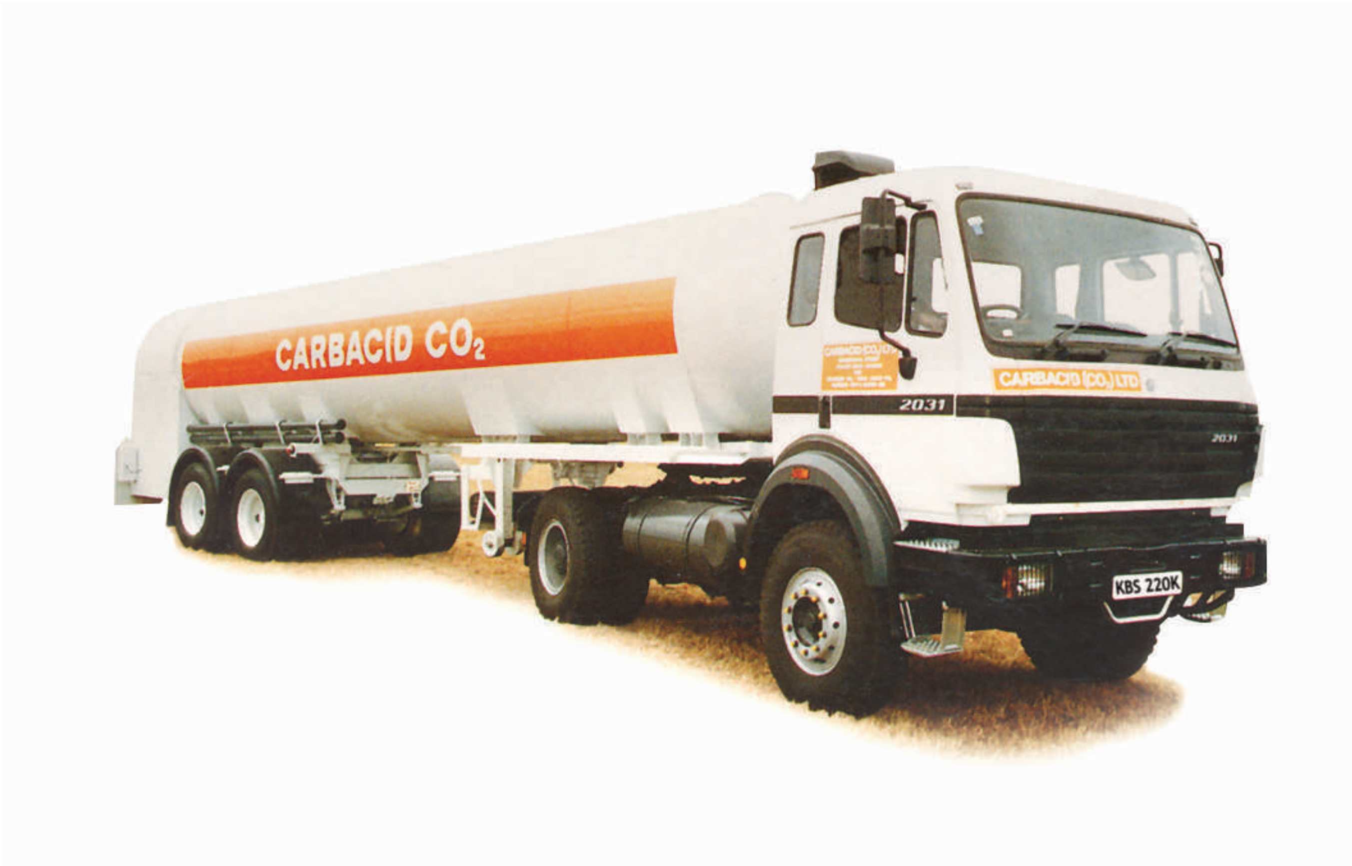
CARBACID INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2013



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Corporate information

DIRECTORS	J M Wanjigi	Chairman
	R A Shepherd	
	B C Patel	
	M K R Shah*	
	*British	
AUDIT & RISK COMMITTEE	R A Shepherd	Chairman
	J M Wanjigi	
	B C Patel	
	M K R Shah*	
SECRETARY	N P Kothari, FCPS (Kenya) FCIS	
REGISTERED OFFICE	1st Floor, Empress Plaza, Jalaram Road / Ring Road Parklands, Westlands P O Box 764 - 00606, Sarit Centre Nairobi	
REGISTER OF MEMBERS AND TRANSFER OFFICE	Axis Kenya 1st Floor, Empress Plaza, Jalaram Road / Ring Road Parklands, Westlands P O Box 764 - 00606, Sarit Centre Nairobi	
AUDITORS	Deloitte & Touche Certified Public Accountants (Kenya) Deloitte Place Waiyaki Way, Muthangari P O Box 40092 - 00100, GPO Nairobi	
BANKERS	Commercial Bank of Africa Limited Upper Hill Branch Mara & Ragati Road P O Box 30437 - 00100, GPO Nairobi	
	CfC Stanbic Bank Limited Upper Hill Medical Centre Branch Ralph Bunche Road P O Box 2492 - 00200 Nairobi, City Square	
ADVOCATES	Wainaina Ireri & Co. Advocates P O Box 42706 - 00100, GPO Nairobi	

JAMES MAINA WANJIGI EGH, MSc, MA - CHAIRMAN

Aged 82, Mr Wanjigi who is a Fulbright Scholar, has been a Board member since 1970. He has held very senior cabinet positions in Government and has been a member of International organizations. He is involved in overseeing his family's businesses as well as being involved in various other business and social welfare activities.

R A (TONY) SHEPHERD

Aged 81, Mr Shepherd joined the Group as Managing Director of Carbacid (CO_2) Limited in 1967. He retired as a Managing Director of Carbacid (CO_2) Limited in 2001 and has continued as a non- executive Director. His vast knowledge and experience of the business gained over the years provides the Board with valuable technical guidance.

BALOO C PATEL

Aged 74, Mr Patel joined the Board in 2002. He is a significant shareholder in the Company and has extensive business interests in Kenya. He is also a Director of Pan African Insurance Holdings Limited. His varied business experience brings a wide range of additional skills to the Board.

MUKESH K R SHAH FCCA, CPA (K), CPS (Kenya)

Aged 59, Mr Shah joined the Board in 2002. He is a member of the Institute of Certified Public Accountants of Kenya, the Institute of Certified Public Secretaries of Kenya and a Fellow of the Association of Chartered and Certified Accountants of the UK. He is a former partner of PriceWaterhouse and a director of a leading consultancy firm that specializes in providing strategic and business advisory services to Family Owned Businesses. Mr Shah is substantially a non-executive Director, but has certain specific responsibilities for financial matters of the Group.

NOTICE IS HEREBY GIVEN that the forty-third Annual General Meeting of the Company will be held in Woodvale Room, 1st Floor, Sankara Hotel, Woodvale Grove, Westlands, Nairobi on Tuesday, 10th December 2013 at 10.00 a.m., for the following purposes:

ORDINARY BUSINESS

1 To receive the Directors' Report and audited financial statements for the year ended 31st July 2013.

2 To declare a final dividend as recommended by the Directors to the shareholders registered on 15th November 2013.

3 To approve Directors' fees.

4 To elect Directors:

(a) Mr R A Shepherd retires by rotation and, being eligible, offers himself for re-election.

