CARBACID INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2000

6

contents

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1. Carbacid Investments Limited -- Periodi
2. Gases Industry -- Kenya -- Periodicals

directors and corporate information

DIRECTORS:	S G Smith	Chairman
	R A Shepherd	
	Sir Peter Hewett, Bt.	
	K S N Matiba	
	J M Wanjigi	
	P R Simpson	(Appointed 14 April 2000)

SECRETARY:

N P Kothari, FCPS (Kenya)
P O Box 30633
Nairobi

REGISTERED OFFICE:

Comcraft House
Haile Selassie Avenue
P O Box 30633
Nairobi
Kenya

AUDITORS:

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

BANKERS:

Standard Chartered Bank Kenya Limited
Industrial Area Branch
P O Box 18081
Nairobi

Commercial Bank of Africa Limited
P O Box 45136
Nairobi

ADVOCATES:

Kaplan & Stratton
P O Box 40111
Nairobi

Daly & Figgis
P O Box 40034
Nairobi

Omamo & Omamo
P O Box 61793
Nairobi

2007/0782

NOTICE IS HEREBY GIVEN that the thirtieth Annual General Meeting of the Company will be held at the Professional Centre (Council Chamber), Parliament Way, Nairobi on Friday, 8th December 2000 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 Authorised Capital

That the share capital of the Company be increased from Shs 50,000,000/- to Shs 60,000,000/- by the creation of 2,000,000 additional Ordinary Shares of Shs 5/- each, to rank pari passu in all respects with the existing Ordinary Shares in the capital of the Company.

2 Capitalisation of Revenue Reserves

That it is desirable to capitalise the sum of Shs 9,438,960/- 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 14th November 2000 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 1,887,792 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 proportion of one new share for every five Ordinary Shares then held, and the Directors shall give effect to this Resolution.

3 Fractions

That should any of the said 1,887,792 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 2000.

5 To declare a final dividend on the proposed increased capital as recommended by the Directors.

6 To approve Directors' fees.

7 To re-elect Directors.

8 To authorise the Directors to fix the remuneration of the auditors, Deloitte & Touche.

By Order of the Board

N P KOTHARI
Secretary
Nairobi
1st November 2000

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.

chairman's statement

FOR THE YEAR ENDED 31 JULY 2000

GENERAL

The company has had a more difficult year which ended on 31st July 2000 in keeping with the general economic situation prevailing in Kenya.

SALES

Local and export sales were at satisfactory levels throughout the financial year.

DEVELOPMENTS

The production facilities of the company have performed well to meet the demands of our customers and plant and machinery have been maintained to a high standard. During the year it became necessary to address the needs of certain of our customers for even greater purification of our main product and a substantial investment has been made in a catalytic converter to achieve this result. The plant will be operational early in the New Year and should stand us in very good stead for the future.

CAPITALISATION (BONUS) ISSUE

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

DIVIDENDS

An interim dividend of 22% (1999 - 20%) was paid in April, 2000. The Directors have recommended that a final dividend of 33% (1999 - 30%) be paid in December, 2000.

FUTURE PROSPECTS

East African Breweries Limited is one of our main customers and they have taken a policy decision to be self sufficient in regard to their requirements for carbon dioxide. This will certainly impact on our results at least initially but it is still early to assess the full extent of this development and in any event we do not expect our ability to maintain dividend levels to be affected nor to erode our very healthy cash position.

STAFF

The Board of Directors and Shareholders wish to extend their appreciation to all our staff for their good work in a year which required extra commitment on their part.

Nairobi
11th October, 2000

S G SMITH
Chairman

MAELEZO KWA UJUMLA

Kampuni imekuwa na mwaka mgumu uliomalizika Julai 31, 2000 kuambatana na hali ya kiuchumi inayoendelea nchini.

MAUZO

Mauzo ya hapa nchini na ya kigeni yalikuwa ya kuridhisha katika kipindi chote cha matumizi ya pesa.

MAENDELEO

Mitambo ya Kampuni imefanya vizuri sana ili kutimiza mahitaji ya wateja wa kampuni na kiwanda na mitambo vimehifadhiwa kwa kiwango cha juu. Mwaka huu, ilihitajika kushugulikia mahitaji ya wateja wengine ya Kiwango cha juu zaidi, cha uhalisi na usafi wa bidhaa yetu kubwa na rasilimali kubwa imefanywa kugaramia mtambo wa kuharakisha mageuzi (catalytic converter) ili kutimiza mahitaji haya. Kiwanda hiki kitaanza kufanya kazi mwanzo wa mwaka mpya na kutuweka mbele kwenye siku za baadaye.

