFIT AFTER TAXATION AVAILABLE FOR APPROPRIATION	4		36,792	33,141
DIVIDENDS – GROSS	5		9,860	7,585
RETAINED PROFIT FOR THE YEAR	15		26,932	25,556
EARNINGS PER SHARE	6	Sh	8.73	7.86
DIVIDENDS PER SHARE	6	Sh	2.34	1.80

CARBACID INVESTMENTS LIMITED

BALANCE SHEETS 31 JULY 1995

		GROUP		COMPANY	
		1995	1994	1995	1994
	Note	Sh '000	Sh '000	Sh '000	Sh '000
FIXED ASSETS	7	299,727	316,528	19,626	20,000
SUBSIDIARY	8	—	—	382,236	352,742
INVESTMENTS	9	1,169	649	1,169	649
CURRENT ASSETS					
Stocks	10	7,259	8,161	—	—
Debtors	11	34,716	15,847	26	22
Taxation recoverable		—	46	—	46
Dividend receivable from subsidiary		—	—	7,629	7,840
Short term deposits		59,564	60,265	—	—
Commercial papers	12	17,771	—	—	—
Bank balances and cash		15,659	13,518	790	696
		134,969	97,837	8,445	8,604
CURRENT LIABILITIES					
Creditors	13	14,907	12,565	636	575
Taxation payable		7,474	10,479	424	—
Proposed dividend (gross)		6,489	4,425	6,489	4,425
		28,870	27,469	7,549	5,000
NET CURRENT ASSETS		106,099	70,368	896	3,604
		406,995	387,545	403,927	376,995
Financed by:					
SHARE CAPITAL	14	21,069	21,069	21,069	21,069
RESERVES	15	382,858	355,926	382,858	355,926
SHAREHOLDERS' FUNDS		403,927	376,995	403,927	376,995
TAX EQUALISATION ACCOUNT	16	3,068	10,550	—	—
		406,995	387,545	406,927	376,995

The financial statements on pages 9 to 20 were approved by the Board of Directors on 12 October 1995 and were signed on its behalf by:

S G SMITH } Directors
P J S HEWETT }

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 1995

	Note	1995 Sh '000	1994 Sh '000
NET CASH INFLOW FROM OPERATING ACTIVITIES	17(a)	56,406	50,176
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		15,194	16,459
Dividends paid		(7,796)	(6,952)
Dividends received from quoted investments		342	273
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		7,740	9,780
TAXATION		(30,260)	(25,638)
INVESTING ACTIVITIES			
Purchase of commercial papers		(17,771)	—
Purchase of investment		(520)	—
Purchase of fixed assets		(17,406)	(24,943)
Proceeds on disposal of fixed assets		3,251	4,466
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(32,446)	(20,477)
NET CASH INFLOW BEFORE FINANCING		1,440	13,841
Issue of share capital		—	25
INCREASE IN CASH AND CASH EQUIVALENTS	17(c)	1,440	13,866

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 1995

1 ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The group prepares its financial statements on the historical cost basis of accounting, modified to include the revaluation of certain fixed assets.

(b) CONSOLIDATION

The consolidated financial statements include the assets, liabilities and revenue results of the company and its wholly owned subsidiary company Carbacid (CO_2) Limited, made up to 31 July.

(c) TURNOVER

Turnover represents the value of carbon dioxide gas and dry ice invoiced to customers, excluding value added tax.

(d) DEPRECIATION

Depreciation is calculated to write off the cost or valuation of fixed assets in equal instalments over their estimated useful lives at the following annual rates:

Short leasehold land and buildings	2 - 5%
Boreholes	5%
Roads	10%
Motor vehicles	20 - 25%
Plant and equipment	5 - 33.33%

(e) INVESTMENTS

Investments are stated at the lower of cost and net realisable value. Income from these investments is accounted for when received.

(f) STOCKS

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and labour, together with the relevant production overheads.

(g) TAXATION

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

(h) TAX EQUALISATION ACCOUNT

The tax equalisation account balance represents the unutilised amount previously provided for as deferred taxation, which is no longer required. The movement in the balance on this account represents an annual transfer to the taxation account of an amount equal to the excess of the actual taxation charge over the derived current taxation charge on the accounting profit at the ruling tax rate.

(i) FOREIGN CURRENCIES

Assets and liabilities expressed in foreign currencies are translated into Kenya Shillings at the rates of exchange ruling at the balance sheet date. Transactions 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 profit and loss account.

2 OPERATING PROFIT

	1995 Sh '000	1994 Sh '000
The operating profit is arrived at after charging:		
Directors' emoluments		
Emoluments as directors	1,058	867
Other emoluments	5,662	4,594
Auditors' remuneration	617	513
Depreciation	31,656	18,703
and after crediting:		
Gains on foreign exchange	3,404	280
Profit on disposal of fixed assets	700	3,241
Rent receivable	2,724	1,902

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

	1995 Sh '000	1994 Sh '000
3 TAXATION		
Based on adjusted profit for the year:		
Income tax at 35%	27,267	21,746
Drought levy at 2.5%	—	1,554
	27,267	23,300
Withholding tax - qualifying dividends	34	27
Transfer from tax equalisation account (Note 16)	(7,482)	(3,369)
	19,819	19,958

The taxable profit is materially higher than the accounting profit mainly due to the excess of depreciation over capital allowances.