(b) Mr M K R Shah retires by rotation and, being eligible, offers himself for re-election.

5 To authorize the Directors to fix the remuneration of the auditors, Deloitte & Touche.

SPECIAL BUSINESS

(i) To consider and, if thought fit, pass the following Resolutions as ORDINARY RESOLUTIONS of the Company, subject to such regulatory approvals including those of Capital Markets Authority, as may be required.

6 Increase of Authorized Share Capital

That the share capital of the Company be increased from KShs 250,000,000/- to KShs 1,000,000,000/- by the creation of 150,000,000 additional Ordinary Shares of KShs 5/- each, to rank pari passu in all respects with the existing Ordinary Shares in the capital of the Company.

7 Capitalization of Revenue Reserves

That it is desirable to capitalize the sum KShs 84,950,660/- 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 15th November 2013 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 16,990,132 Ordinary Shares of KShs 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 Ordinary Share for every two Ordinary Shares then held, save that these Shares shall not rank for dividends in respect of the year ended 31st July 2013 and the Directors shall give effect to this Resolution.

8 Fractions

That should any of the said 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.

9 Subdivision of Shares

That the 200,000,000 Ordinary Shares of KShs 5/- each in the capital of the Company be subdivided into 1,000,000,000 Ordinary Shares of KSh 1/- each.

(ii) To consider and, if thought fit pass the following Resolution as a SPECIAL RESOLUTION of the Company.

10 That the Articles of Association of the Company be altered in the following manner, namely:-

(a) By deleting Article 34, in toto and substituting therefor the following Article 34:

*34 Any notice or other document may be served by the Company on any Member or Director either personally or by sending it through the post (by airmail where such service is available) in a prepaid letter or by fax, e-mail or other electronic means addressed to such Member or Director at his registered address as appearing in the Register or the Company's other records, whether such address shall be within or outside Kenya. In the case of joint holders of a share, all notices shall be given to one of the joint holders whose name stands first in the Register and notice so given shall be sufficient notice to all the joint hold*ers.

(b) By adding the following Articles as Article 34A and Article 34B immediately after Article 34:

34A Where a notice or other document is sent by post it shall be deemed to have been served on the third day after the day on which it was posted, if addressed within Kenya, and on the fifth day after the day on which it was posted if addressed outside Kenya. In proving such service or sending, it shall be sufficient to prove that the cover containing the notice or document was properly addressed and put into the post office as a prepaid letter or prepaid airmail letter. Where a notice is sent by fax, e-mail or other electronic means it shall be deemed to have been served at the expiration of twenty-four hours after the time at which it was sent. The failure of any person to receive any notice served pursuant to these Articles shall not in any way invalidate any proceedings or actions taken by the Company for which the notice was given.

34B Notwithstanding anything in these Articles to the contrary, any notice, document or information to be given, sent, supplied, delivered or provided to any person (including any Member) by the Company, whether pursuant to these Articles, the Act or otherwise, is also to be treated as given, sent, supplied, delivered or provided where:

(a) it is sent in electronic form or on a compact disc or any such device

(b) to the extent permitted by law, it is made available on a website of the Company or its subsidiary, provided that, in the case of any notice to Members or any documents to be sent to Members under the provisions of the Act and these Articles the Company shall simultaneously publish the notice or (as the case may be) an abridged set of financial statements comprising the balance sheet and income statement or as known by any other name in two daily newspapers with nationwide circulation drawing attention to the website on which the notice and the full text of any other documents may be read, and the address to which a request for a hard copy of such documents may be submitted. To the extent permitted by law, upon such publication in the daily newspapers, the documents in question shall be deemed to have been sent to every Member or other person entitled to receive a copy of the documents.

(c) By deleting Article 35 in toto and substituting therefor the following Article 35:

35 Any notice or other document may be served by the Company on any person entitled to a share in consequence of the death or bankruptcy of a Member either personally or by sending it through the post (by airmail where such service is available) in a prepaid letter or by fax, e-mail or other electronic means addressed to them by name or by the title of the representative of the deceased or trustees of the bankrupt or by any like description at the relevant address which has been supplied for the purpose of receiving any document or notice or in the event such address has not been provided by giving notice in any manner in which the same might have been given if the death or bankruptcy had not occurred. Regulation 133 of Table A shall not apply.

(d) By adding the following Article as Article 35A immediately after Article 35:

35A Any dividend, interest or other sum payable in cash to the holder of shares may be paid by electronic funds transfer or other automated system of bank, electronic or transfer transmitted to the bank or of the holder of shares recorded in the Register or by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first on the Register in respect of the shares. Every such funds transfer, cheque or warrant shall, unless the holder otherwise directs, be made payable to the order of the registered holder or, joint holders, in respect of such shares and shall be sent at his or their risk. Any one of two or more joint holders may give an effectual receipt for any dividend or other money payable in respect of the shares held by such joint holders.

(e) By adding the following Article as Article 37:

37 The Company may, if and as required by law, deliver or pay to any prescribed authority any unclaimed assets including but not limited to shares in the Company presumed to be abandoned or unclaimed in law and any dividends or interest thereon remaining unclaimed beyond the relevant prescribed statutory periods. Upon such delivery or payment the unclaimed assets shall cease to remain owing by the Company and the Company shall no longer be responsible to the owner or holder or his or her estate or successors or assigns for the relevant unclaimed assets.

By Order of the Board

N P Kothari
Secretary
Nairobi
22nd October 2013

The alterations to the Company's Articles of Association have been necessitated by changes in law and to enable the Company to adopt new communication methods. A copy of the Company's Articles of Association is available for inspection at the Company's registered office, 1st floor, Empress Plaza Jalaram Road/Ring Road Parklands, Westlands, Nairobi, during normal working hours from Monday to Friday.

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. A detachable proxy form is at the end of the financial statements.

I am pleased to report that the year ended 31 July 2013 has been yet another year of growth in the Carbacid Group. In this period the Group has delivered a small increase in sales and a significant increase in investment income and in profits. The investment company, Carbacid Investments Ltd did well with a substantial increase in investment income arising from stock market gains and interest income. Earnings per share for the year is Sh 13.99, an increase from Sh 11.46 last year.

We have achieved strong cash flow, which has enabled us to invest in the business and reward Shareholders. The fundamentals of our business remain sound; however, economic conditions in the East African region have become increasingly challenging and we expect them to continue. There are also new opportunities arising from oil and gas finds in Kenya and the region but these will take some time to commercialise.

The second half of the year also saw intense competition from other Carbon Dioxide suppliers in the region. Your Board also continues to look for new opportunities, new markets and new uses of Carbon Dioxide to expand the Group's business in Kenya and the Eastern Africa region. The Management continues to look for new markets, whilst researching for better production methods to be competitive in terms of quality and value.