TOLEO LA MTAJI WA HISA (ZIADA)

Inapendekezwa, kutegemea idhini ya Halmashauri ya Hisa za Mtaji, kuongeza mtaji wa hisa kwa toleo la hisa moja 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 asilimia 22 (asilimia 20 mnamo 1999) ulilipwa mnamo Aprili 2000 na Wakurugenzi wamependekeza kwamba mgao wa mwisho wa asilimia 33 (asilimia 30 mnamo 1999) ulipwe mnamo Desemba.

MATUMAINI YA BAADAYE

East African Breweries Limited ni moja wa wateja wakubwa wa kampuni na wamechukua mwongozo wa kujitosheleza katika mahitaji yao ya gesi ya Carbon dioxide. Hii hakika itaadhiri matokeo yetu hapo mwanzoni lakini bado ni mapema kukadiria kabisa kiwango cha tukio hili na vyovyote vile hatutarajii uwezo wetu wa kulipa migao kwa kiwango cha sasa utabadilika au kuadimisha hali yetu nzuri ya pesa.

WAFANYA KAZI

Halmashauri ya Wakurugenzi na Wenyehisa wangependa kutoa shukrani zao kwa wafanya kazi, kwa kazi yao nzuri katika mwaka uliohitaji uajibikaji wa ziada.

Nairobi
Oktoba 11, 2000

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 2000.

ACTIVITIES

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

RESULTS

	Sh'000
Profit before taxation	133,511
Taxation	41,298
Retained profit for the year transferred to revenue reserve	92,213

DIVIDENDS

An interim dividend of 22% (1999 - 20%) on the paid up share capital amounting to Sh 10,383,000 (1999- Sh 9,439,000) was paid in April 2000. The directors propose a final dividend of 33% (1999 - 30% together with a special millennium dividend of 50%) amounting to Sh 18,689,000 (1999 - Sh 14,158,000 together with a special millennium dividend of Sh 23,598,000) on the paid up share capital as increased by the proposed capitalisation of one share for every five in issue. This makes total dividends of Sh 29,072,000 (1999 - Sh 47,195,000) in respect of the year.

CAPITALISATION ISSUE

It is proposed, subject to approval of the Capital Markets Authority, to make a capitalisation issue of one new share for every five in issue. The new shares will be entitled to the final dividend for the year ended 31 July 2000.

DIRECTORS

The directors who held office during the year are shown on page 2.

Sir Peter Hewett, Bt and Mr R A Shepherd retire by rotation and, being eligible, offer themselves for re-election.

Mr P R Simpson who was appointed a director on 14 April 2000 retires in accordance with the Company's Articles of Association.

AUDITORS

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

By Order of the Board

N P KOTHARI
Secretary
Nairobi
11th October 2000

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that each company in the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of each company in the group and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

report of the auditors

TO THE MEMBERS OF
CARBACID INVESTMENTS LIMITED

Deloitte & Touche

Certified Public Accountants
(Kenya)

"Kirungii", Ring Road, Westlands
P.O. Box 40092
Nairobi, Kenya
Telephone: 254-2-441 344/05-12
Facsimile: 254-2-448966
Dropping Zone Box No. 92
E-mail: admin@dtti.co.ke

We have audited the financial statements on pages 9 to 24 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 7, 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 31 July 2000 and of the profit and cash flows of the group for the year then ended in accordance with International Accounting Standards and comply with the Companies Act.