At 31 July 1995, there were trading tax losses amounting to Sh 161,111 (1994 - Sh 338,516) carried forward in respect of the holding company.

4 PROFIT AFTER TAXATION

Of the group profit for the year after taxation, Sh 12,235,000 (1994 - Sh 11,613,000) has been dealt with in the financial statements of the holding company.

	1995 Sh '000	1994 Sh '000
5 DIVIDENDS		
Dividends are shown gross and comprise:		
Interim paid	3,371	3,160
Final proposed	6,489	4,425
	9,860	7,585

6 EARNINGS PER SHARE AND DIVIDENDS PER SHARE

Earnings per share is based on the profit after taxation for the year and on the shares in issue at 31 July.

Dividend per share is based on the gross dividends for the year and on the shares in issue at 31 July.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

7 FIXED ASSETS

GROUP

	Short leasehold land, buildings and boreholes Sh '000	Roads Sh '000	Motor vehicles Sh '000	Plant and equipment Sh '000	Total Sh '000
COST OR VALUATION					
At 1 August 1994	40,947	4,716	34,627	242,710	323,000
Additions	572	—	16,237	597	17,406
Disposals	—	—	(2,200)	(369)	(2,569)
At 31 July 1995	41,519	4,716	48,664	242,938	337,837
Comprising:					
Valuation — 1994	40,947	4,716	11,640	237,997	295,300
Cost	572	—	37,024	4,941	42,537
	41,519	4,716	48,664	242,938	337,837
DEPRECIATION					
At 1 August 1994	10	—	3,756	2,706	6,472
Charge for the year	1,216	472	9,242	20,726	31,656
Eliminated on disposals	—	—	—	(18)	(18)
At 31 July 1995	1,226	472	12,998	23,414	38,110
NET BOOK VALUE					
At 31 July 1995	40,293	4,244	35,666	219,524	299,727
At 31 July 1994	40,937	4,716	30,871	240,004	316,528

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

7 FIXED ASSETS *(Continued)*

COMPANY

	1995 Sh '000	1994 Sh '000
COST OR VALUATION		
At 1 August	20,000	8,582
Surplus on revaluation	—	11,418
At 31 July	20,000	20,000
Comprising:		
Valuation in 1994	20,000	20,000
DEPRECIATION		
At 1 August	—	155
Charge for the year	374	155
Written back on revaluation	—	(310)
At 31 July	374	—
NET BOOK VALUE		
At 31 July	19,626	20,000

Fixed assets in the parent company comprise of short leasehold land, buildings and boreholes.

8 SUBSIDIARY

	1995 Sh '000	1994 Sh '000
Shares at net asset valuation	371,193	346,636
Amount due by subsidiary	11,043	6,106
	382,236	352,742

CARBACID INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

		1995 Sh '000	1994 Sh '000
16	**TAX EQUALISATION ACCOUNT**		
	GROUP		
	At 1 August	10,550	13,919
	Transfer to current taxation account (Note 3)	(7,482)	(3,369)
		3,068	10,550

1

CARBACID INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

		1995 Sh '000	1994 Sh '000
9	***INVESTMENTS***		
	GROUP AND COMPANY		
	Quoted investments — Cost	1,169	649
	— Market value	5,998	8,259
10	**STOCKS**		
	GROUP		
	Carbon dioxide gas and dry ice	588	474
	Spare parts, fuel and chemicals	6,671	7,687
		7,259	8,161

		GROUP 1995 Sh '000	GROUP 1994 Sh '000	COMPANY 1995 Sh '000	COMPANY 1994 Sh '000
11	**DEBTORS**				
	Trade debtors	20,855	11,525	—	—
	Prepayments	4,094	14	—	—
	Other debtors	9,767	4,308	26	22
		34,716	15,847	26	22

		1995	1994
12	**COMMERCIAL PAPERS**		
	GROUP		
	Motor Mart Group Limited - Due 30 October 1995	9,300	—
	Rhone Poulenc (K) Ltd - Due 30 October 1995	10,000	—
		19,300	—
	Less: Unearned discount	1,529	—
		17,771	—

Fold 2
Kisha Kunja Hapa

STICK STAMP HERE

Fold 1
Kunja hapa kwanza

Company Secretary
Carbacid Investments Limited
P.O. Box 30633
Nairobi
Kenya

Fold 3
Halafu Kunja Hapa

Insert flap inside
Sasa Ingiza hii karatasi ndani ya
mkunjo ili ionekane kama bahasha

Revaluation surplus realised on disposals of fixed assets	(479)	479	—	—
At 31 July 1995	268,667	114,169	22	382,858
COMPANY				
At 1 August 1994	355,015	889	22	355,926
Retained profit for the year	—	2,375	—	2,375
Surplus on revaluation of investment in subsidiary	24,557	—	—	24,557
At 31 July 1995	379,572	3,264	22	382,858