Group sales increased by 3% while gross profit remained at last year's level. Profit before tax increased by 19%. Net profit after tax is 22% above the previous year. Investment income has had a major contribution to profitability in 2013. Other major factors that have impacted the results for the year are higher operating costs due to inflation and the higher cost of fuel for transport and for generator power and an increase in staff costs.

Carbacid recognizes its critical supplier status for the food and beverage industry. The Company's production facilities continue to be maintained at the highest standards to ensure high levels of operational efficiency and the provision of the highest quality product in Africa. Last year, Carbacid was awarded the Food Safety Systems Certification 22000, which is an international certificate awarded to organizations in the food industry that conform to the highest standards of manufacture. The FSSC 22000 certification is a measure of excellence.

We have taken a decision to install a new state of the art plant at Kagwe to ensure that we remain at the forefront to supply the highest purity of food grade Carbon Dioxide. The new plant which will be a replacement of existing capacity will be operational in early 2014. Additional investment will also be made in the transport fleet and other standby resources in order to ensure the continuity of reliable quality supplies to all customers.

As an environmentally friendly Group, the Directors made the decision to substantially reduce the use of Chlorofluorocarbons (CFC). This will involve a substantial investment in new refrigeration equipment.

Our commitment to creating shareholder value remains strong. In respect of the year ended 31 July 2013, your Board had approved the payment of an interim dividend of Sh 3/- per share and now recommends a final dividend of Sh 3/- per share to be paid in December 2013. The total dividend per share for the full year will, therefore, be Sh 6/- per share, on 33,980,265 shares in issue.

chairman's statement

FOR THE YEAR ENDED 31 JULY 2013

Your Board has recommended to the members to consider a capitalization (bonus) issue of one share for every two shares held. The Board has further recommended to the members to consider the subdivision of the shares of Shs 5/- each into five shares of Sh 1/- each. These proposals are subject to an increase of the authorized capital for which an appropriate resolution will be presented at the Annual General Meeting on 10 December 2013, and also such regulatory approvals as may be required.

As part of its Corporate Social Responsibility, your Company continues to provide bursaries to qualifying students at the Kimende High School. The Company also continues to pay university fees for talented students from areas in which we operate.

Your Board places great emphasis on Corporate Governance and a Statement on Corporate Governance is included in the Annual Report.

Finally, on behalf of the Board of Directors, I would like to convey my appreciation to our management and staff for their dedicated commitment to the Company. I also wish to record my appreciation for the guidance and contribution of my fellow Board members.

Nairobi
22 October 2013

J M Wanjigi
Chairman

Nina furaha kuripoti kwamba mwaka uliomalizika Julai 31, 2013 umekuwa mwaka mwingine wa ukuaji kwa kundi la Carbacid. Katika kipindi hiki kundi limeleta ongezeko dogo katika mauzo na ongezeko kubwa kwa mapato kutokana na uwekezaji na faida. Kampuni ya uwekezaji, Carbacid Investments Limited ilifanya vizuri ikiwa na ongezeko kubwa katika mapato yanayotokana na uwekezaji katika soko la hisa na mapato ya riba. Mapato kwa kila hisa kwa mwaka huu ni Shillingi 13.99 ongezeko kutoka Shillingi 11.46 hapo mwaka jana.

Tumeweza kupata mtiririko wa pesa wenye nguvu ambao umetuwezesha kuwekeza katika biashara na kuwazawadia wenye hisa. Msingi wa biashara yetu umebakia imara; hata hivyo hali ya uchumi katika kanda ya Afrika Mashariki imeendelea kuwa changamoto na inatarajiwa kuendelea. Pia kuna nafasi mpya kutokana na kupatikana mafuta na gesi nchini Kenya na katika kanda hii lakini hizi zitachukua muda kuzifanya biashara.

Nusu ya pili ya mwaka kulionekana ushindani mkali kutoka kwa wauzaji wengine wa Carbon dioxide katika kanda. Halmashauri yenu ya wakurugenzi inaendelea kutafuta nafasi mpya, masoko mapya na matumizi mapya ya Carbon dioxide ili kupanua biashara ya kundi nchini Kenya na kanda ya Afrika Mashariki. Wasimamizi wanaendelea kutafuta masoko mapya, kutafiti na kutekeleza mbinu mpya za utoaji gesi ili kuwa na ushindani katika ubora na thamani.

Mauzo ya kundi yaliongezeka kwa asilimia 3 na faida kutokana na utenda kazi ilibaki katika kiwango cha mwaka jana. Faida kabla ya kodi iliongezeka kwa asilimia 19. Faida baada ya kodi iko asilimia 22 juu ya mwaka uliopita. Mapato kutokana na uwekezaji yamekuwa na mchango mkubwa katika faida ya mwaka wa 2013. Sababu zingine ambazo zimechangia matokeo ya mwaka ni matumizi ya juu ya uendeshaji kazi kutokana na ongezeko katika mfumuko wa bei na bei ya juu ya mafuta katika usafirishaji na kawi ya jenereta na ongezeko katika gharama ya wafanyikazi.

Carbacid inatambua umuhimu wake katika ugavi kwenye viwanda vya chakula na vinywaji. Mitambo ya kampuni inaendelea kuhifadhiwa katika viwango vya juu zaidi na kutoa bidhaa za ubora wa juu zaidi hapa Afrika. Mwaka jana Carbacid ilipewa cheti cha Food Safety Systems Certification 22000 (FSSC 22000) ambacho ni cheti cha kimataifa kinachotunukiwa mashirika katika sekta ya chakula ambayo yanajilainisha na viwango vya juu vya utengenezaji. Kutuzwa cheti cha FSSC 22000 ni kipimo cha ubora.

Sisi tumefanya uamuzi ya kuweka mtambo wa kisasa hapo Kagwe ili kuhakikisha tunabaki mbele katika ugavi wa Carbon dioxide ya chakula yenye usafi wa juu zaidi. Mtambo mpya ambao utabadilisha uwezo uliopo utaanza kazi mapema mwaka 2014. Uwekezaji wa ziada utafanyiwa magari ya usafiri na rasilimali zingine za ziada ili kuhakikisha ugavi unaoendelea na wa kuaminika kwa wateja wote.

Kama kampuni inayopenda mazingira, wakurugenzi waliamua kupunguza kwa sehemu kubwa matumizi ya Chlorofluorocarbons (CFC). Hii itahusisha uwekezaji mkubwa katika mitambo mipya ya majokofu.

taarifa ya mwenyekiti

YA MWAKA ULIOMALIZIKA JULAI 31, 2013

Azimio letu katika kuleta thamani kwa wenye hisa bado linabaki thabiti. Kuhusiana na mwaka uliomalizika Julai 31, 2013, halmashauri yenu wakurugenzi, iliidhinisha mgao wa muda wa shillingi 3/- kwa kila hisa na sasa inapendekeza mgao wa mwisho wa Shillingi 3/- kwa kila hisa kulipwa hapo Disemba 2013. Mgao wote kwa jumla kwa mwaka mzima, kwa hivyo utakuwa ni Shillingi 6/- kwa kila hisa kwenye hisa 33,980,265 ambazo zimetolewa.