DELOITTE & TOUCHE
Nairobi
11th October 2000

Deloitte Touche Tohmatsu

Partners:
D.M. Ndonye V.M. Allen* H. Gadhoke*
S.O. Onyango J.W. Wangai
British*

consolidated income statement

FOR THE YEAR ENDED 31 JULY 2000

	Note	2000 Sh'000	1999 (Restated) Sh'000
TURNOVER		219,413	212,008
COST OF SALES		(44,384)	(36,465)
GROSS PROFIT		175,029	175,543
OTHER OPERATING INCOME		12,826	12,444
DISTRIBUTION COSTS		(39,334)	(44,013)
ADMINISTRATIVE EXPENSES		(48,516)	(43,404)
OPERATING PROFIT	2	100,005	100,570
FINANCE INCOME	4	33,506	69,231
PROFIT BEFORE TAXATION		133,511	169,801
TAXATION	5	(41,298)	(56,143)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	6	92,213	113,658
BASIC EARNINGS PER SHARE	7	9.77	12.04
DIVIDEND PER SHARE	8	2.75	5.00

consolidated balance sheet

31 JULY 2000

	Note	2000 Sh'000	1999 (Restated) Sh'000
ASSETS			
Non current assets			
Property, plant and equipment	9	346,020	268,770
Other investments	11	1,648	1,648
		347,668	270,418
Current assets			
Inventories	12	8,006	8,178
Trade and other receivables	13	49,707	40,578
Taxation recoverable		13,105	348
Bonds and treasury bills	14	158,484	116,136
Short term deposits		127,278	173,730
Commercial paper	15	-	29,211
Bank balances and cash		10,900	38,052
		367,480	406,233
Total assets		715,148	676,651
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	16	47,195	47,195
Capital reserve		224,889	226,564
Revenue reserve		338,011	273,195
		610,095	546,954
Non current liabilities			
Deferred income taxes	17	48,819	58,489
Current liabilities			
Trade and other payables	18	23,510	26,456
Bank overdraft (secured)		13,830	-
Taxation payable		205	6,996
Proposed dividend - gross		18,689	37,756
		56,234	71,208
Total equity and liabilities		715,148	676,651

The financial statements on pages 9 to 24 were approved by the board of directors on 11th October 2000 and were signed on its behalf by:

S G SMITH
R A SHEPHERD } Directors

	Note	2000 Sh'000	1999 (Restated) Sh'000
ASSETS			
Non current assets			
Property, plant and equipment	9	54,968	56,018
Investment in subsidiary company	10	558,596	501,657
Other investments	11	1,648	1,648
		615,212	559,323
Current assets			
Trade and other receivables	13	-	37
Taxation recoverable		-	348
Dividend receivable from subsidiary		30,296	44,362
Bank balances		1,323	1,078
		31,619	45,825
Total assets		646,831	605,148
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	16	47,195	47,195
Capital reserve		561,232	504,293
Revenue reserve		1,668	(4,534)
		610,095	546,954
Non current liabilities			
Deferred income taxes	17	1,928	2,242
Current liabilities			
Trade and other payables	18	1,512	1,133
Due to subsidiary company	19	14,402	17,063
Taxation payable		205	-
Proposed dividend - gross		18,689	37,756
		34,808	55,952
Total equity and liabilities		646,831	605,148

The financial statements on pages 9 to 24 were approved by the board of directors on 11th October 2000 and were signed on its behalf by:

S G SMITH
R A SHEPHERD } Directors

consolidated statement of changes in equity

FOR THE YEAR ENDED 31 JULY 2000

	Share capital Sh'000	Capital reserve Sh'000	Revenue reserve Sh'000	Total Sh'000
At 1 August 1998				
- As previously reported	47,195	269,817	227,080	544,092
- Prior year adjustment	-	(46,793)	(20,408)	(67,201)
- As restated	47,195	223,024	206,672	476,891
Revaluation surplus realised on disposal of plant and equipment	-	(60)	60	-
Net profit for the year	-	-	113,658	113,658
Interim dividend paid	-	-	(9,439)	(9,439)
Proposed dividend	-	-	(37,756)	(37,756)
Movement in deferred tax	-	3,600	-	3,600
At 31 July 1999	47,195	226,564	273,195	546,954
Revaluation surplus realised on disposal of plant and equipment	-	(1,675)	1,675	-
Net profit for the year	-	-	92,213	92,213
Interim dividend paid	-	-	(10,383)	(10,383)
Proposed dividend	-	-	(18,689)	(18,689)
At 31 July 2000	47,195	224,889	338,011	610,095

company statement of changes in equity

FOR THE YEAR ENDED 31 JULY 2000

	Share capital Sh'000	Capital reserve Sh'000	Revenue reserve Sh'000	Total Sh'000
At 1 August 1998				
- As previously reported	47,195	505,116	(8,219)	544,092
- Prior year adjustment	-	(6,222)	3,426	(2,796)
- As restated	47,195	498,894	(4,793)	541,296
Surplus on revaluation of investment in subsidiary	-	4,920	-	4,920
Net profit for the year	-	-	47,454	47,454
Interim dividend paid	-	-	(9,439)	(9,439)
Proposed dividend	-	-	(37,756)	(37,756)
Movement in deferred tax	-	479	-	479
At 31 July 1999	47,195	504,293	(4,534)	546,954
Surplus on revaluation of investment in subsidiary	-	56,939	-	56,939
Net profit for the year	-	-	35,274	35,274
Interim dividend paid	-	-	(10,383)	(10,383)
Proposed dividend	-	-	(18,689)	(18,689)
At 31 July 2000	47,195	561,232	1,668	610,095

consolidated
cash flow statement

FOR THE YEAR ENDED 31 JULY 2000

	Note	2000 Sh'000	1999 Sh'000
OPERATING ACTIVITIES			
Cash generated from operations	20(a)	128,446	176,148
Interest received		29,103	31,290
Taxation paid		(70,517)	(52,534)
Net cash generated from operating activities		87,032	154,904
INVESTING ACTIVITIES			
Purchase of plant and equipment		(115,706)	(22,149)
Proceeds on disposal of plant and equipment		1,904	1,384
Proceeds on disposal of other investments		-	24
Purchase of bonds		-	(72,726)
Redemption of bonds		4,849	27,100
Dividends received		602	537
Net cash used in investing activities		(108,351)	(65,830)
FINANCING ACTIVITIES			
Dividends paid		(48,138)	(21,710)
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(69,457)	67,364
CASH AND CASH EQUIVALENTS AT 1 AUGUST		309,784	242,420
CASH AND CASH EQUIVALENTS AT 31 JULY	20(b)	240,327	309,784

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with and comply with International Accounting Standards (IAS) which have been adopted with effect from this accounting period. Previously the financial statements were prepared under Kenya Accounting Standards. This change arises from the adoption of IAS by the Institute of Certified Public Accountants of Kenya with a requirement that the change be effected for accounting periods commencing on or after 1 January 1999.

The principal accounting policies adopted in the preparation of these financial statements are set out below:

BASIS OF PREPARATION

The financial statements are prepared under the historical cost basis of accounting, modified to include the revaluation of certain property, plant and equipment.

CONSOLIDATION

The group financial statements reflect the results of the consolidation of the financial statements of the company and its subsidiary, Carbacid (CO_2) Limited, whose financial year ends on 31 July.

TURNOVER

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

INVENTORIES

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost or valuation less depreciation.

DEPRECIATION

Depreciation is calculated to write off the cost or valuation of property, plant and equipment in equal instalments over their estimated useful lives at the following annual rates:

Leasehold land	Over the remaining period of the lease
Buildings	Over 50 years, or remaining period of lease whichever is less
Boreholes	5%
Roads	10%
Motor vehicles	10% - 25%
Plant and equipment	5% - 33.3%

INVESTMENT IN SUBSIDIARY COMPANY

Investment in subsidiary company is stated at the net asset value of the subsidiary at the balance sheet date.

1 ACCOUNTING POLICIES (continued)

QUOTED INVESTMENTS

Investments are stated at cost or at valuation where there has been a permanent diminution in value of the investment.

TAXATION

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

Deferred income tax is provided for, 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. Currently enacted tax rates are used to determine deferred income tax.

This represents a change in accounting policy to comply with International Accounting Standard No 12 (Revised). Previously, deferred income tax was provided for when, in the opinion of the directors, a liability or asset was expected to crystallise in the foreseeable future. The change in policy has been applied retrospectively.

RETIREMENT BENEFIT OBLIGATIONS

The group operates a defined contribution pension scheme for eligible non-unionisable employees. The scheme is externally administered and is funded by contributions from both the company and employees.

The group also operates an unregistered non-contributory scheme for its senior management.

The group also contributes to the statutory National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Act. The company's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of Sh 80 per employee per month.

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

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 income statement.

COMPARATIVES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. In particular, comparatives have been adjusted or extended to take into account the requirements of the International Accounting Standards.