Halmashauri yenu imependekeza kwa wenye hisa kupitisha toleo la ziada (bonus issue) la hisa moja kwa kila hisa mbili zilizoandikishwa kwa kufanywa mtaji hifadhi ya faida ya Kampuni. Halmashauri ya wakurungenzi pia imependekeza kugawanya hisa za Shillingi 5/- kila moja katika hisa tano za Shillingi 1/- kwa kila hisa. Mapendekezo haya yatategemea kuongezewa kwa mtaji na azimio litapendekezwa katika mkutano wa mwaka wa wenye hisa hapo Disemba 10, 2013 na idhini kutolewa na halmashauri yoyote kama inavyohitajika.

Kama sehemu ya wajibu kwa jamii (CSR), Kampuni yenu inaendelea kutoa misaada ya kifedha kwa wanafunzi wanaostahili katika shule ya upili ya Kimende. Kampuni pia inaendelea kulipa karo za chuo kikuu kwa wanafunzi wenye vipaji katika sehemu ambazo tunafanya kazi.

Halmashauri yenu ya wakurugenzi inaendelea kutilia mkazo uongozi bora na taarifa kuhusu Uongozi wa Kampuni imejumlishwa katika Ripoti ya Mwaka.

Mwisho, kwa niaba ya halmashauri ya wakurugenzi, ningependa kutoa shukrani zangu kwa wasimamizi na wafanyi kazi wote kwa kujitolea kwa Kampuni. Ningependa pia kutoa shukrani kwa mwongozo na mchango wa wakurugenzi wenzangu.

Nairobi
Oktoba 22, 2013

J M Wanjigi
Mwenyekiti

Corporate Governance is the process and structure used to direct and manage the business affairs of the Group towards enhancing prosperity and corporate accounting with the ultimate objective of realizing shareholders' long-term value while taking into account the interest of other stakeholders.

The Company is committed to maintaining high standards of Corporate Governance and the disclosures in this year's financial statements are in recognition of this commitment. The Board of Directors is of the opinion that the Company has complied with corporate governance guidelines as issued by the Capital Markets Authority.

BOARD OF DIRECTORS

The role of the Board

The Board is responsible for the long-term growth and profitability of the Carbacid Group. The Board charts the direction of the Group and monitors management's performance on behalf of the shareholders. A critical role of the Board is to ensure that the Group is pursuing a strategy that increases profitability and shareholders' value.

Board meetings

The Board normally meets quarterly each year for scheduled meetings and on other occasions to deal with specific matters that require attention between scheduled meetings. Scheduled meetings include annual strategic reviews, review of quarterly performance and monitoring of business and operational issues. During the year, the Board had five meetings, which were well attended by the directors.

Board of Directors

The names of the directors who held office during the year and to the date of this report are given on Page 2 of this report. There are currently four non-executive Directors, Mr Wanjigi, Mr Patel, Mr Shepherd and Mr Shah. Three of the non- executive Directors are considered by the Board to be independent of management as defined by Corporate Governance Guidelines.

The Board is comprised of Directors of a mix of skills and experience, and its constitution fairly reflects the Company's shareholding structure and thus representing minority shareholding. The Company Secretary attends all Board meetings and offers additional guidelines to the Board on matters relating to corporate governance and statutory matters.

One third of the members of the Board retires by rotation each year and may offer themselves for re-election if eligible in accordance with the Company's Articles of Association. Any Director appointed by the Board will be subject to election by shareholders at the first opportunity after his or her appointment and will not be taken into account in determining the Directors who are to retire by rotation at that meeting.

COMMITTEES OF THE BOARD

The Board carries out certain of its duties by delegation to Board Committees from time to time. These Committees meet regularly and make recommendations to the Board on issues delegated to them. The Committees operate under Terms of Reference approved by the Board and their duties extend across the Group.

Audit & Risk Committee

The Audit & Risk Committee is chaired by a non-executive director, Mr R A Shepherd. The Committee assists the Company's Board to discharge its corporate governance responsibilities, including the Group's relationship with, and the independence of, the external auditors; the reliability and appropriateness of the disclosure in the financial statements and external financial communication; and the maintenance of an effective business risk management framework including compliances and internal controls.

Other Committees in place are the Board Nomination Committee, Board Remuneration Committee, Board Strategic Committee and Board Investment Committee which meet at least once a year and more often when necessary. At least two independent directors are members of each of these Committees.

Business and Financial Planning

A detailed budget for each financial year is presented to the Board for approval at the beginning of that year. Management accounts comparing actual results against budget and previous years and revised forecasts for the remainder of the financial year are produced each month and circulated to the Board. Significant variances from budget are highlighted and explained and, where appropriate, corrective action is indicated.

The Board attaches great importance to maintaining a strong control environment and the system of internal controls includes the assessment of non-financial risks and controls.

The Board has established a management structure, which clearly defines roles, responsibilities and reporting lines. Delegated authorities are documented and communicated.

Communications with Shareholders

The Company is committed to:

- Ensuring that shareholders and the financial markets are provided with full and timely information about its performance
- Complying with continuous obligations contained in applicable Listing Rules and the Capital Markets Authority Act applicable in Kenya.

Information is communicated to the shareholders through the distribution of the annual report and press notices following release of the half-yearly results and whenever there are other significant developments to report on.

Corporate Social Responsibility

The Company believes that it has a responsibility to contribute to the improvement of the community where possible. The initiatives supported during the year are highlighted in the Chairman's statement.

Directors' emoluments and loans

The aggregate amount of emoluments for Directors' services rendered in the financial year is disclosed on page 38.

Since the last Annual General Meeting of the Company to the date of this report, no Director has received or become entitled to receive any benefit other than Directors' fees and amounts received under employment contracts.

Neither at the end of the financial year nor at any time during the year did there exist any arrangement to which the Group is a party whereby Directors might acquire benefits by means of the acquisition of shares in the Group. There were no Directors' loans at any time during the year.

There have been no material significant related party transactions between the Company and the Directors or Management except those disclosed in Note 24.

Other declarations

The company has in place a policy requiring Directors to make full disclosure of any matters in which they have a personal interest that could result in a conflict of interest. There are no material contracts involving any of the director's interests.

Retained earnings shown in the Balance Sheet are available for future corporate decisions such as issue of bonuses and distribution of dividends. Revaluation Surplus is not distributable.