With the exception of the effects of adoption of IAS 12 on income taxes (Revised), no other accounting policy changes have a significant effect on the financial statements.

	2000 Sh'000	1999 Sh'000

2 OPERATING PROFIT

	2000 Sh'000	1999 Sh'000
The operating profit is arrived at after charging:		
Directors' emoluments		
Fees	1,840	1,674
Other emoluments	6,353	4,469
Auditors' remuneration	1,021	1,020
Staff costs (note 3)	27,285	26,418
Depreciation	38,130	39,765
Tax penalties	4,735	1,982
and after crediting:		
Profit on disposal of plant and equipment	1,578	1,291
Rent receivable	3,509	3,342

3 STAFF COSTS

	2000 Sh'000	1999 Sh'000
Salaries and wages	25,268	24,292
Social security costs	47	50
Pension costs - defined contribution plan	753	1,771
- unregistered non-contributory scheme	1,131	-
Terminal benefits	86	305
	27,285	26,418

The average number of staff employed by the group on contracts of service during the year was as follows:	No.	No.
Administration	14	14
Production	37	39
	51	53

4 FINANCE INCOME

		2000 Sh'000	1999 Sh'000
Interest receivable from	- bonds and treasury bills	19,048	13,169
	- commercial paper	1,716	6,141
	- short term deposits	9,167	9,948
	- current account	302	235
Net foreign exchange gains		2,671	39,201
Dividends receivable		602	537
		33,506	69,231

5 TAXATION

	2000 Sh'000	1999 Sh'000
(a) TAX EXPENSE		
Current taxation based on taxable profit at 30% (1999 - 32.5%)	52,403	59,654
Current tax relating to prior periods	(1,465)	1,574
Deferred tax credit	(9,670)	(5,112)
Withholding tax	30	27
	41,298	56,143
(b) RECONCILIATION OF EXPECTED TAX BASED ON ACCOUNTING PROFIT TO TAX EXPENSE		
Accounting profit before taxation	133,511	169,801
Tax at the applicable rate of 30% (1999 - 32.5%)	40,053	55,185
Tax effect of expenses not deductible for tax purposes	2,860	1,454
Current tax relating to prior periods	(1,465)	1,574
Tax effect of reduction in tax rate	-	(1,910)
Tax effect of income not taxable	(180)	(187)
Withholding tax	30	27
	41,298	56,143
(c) DEFERRED TAX RELATING TO ITEMS CREDITED TO CAPITAL RESERVE		
Deferred taxation on revaluation surpluses on property, plant and equipment	-	3,600

6 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders dealt with in the financial statements of Carbacid Investments Limited is Sh 35,274,000 (1999 - Sh 47,454,000 as restated).

7 BASIC EARNINGS PER SHARE

Basic earnings per share is based on the profit attributable to shareholders for the year and on the shares in issue at 31 July.

8 DIVIDEND PER SHARE

Dividend per share is based on the gross dividends for the year and on the shares in issue at 31 July. The proposed bonus issue qualifies for the final dividend.

	2000 Sh	1999 Sh
Interim dividend	1.10	1.00
Special millennium dividend	-	2.50
Final dividend	1.65	1.50
	2.75	5.00

9 PROPERTY, PLANT AND EQUIPMENT

GROUP

	Leasehold land, buildings and boreholes Sh'000	Roads Sh'000	Motor vehicles Sh'000	Plant and equipment Sh'000	Capital work in progress Sh'000	Total Sh'000
COST OR VALUATION						
At 1 August 1999	84,003	23,396	80,633	259,652	-	447,684
Additions	-	57	12,976	2,565	100,108	115,706
Disposals	-	-	(1,685)	(2,494)	-	(4,179)
At 31 July 2000	84,003	23,453	91,924	259,723	100,108	559,211
Comprising:						
Valuation - 1994	40,748	4,716	7,940	237,294	-	290,698
Cost	43,255	18,737	83,984	22,429	100,108	268,513
	84,003	23,453	91,924	259,723	100,108	559,211
DEPRECIATION						
At 1 August 1999	6,865	5,473	57,695	108,881	-	178,914
Charge for the year	1,656	2,345	13,007	21,122	-	38,130
Eliminated on disposals	-	-	(1,685)	(2,168)	-	(3,853)
At 31 July 2000	8,521	7,818	69,017	127,835	-	213,191
NET BOOK VALUE						
At 31 July 2000	75,482	15,635	22,907	131,888	100,108	346,020
At 31 July 1999	77,138	17,923	22,938	150,771	-	268,770

The capital work in progress represents the actual amounts incurred as at year end on a catalytic oxidation plant purchased in the year. The plant is expected to be installed in the year 2000/2001 once the whole shipment is received.

Property, plant and equipment with a cost of Sh 23,130,562 (1999 - Sh 10,281,993) were fully depreciated at 31 July 2000. The normal depreciation charge in respect of these assets for the year would have been Sh 4,940,656 (1999 - Sh 2,371,136).

9 PROPERTY, PLANT AND EQUIPMENT *(continued)*

COMPANY

	2000 Sh'000 Leasehold land and buildings	1999 Sh'000 Leasehold land and buildings
COST OR VALUATION		
At 1 August 1999 and 31 July 2000	59,319	59,319
Comprising:		
Valuation in 1994	20,000	20,000
Cost	39,319	39,319
	59,319	59,319
DEPRECIATION		
At 1 August 1999	3,301	2,172
Charge for the year	1,050	1,129
At 31 July 2000	4,351	3,301
NET BOOK VALUE	54,968	56,018

10 INVESTMENT IN SUBSIDIARY COMPANY

Shares at net asset valuation	558,596	501,657

11 OTHER INVESTMENTS

GROUP AND COMPANY

Quoted investments at cost (market value -Sh 6,349,000 1999 - Sh 8,061,000)	1,648	1,648

	2000 Sh'000	1999 Sh'000

12 INVENTORIES

GROUP

	2000 Sh'000	1999 Sh'000
Carbon dioxide gas and dry ice	820	800
Spare parts and materials	6,405	6,513
Fuel and chemicals	781	865
	8,006	8,178

13 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2000 Sh'000	1999 Sh'000	2000 Sh'000	1999 Sh'000
Trade receivables	31,584	35,669	-	-
Provisions for bad debts	-	(1,044)	-	-
	31,584	34,625	-	-
VAT recoverable	12,262	-	-	-
Interest receivable	4,918	3,797	-	-
Prepayments	404	1,440	-	-
Other receivables	539	716	-	37
	49,707	40,578	-	37

14 BONDS AND TREASURY BILLS

	GROUP 2000 Sh'000	GROUP 1999 Sh'000	COMPANY 2000 Sh'000	COMPANY 1999 Sh'000
Government treasury bills	118,600	70,500	-	-
Discount on purchase	(2,621)	(1,709)	-	-
	115,979	68,791	-	-
Government treasury bonds	36,250	37,750	-	-
Premium on purchase	21	100	-	-
	36,271	37,850	-	-
East African Development Bank bonds	6,250	9,550	-	-
Discount on purchase	(16)	(55)	-	-
	6,234	9,495	-	-
At 31 July	158,484	116,136	-	-

		2000 Sh'000	1999 Sh'000

15 COMMERCIAL PAPER

GROUP

	2000 Sh'000	1999 Sh'000
Mabati Rolling Mills Limited - 10 million due 16 August 1999	-	30,000
- 20 million due 16 August 1999	-	-
Less: unearned discount	-	(789)
	-	29,211

16 SHARE CAPITAL

	2000 Sh'000	1999 Sh'000
Authorised:		
10,000,000 ordinary shares of Sh 5 each	50,000	50,000
Issued and fully paid:		
9,438,963 ordinary shares of Sh 5 each	47,195	47,195

17 DEFERRED INCOME TAXES

Deferred income taxes are calculated on all temporary differences under the liability method using the enacted tax rate of 30%. The net deferred taxation liability is attributed to the following items:

	GROUP		COMPANY	
	2000 Sh'000	1999 Sh'000	2000 Sh'000	1999 Sh'000
Accelerated capital allowances	15,723	18,700	(3,687)	(3,437)
Leave pay provision	(986)	-	-	-
Unrealised exchange gains	140	1,079	-	-
Revaluation surplus	33,942	38,710	5,615	5,679
	48,819	58,489	1,928	2,242
The movement on the deferred tax account is as follows:				
At 1 August	58,489	-	2,242	-
Not previously recognised	-	67,201	-	2,796
Capital reserve credit	-	(3,600)	-	(479)
Income statement credit	(9,670)	(5,112)	(314)	(75)
	48,819	58,489	1,928	2,242