Directors' interest

The interest of the Directors in the Shares of the Company as at 31 July 2013 were as follows:

Name	No. of Shares
Mr J M Wanjigi Including shares held by companies in which he has an interest	1,167,850
Mr R A Shepherd	97,986
Mr B C Patel	3,714,783

Distribution of shareholders as at 31 July 2013

Shareholding (No. of shares)	No. of shares held	No. of shareholders	% shareholding
Less than 500	53,760	301	0.16
500 - 5,000	1,117,422	545	3.29
5,001 - 10,000	1,549,208	221	4.56
10,001 - 100,000	5,561,466	199	16.37
100,001 - 1,000,000	10,224,346	43	30.09
above 1,000,000	15,474,063	5	45.53
Total	33,980,265	1,314	100.00

Major shareholders

The top 10 major shareholders as at 31 July 2013 were as follows:

Name	No. of Shares	% Shareholding
Mrs A Patel	5,097,000	15.00
Mr B C Patel	3,714,783	10.93
Leverton Limited	3,178,854	9.36
Kivuli Limited	1,980,000	5.83
Miss T I Friedman	1,503,426	4.42
Standard Chartered Nominees A/C 9230	803,000	2.36
Standard Chartered Nominees Non-Resd A/C 9598	660,000	1.94
Java Investments Limited	564,200	1.66
Rasimu Limited	547,874	1.61
Mrs B C Kampf	538,284	1.58

The directors present their report together with the audited financial statements of Carbacid Investments Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 July 2013 which disclose state of affairs of the group and of the company.

PRINCIPAL ACTIVITIES

The company is an investment and holding company with three subsidiaries. The principal activities of Carbacid (CO_2) Limited involve the mining and sale of carbon dioxide gas while Goodison Twenty Nine Limited and Goodison Forty Seven Limited are investment companies.

GROUP RESULTS

	Sh'000
Profit before taxation	634,686
Taxation charge	(159,145)
Group profit for the year transferred to retained earnings	475,541

DIVIDENDS

An interim dividend of Sh 3.00 per share (2012 - Sh 3.00) on 33,980,265 shares (2012 - 33,980,265 shares) was paid during the year amounting to Sh 101,940,795 (2012 - Sh 101,940,795). The Directors propose a final dividend of Sh 3.00 per share (2012 - Sh 3.00) amounting to Sh 101,940,795 (2012 - Sh 101,940,795).

DIRECTORS

The current board of directors is shown on page 2.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office in accordance with the provision of section 159 (2) of the Kenyan Companies Act (Cap. 486).

BY ORDER OF THE BOARD

N P Kothari
Secretary
22 October 2013
Nairobi

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the company as at the end of the financial year and of the group's operating results for that year. It also requires the directors to ensure that the company and its subsidiaries 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 are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, and for such internal controls as directors determine are necessary to enable the preparation of financial statements are free from material misstatement, whether due to fraud or error.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Group and company and of the Group's 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 going concerns for at least the next twelve months from the date of this statement.

J M WANJIGI	M K R SHAH
Director	Director
22 October 2013	

TO THE MEMBERS OF
CARBACID INVESTMENTS LIMITED

Deloitte.

Deloitte & Touche
Certified Public Accountants (Kenya)
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Waiyaki Way, Muthangari
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Report on the financial statements

We have audited accompanying financial statements of Carbacid Investments Limited and its subsidiaries set out on pages 17 to 53, which comprise the consolidated and company statements of financial position as at 31 July 2013, and the consolidated statement of profit or loss and other comprehensive income, consolidated and company statements of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, and for such internal controls as directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the company as at 31 July 2013 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

Report on other legal and regulatory requirements

As required by the Kenyan Companies Act we report to you, based on our audit, that:

i) we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
ii) in our opinion, proper books of account have been kept by the company, so far as appears from our examination of those books; and
iii) the company's statement of financial position is in agreement with the books of account.

Deloitte & Touche

Certified Public Accountants (Kenya)
Fredrick Aloo
22 October 2013
Nairobi, Kenya

FOR THE YEAR ENDED 31 JULY 2013

	Notes	2013 Sh'000	2012 Sh'000
TURNOVER		952,836	921,753
COST OF SALES		(399,909)	(365,913)
GROSS PROFIT		552,927	555,840
OTHER OPERATING INCOME		28,748	27,583
ADMINISTRATIVE EXPENSES		(92,661)	(109,018)
FINANCE INCOME	4	86,035	65,488
FOREIGN EXCHANGE GAINS/ (LOSSES)		3,991	(9,057)
FAIR VALUE GAIN ON EQUITY INVESTMENTS	15	55,646	4,608
PROFIT BEFORE TAXATION	5	634,686	535,444
TAXATION CHARGE	7	(159,145)	(146,157)
PROFIT FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS	8	475,541	389,287
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		475,541	389,287
EARNINGS PER SHARE – Basic and diluted	9	Sh 13.99	Sh 11.46

31 JULY 2013

	Notes	2013 Sh'000	2012 Sh'000
ASSETS			
Non current assets			
Property, plant and equipment	11(a)	819,391	905,033
Investment property	12	60,000	60,000
Operating lease prepayments	13	65,394	66,347
Equity investments	15	164,422	107,673
Corporate bonds	16	203,125	234,375
		1,312,332	1,373,428
Current assets			
Inventories	17	36,883	27,203
Trade and other receivables	18	149,551	184,388
Taxation recoverable	7(c)	8,699	3,327
Short term deposits	19	641,881	363,210
Bank and cash balances		55,053	61,260
		892,067	639,388
Total assets		2,204,399	2,012,816
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	20	169,902	169,902
Revaluation surplus		209,492	237,410
Retained earnings		1,545,035	1,245,458
Shareholders' funds		1,924,429	1,652,770
Non current liabilities			
Deferred taxation	21	191,553	209,880
Current liabilities			
Trade and other payables	22	64,689	44,235
Taxation payable	7(c)	-	87,221
Unclaimed dividends	10(b)	23,728	18,710
		88,417	150,166
Total equity and liabilities		2,204,399	2,012,816

The financial statements on pages 17 to 53 were approved and authorised for issue by the board of directors on 22 October 2013 and were signed on its behalf by:

J M WANJIGI
Director

M K R SHAH
Director

	Notes	2013 Sh'000	2012 Sh'000
ASSETS			
Non current assets			
Property, plant and equipment	11(b)	12,445	12,705
Investment property	12	60,000	60,000
Operating lease prepayments	13	19,930	20,389
Investment in subsidiaries	14	3,546	3,546
Equity investments	15	149,703	95,761
Corporate bonds	16	203,125	234,375
		448,749	426,776
Current assets			
Trade and other receivables	18	19,127	19,155
Taxation recoverable	7(c)	3,742	3,327
Short term deposits	19	641,881	363,210
Due from subsidiary	24(a)	1,640	1,032
Bank and cash balances		14,367	18,887
		680,757	405,611
Total assets		1,129,506	832,387
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	20	169,902	169,902
Revaluation surplus		8,582	8,764
Retained earnings		919,629	629,231
Shareholders' equity		1,098,113	807,897
Non current liabilities			
Deferred taxation	21	3,764	3,842
Current liabilities			
Trade and other payables	22	3,901	1,938
Unclaimed dividends	10(b)	23,728	18,710
Due to subsidiary	24(a)	-	-
		27,629	20,648
Total equity and liabilities		1,129,506	832,387

The financial statements on pages 17 to 53 were approved and authorised for issue by the board of directors on 22 October 2013 and were signed on its behalf by:

J M WANJIGI
Director

M K R SHAH
Director

FOR THE YEAR ENDED 31 JULY 2013

	Notes	Share capital Sh'000	Revaluation surplus Sh'000	Retained earnings Sh'000	Total Sh'000
At 1 August 2011		169,902	255,680	1,041,783	1,467,365
Total comprehensive income for the year		-	-	389,287	389,287
Transfer of excess depreciation		-	(26,100)	26,100	-
Deferred tax on excess depreciation		-	7,830	(7,830)	-
Final dividend declared – 2011	10	-	-	(101,941)	(101,941)
Interim dividend declared – 2012	10	-	-	(101,941)	(101,941)
At 31 July 2012		169,902	237,410	1,245,458	1,652,770
At 1 August 2012		169,902	237,410	1,245,458	1,652,770
Total comprehensive income for the year		-	-	475,541	475,541
Transfer of excess depreciation		-	(39,883)	39,883	-
Deferred tax on excess depreciation		-	11,965	(11,965)	-
Final dividend declared – 2012	10	-	-	(101,941)	(101,941)
Interim dividend declared – 2013	10	-	-	(101,941)	(101,941)
At 31 July 2013		169,902	209,492	1,545,035	1,924,429

The revaluation surplus represents the surplus arising from the revaluation of property, plant and equipment and is not distributable.

	Notes	Share capital Sh'000	Revaluation surplus Sh'000	Retained earnings Sh'000	Total Sh'000
At 1 August 2011		169,902	8,870	549,813	728,585
Total comprehensive income for the year		-	-	283,194	283,194
Transfer of excess depreciation		-	(151)	151	-
Deferred tax on excess depreciation		-	45	(45)	-
Final dividend declared – 2011	10	-	-	(101,941)	(101,941)
Interim dividend declared – 2012	10	-	-	(101,941)	(101,941)
At 31 July 2012		169,902	8,764	629,231	807,897
At 1 August 2012		169,902	8,764	629,231	807,897
Total comprehensive income for the year		-	-	494,098	494,098
Transfer of excess depreciation		-	(260)	260	-
Deferred tax on excess depreciation		-	78	(78)	-
Final dividend declared – 2012	10	-	-	(101,941)	(101,941)
Interim dividend declared – 2013	10	-	-	(101,941)	(101,941)
At 31 July 2013		169,902	8,582	919,629	1,098,113

The revaluation surplus represents the movement arising from the revaluation of property, plant and equipment and is not distributable.

FOR THE YEAR ENDED 31 JULY 2013

	Notes	2013 Sh'000	2012 Sh'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	23(a)	640,948	513,716
Interest received		86,035	65,488
Taxation paid	7(c)	(270,065)	(6,980)
Net cash generated from operating activities		456,918	572,224
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	11	(17,808)	(102,812)
Proceeds from disposal of property, plant and equipment		2,071	1,270
Proceeds on redemption of corporate bonds	16	31,250	15,625
Purchase of equity investments	15	(1,103)	(11,913)
Net cash generated from/ (used in) investing activities		14,410	(97,830)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	10(b)	(198,864)	(202,321)
INCREASE IN CASH AND CASH EQUIVALENTS		272,464	272,073
CASH AND CASH EQUIVALENTS AT START OF YEAR		424,470	152,397
CASH AND CASH EQUIVALENTS AT END OF YEAR	23(c)	696,934	424,470

1 ACCOUNTING POLICIES

Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards.

For purposes of reporting under the Kenyan Companies Act, the balance sheet in these financial statements is represented by the statement of financial position and the profit and loss account is equivalent to the statement of profit or loss.

Application of new and revised International Financial Reporting Standards (IFRSs)

(i) Relevant new standards and amendments to published standards effective for the year ended 31 July 2013

Amendments to IFRS 7 Disclosures – Transfers of Financial Assets	The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements. The amendments to IFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures of transactions where a financial asset is transferred but the transferor retains some level of continuing exposure in the asset The application of the amendment had no effect on the Group's financial statements as the Group did not transfer any such financial assets during the year.
Amendments to IAS 12 Deferred Tax, Recovery of Underlying Assets	The amendments to IAS 12 provide an exception to the general principle set out in IAS 12, Income Taxes, that the measurement of deferred tax should reflect the manner in which an entity expects to recover the carrying amount of an asset. Specifically, the amendments establish a rebuttable presumption that the carrying amount of an investment property measured using the fair value model in IAS 40, Investment Property, will be recovered entirely through sale. The amendments were issued in response to concerns that application of IAS 12's general approach can be difficult or subjective for investment property measured at fair value because it may be that the entity intends to hold the asset for an indefinite or indeterminate period of time, during which it anticipates both rental income and capital appreciation. The above amendments were adopted by the Group effective from 1 August 2012 and have been adopted in these financial statements.

1 ACCOUNTING POLICIES (continued)

Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

(i) Relevant new standards and amendments to published standards effective for the year ended 31 July 2013

Amendments to IFRS 1 Severe Hyperinflation	The amendments regarding severe hyperinflation provide guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time The amendments had no effect on the Group's financial statements as the Group did not operate in a hyper-inflationary environment.
Amendment to IFRS 1: Removal of fixed dates for first time adopters	The amendments regarding the removal of fixed dates provide relief to first time adopters of IFRS's for reconstructing transactions that occurred before the dates of transition to IFRSs. The amendment had no effect on the Group as it is not a first time adopter of IFRS.
Amendments to IAS 1 Presentation of Items of Other Comprehensive Income	The amendments to IAS 1 introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed the 'statement of profit or loss'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be split into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The above amendments were adopted by the Group effective from 1 August 2012 and have been adopted in these financial statements.

1 ACCOUNTING POLICIES (continued)

Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

(ii) *Relevant new and amended standards and interpretations in issue but not yet effective in the year ended 31 July 2013.*

New and Amendments to standards	Effective for annual periods beginning on or after
IFRS 9, Financial Instruments	1 January 2015
IFRS 10, Consolidated Financial Statements	1 January 2013
IFRS 11, Joint Arrangements	1 January 2013
IFRS 12, Disclosure of Interests in Other Entities	1 January 2013
IFRS 13, Fair Value Measurement	1 January 2013
Amendments to IFRS 7 Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to IFRS 9 and IFRS 7 Mandatory Effective Date of IFRS 9 and Transition Disclosures	1 January 2015
Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
IAS 19, Employee Benefits (as revised in 2011)	1 January 2013
IAS 27, Separate Financial Statements (as revised in 2011)	1 January 2013
IAS 28, Investments in Associates and Joint Ventures (as revised in 2011)	1 January 2013
IAS 32, Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities	1 January 2014
Annual Improvements to IFRSs 2009-2011 Cycle	1 January 2013

(iii) *Impact of relevant new and revised IFRSs in issue but not yet effective for the year ended 31 July 2013*

- **IFRS 9, Financial Instruments**

  IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

  Key requirements of IFRS 9:

  - All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value.

1 ACCOUNTING POLICIES (continued)

Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

(iii) Impact of relevant new and revised IFRSs in issue but not yet effective for the year ended 31 July 2013 (continued)

- **IFRS 9, Financial Instruments (continued)**

  Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

  With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

  The directors anticipate that IFRS 9 will be adopted in the Group's financial statements for the annual period beginning 1 January 2015 and that the application of IFRS 9 may have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities (e.g the Group will classify financial assets as subsequently measured at either amortised cost or fair value). However, it is not practicable to provide a reasonable estimate of that effect until a detailed review is done.