18 TRADE AND OTHER PAYABLES

	GROUP 2000 Sh'000	GROUP 1999 Sh'000	COMPANY 2000 Sh'000	COMPANY 1999 Sh'000
Trade payables	3,220	3,571	-	-
Cylinder deposits	3,998	4,042	-	-
Unclaimed dividends	1,258	852	1,258	852
Other payables and accruals	15,034	17,991	254	281
	23,510	26,456	1,512	1,133

19 DUE TO SUBSIDIARY COMPANY

COMPANY

	2000	1999
Due to Carbacid (CO_2) Limited	14,402	17,063

20 NOTES TO THE CASH FLOW STATEMENT

(a) RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED FROM OPERATIONS

	2000 Sh'000	1999 Sh'000
Operating profit	100,005	100,570
Depreciation	38,130	39,765
Profit on disposal of plant and equipment	(1,578)	(1,291)
Net foreign exchange gains	2,671	39,201
Operating profit before working capital changes	139,228	178,245
Decrease/(increase) in inventories	172	(289)
Increase in trade and other receivables	(8,008)	(8,044)
(Decrease)/increase in trade and other payables	(2,946)	6,236
Cash generated from operations	128,446	176,148

20 NOTES TO THE CASH FLOW STATEMENT (continued)

(b) ANALYSIS OF CASH AND CASH EQUIVALENTS

	2000 Sh'000	1999 Sh'000
Treasury bills	115,979	68,791
Commercial paper	-	29,211
Short term deposits	127,278	173,730
Bank balances and cash	10,900	38,052
Bank overdraft (secured)	(13,830)	-
	240,327	309,784

For the purpose of the cash flow statement, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired.

21 CAPITAL COMMITMENTS

	2000 Sh'000	1999 Sh'000
GROUP AND COMPANY		
Contracted but not provided for	38,859	9,729

22 CONTINGENT LIABILITIES

	2000 Sh'000	1999 Sh'000
GROUP		
Guarantees	200	200
Disputed VAT assessment	-	5,852
Disputed land rent	400	-
	600	6,052

23 RETIREMENT BENEFIT OBLIGATIONS

The group contributes to a defined contribution scheme and to a statutory defined pension scheme, the National Social Security Fund. Contributions to the group plan are determined by the rules of the plan and totalled Sh 753,480 (1999 - Sh 1,771,000) in the year. Contributions to the statutory scheme are determined by local statute. During the year ended 31 July 2000, the group contributed Sh 47,360 (1999 - Sh 49,600) to the statutory scheme.

The group also contributes to unregistered non-contributory schemes for the senior management. Contributions in the year totalled Sh 1,130,730 (1999 - Sh Nil).

24 COUNTRY OF INCORPORATION

The company is incorporated in Kenya under the Companies Act.

25 CURRENCY

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

notes

notes

proxy form

I/We ____

of ____

being a Member(s) of CARBACID INVESTMENTS LIMITED hereby appoint ______________________

______________________________ of ______________________

or failing him ____

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 Professional Centre (Council Chamber), Parliament Way, Nairobi on 8th December 2000 and at any adjournment thereof.

Please indicate how you wish to cast your vote

		For (√)	Against (x)
1	To increase the authorised capital		
2	To capitalise revenue reserves		
3	To authorise Directors to deal with fractions		
4	To receive the financial statements		
5	To declare a final dividend		
6	To approve Directors' fees		
7	To re-elect Sir Peter Hewett Bt		
8	To re-elect Mr R A Shepherd		
9	To authorise the Directors to fix the remuneration of the auditors.		

Dated this ______________________ day of ______________________ 2000

Signature ____

Notes:

1. A member may appoint a proxy of his own choice. If such an appointment is made, delete these words "Chairman of the meeting" and insert the name of the person appointed proxy in the space provided.

2. If the appointor is a corporation, this form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.

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

4. To be valid, this form must be completed and deposited at the Registered Office of the Company, 3rd Floor, Comcraft House, Haile Selassie Avenue, P.O. Box 30633, Nairobi, not less than twenty four hours before the time fixed for holding the meeting or adjourned meeting.

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