- **New and revised Standards on consolidation, joint arrangements, associates and disclosures**

  In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011). Key requirements of these five Standards are described below.

  IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. SIC-12 Consolidation – Special Purpose Entities will be withdrawn upon the effective date of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

  IFRS 11 replaces IAS 31 Interests in Joint Ventures. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers will be withdrawn upon the effective date of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

1 ACCOUNTING POLICIES (continued)

Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

(iii) Impact of relevant new and revised IFRSs in issue but not yet effective for the year ended 31 July 2013 (continued)

- **New and revised Standards on consolidation, joint arrangements, associates and disclosures (continued)**

  In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportional consolidation.

  IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

  In June 2012, the amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the application of these IFRSs for the first time.

  These five standards together with the amendments regarding the transition guidance are effective for annual periods beginning on or after 1 January 2013, with earlier application permitted provided all of these standards are applied at the same time. The Group will apply these amendments prospectively.

  The directors anticipate that the application of IFRS 10 and IFRS 11 will have no material impact to the Group's financial statements currently. However, the Group would have to apply this standard to any such arrangements entered in the future. The directors anticipate that the application of IFRS 12 will result in more extensive disclosures in the financial statements.

- **IFRS 13, Fair Value Measurement**

  IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope

  IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

  The directors anticipate that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements, however, the Group is yet to assess IFRS 13's full impact and intends to adopt the standard no later than the accounting period beginning on 1 August 2013.

1 ACCOUNTING POLICIES (continued)

Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

(iii) Impact of relevant new and revised IFRSs in issue but not yet effective for the year ended 31 July 2013 (continued)

- **Amendments to IFRS 7 and IAS 32 Offsetting Financial Assets and Financial Liabilities and the related disclosures**

  The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

  The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

  The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

  The directors anticipate that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

- **IAS 19, Employee Benefits**

  The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus.

  Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. The amendments to IAS 19 require retrospective application.

  The directors anticipate that the amendments to IAS 19 will be adopted in the Group's financial statements for the annual period beginning 1 July 2013, however, the directors are yet to assess the full impact of the amendment.

- **Annual Improvements to IFRSs 2009 – 2011 Cycle issued in May 2012**

  The Annual Improvements to IFRSs 2009 – 2011 Cycle include a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to IFRSs include:

  - amendments to IAS 1 Presentation of Financial Statements;
  - amendments to IAS 16 Property, Plant and Equipment; and
  - amendments to IAS 32 Financial Instruments: Presentation.

1 ACCOUNTING POLICIES (continued)

Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

(iii) Impact of relevant new and revised IFRSs in issue but not yet effective for the year ended 31 July 2013 (continued)

- **Annual Improvements to IFRSs 2009 – 2011 Cycle issued in May 2012 (continued)**

  IAS 1 Presentation of Financial Statements
  The amendments to IAS 1 clarify that an entity is required to present a statement of financial position as at the beginning of the preceding period (third statement of financial position) only when the retrospective application of an accounting policy, restatement or reclassification has a material effect on the information in the third statement of financial position and that the related notes are not required to accompany the third statement of financial position.

  The amendments also clarify that additional comparative information is not necessary for periods beyond the minimum comparative financial statement requirements of IAS 1. However, if additional comparative information is provided, the information should be presented in accordance with IFRSs, including related note disclosure of comparative information for any additional statements included beyond the minimum comparative financial statement requirements. Presenting additional comparative information voluntarily would not trigger a requirement to provide a complete set of financial statements.

  The directors anticipate that the amendments to IAS 1 will result in the Group's presenting a statement of financial position at the beginning of the preceding period (third statement of financial position) only when the restatement or reclassification has a material effect on the information in the financial statements.

  IAS 16 Property, Plant and Equipment
  The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise.

  The directors do not anticipate that the amendments to IAS 16 will have a significant effect on the Group's financial statements as the Group does not have significant amounts of spare parts, stand-by equipment and servicing equipment.

  IAS 32 Financial Instruments: Presentation
  The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes.

  The directors anticipate that the amendments to IAS 32 will have no effect on the Group's financial statements as the Group has already adopted this treatment.

(iv) Early adoption of standards

The Group did not early-adopt new or amended standards in 2013.

1 ACCOUNTING POLICIES (continued)

Basis of preparation

The financial statements have been prepared on the historical cost basis of accounting, as modified by the revaluation of certain assets.

Basis of consolidation

Subsidiaries 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 balances and unrealised surpluses and deficits on transactions with the subsidiary companies have been eliminated.

The consolidated financial statements incorporate the financial statements of the company and its wholly owned subsidiaries, Carbacid (CO_2) Limited, Goodison Twenty Nine Limited and Goodison Forty Seven Limited, whose financial years ends on 31 July.

Turnover

Income is recognised upon delivery of goods to customers and represents the invoiced value of goods and services provided to customers, excluding value added tax.

Dividend income

Dividend income from equity investments is recognised when the company's right to receive dividends as a shareholder is established.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Inventories

Carbon dioxide gas and dry ice inventories are stated at the lower of cost and net realisable value. Cost comprises materials and, where appropriate, labour and attributable overheads. Net realisable value is the selling price in the ordinary course of business. The cost of other inventories is determined on the weighted average cost basis.

Property, plant and equipment

Property, plant and equipment are stated at cost or at professionally revalued amounts less accumulated depreciation and any accumulated impairment loss. Revaluations are performed with sufficient regularity, every 3 – 5 years, such that the carrying amounts do not differ materially from those that would be determined using the value at the end of the reporting period. The basis of valuation is depreciated replacement cost.

Increases in the carrying amount arising on revaluations are recognised in other comprehensive income and accumulated in the revaluation surplus. Decreases that offset previous increases of the same asset are charged against the revaluation surplus. All other decreases are charged to profit or loss. Each year, excess depreciation representing the additional depreciation following revaluations of property, plant and equipment over depreciation based on historical cost is transferred from revaluation reserve to retained earnings.

1 ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Returnable gas cylinders in circulation are recorded within the property, plant and equipment at cost net of accumulated depreciation less any impairment losses.

Depreciation

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

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%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with effect of any changes in estimate accounted for on a prospective basis.

Leasehold land

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

Investment in subsidiary company

Investment in subsidiary company is stated at cost less provision for impairment where applicable.

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.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

1 ACCOUNTING POLICIES (continued)

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 contributes to the statutory National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Act. The Group's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of Sh 200 per employee per month.

The Group's obligations to these schemes are recognised in the profit or loss as they fall due.

Provision for employee entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave accrued at the end of each reporting period.

Foreign currencies

Monetary assets and liabilities expressed in foreign currencies are translated into Kenya shillings at the rates of exchange ruling at the end of the reporting period. 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 or loss.

Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its financial assets, 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 asset's recoverable amount is estimated and an impairment loss is recognised in the profit or loss whenever the carrying amount of the asset exceeds its recoverable amount.

Leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charge are included in other long term payables. The interest element of the finance charge is charged to the profit or loss over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over their expected useful lives or where shorter, the term of the relevant lease.

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on the straight-line basis over the term of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

1 ACCOUNTING POLICIES (continued)

Financial assets

Classification

The Group classifies its financial assets into the following categories: Financial assets at fair value through profit or loss; loans and receivables; held- to- maturity investments; and available-for-sale assets. Management determines the appropriate classification of its investments at initial recognition.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: Financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Gains and losses arising from changes in fair value are recognised in the profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable.

(iii) Held to maturity investments

Financial assets with fixed or determinable payments and fixed maturity where the Group has the positive intent and ability to hold to maturity other than loans and receivables originated by the company are classified as held to maturity investments and are measured at amortised cost using effective interest rate method less any impairment with revenue recognised on an effective yield basis.

(iv) Available-for-sale financial assets

Financial assets that are not (a) financial assets at fair value through profit or loss, (b) loans and receivables, or (c) financial assets held to maturity are classified as available-for-sale.

Recognition and measurement

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of "financial assets at fair value through profit or loss" are included in the profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in the profit or loss when the Group's right to receive the dividends is established.

1 ACCOUNTING POLICIES (continued)

Financial assets (continued)

Derecognition of financial assets

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Impairment and uncollectability of financial assets

At the end of each reporting period, all financial assets are subject to review for impairment.
If it is probable that the Group will not be able to collect all amounts due (principal and interest) according to the contractual terms of loans, receivables, or held-to-maturity investments carried at amortised cost, an impairment or bad debt loss has occurred. The carrying amount of the asset is reduced to its estimated recoverable amount either directly or through use of an allowance account. The amount of the loss incurred is dealt with through profit or loss for the period.

If a loss on a financial asset carried at fair value (recoverable amount is below original acquisition cost) has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative net loss that had been recognised in other comprehensive income is removed and recognised in the profit or loss for the period even though the financial asset has not been derecognised.

Financial liabilities

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges including premiums payable on settlement or redemption, 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 they arise.

Trade payables

Trade payables are carried at cost which is measured at the fair or contracted value of the consideration to be paid in future in respect of goods and services supplied by the suppliers, whether billed or not, to the Group.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Investment properties

Investment properties are treated as long term investments and are carried at market value determined, on a periodic basis, by external independent valuers. Investment properties are not subject to depreciation. Changes in their carrying amounts are dealt with in the profit or loss.

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

Dividends payable

Dividends payable on ordinary shares are charged to retained earnings in the period in which they are declared. Proposed dividends are not accrued for until ratified in an Annual General Meeting.

1 ACCOUNTING POLICIES (continued)

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (Group Board of Directors). The directors then allocate resources to and assess the performance of the operating segments of the Group.

The operating segments are based on the Group's internal reporting structure. In accordance with IFRS 8, the group has the following operating segments; trading and investments.

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).

Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents include short term liquid investments which are readily convertible to known amounts of cash and which were within three months of maturity when acquired; less advances from banks repayable within three months from the date of the advance.

Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities within the next financial year. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates including expectations of future events that are believed to be reasonable under the circumstances. They are detailed below:

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the Group's accounting policies

Held to maturity investments

The Group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity financial assets. This classification requires significant judgement. In making this judgement, the Group evaluates its intention and ability to hold such investments to maturity. If the Group fails to keep these assets to maturity, for example selling an insignificant amount close to maturity, it will be required to classify the entire class as available-for-sale. The assets would therefore have to be measured at fair value and not amortised cost with the difference arising from this change in valuation being a corresponding entry in the fair value reserve in shareholders' equity.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(i) Critical judgements in applying the Group's accounting policies (continued)

Taxes

The group is subjected to a number of taxes and levies by various government and quasi-government regulations bodies. As a rule of thumb, the group recognises liabilities for the anticipated taxes/levies payable with most care and diligence. However, significant judgment is usually required in the interpretation and applicability of those taxes/levies. Should it come to the attention of management in one way or other, that the initially recorded liability was different, such differences will impact on the income and liabilities in the period in which such differences are determined.

Valuation of investment property

The Group has developed certain criteria based on IAS 40 in making judgements on the valuation of investment property. The fair value of investment property is based on current prices in an active market for properties of a similar nature, condition or location – suitably adjusted. Recent prices for similar properties on less active markets, with suitable adjustments for differences, are also used for the estimation of the fair values. External valuation for the investment property is performed when management believes they have been a significant change in the value of the asset.

(ii) Key sources of estimation uncertainty

Property, plant and equipment

Critical estimates are made by directors in determining the useful lives and residual values to property, plant and equipment based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

Impairment

Determining whether assets are impaired requires an estimation of the value of the assets.

3 SEGMENTAL INFORMATION

(a) Adoption of IFRS 8 Operating segments

Operating segments are identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

Information reported to the Group's chief operating decision maker (the Board of Directors) for the purposes of resource allocation and assessment of segment performance is focussed on the principal activities of the Group.

The principal activities of the Group are mining and sale of carbon dioxide gas and investments. These are organised in the following operating segments:

- Trading
- Investments.

3 SEGMENTAL INFORMATION (continued)

(b) Segment revenues and results, assets and liabilities

The segment information provided to the Group's Board of Directors for the reportable segments is as follows:-

	CO_2 trading Sh'000	Carbacid Investments Sh'000	Group Sh'000
2013			
Turnover	956,827	-	956,827
Profit before taxation	497,113	505,315	992,608
Segment assets	1,437,974	1,129,506	2,567,480
Segment liabilities	225,527	27,629	253,156
Depreciation	95,449	260	95,709
Amortisation	-	459	459
Capital expenditure	17,809	-	17,809
2012			
Turnover	912,753	-	912,753
Profit before taxation	461,142	293,958	535,444
Segment assets	1,405,687	832,387	2,012,816
Segment liabilities	555,522	24,490	360,046
Depreciation	63,007	295	63,448
Amortisation	-	470	964
Capital expenditure	102,812	-	102,812

Revenue reported above represents revenue generated from external customers.

There were no revenues deriving from transactions with a single external customer that amount to 10% or more of the Group's revenue.

(c) Geographical information

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

	2013 Sh'000	2012 Sh'000
Domestic sales – Kenya	375,122	306,256
Export sales – other African countries	577,714	606,497
	952,836	912,753

	2013 Sh'000	2012 Sh'000
4 FINANCE INCOME		
Interest receivable from held to maturity investments:		
- Corporate bonds	27,311	30,762
- Short term investments and deposits	58,617	34,534
Bank current account	107	192
	86,035	65,488
5 PROFIT BEFORE TAXATION		
The profit before taxation is arrived at after charging:		
Directors' remuneration - fees	13,439	12,586
- other emoluments	-	-
Auditors' remuneration	3,248	2,219
Staff costs (note 6)	112,220	107,211
Depreciation (note 11)	95,855	63,448
Amortisation of operating lease prepayment (note13)	953	964
Loss on disposal of property, plant and equipment	5,524	3,159
6 STAFF COSTS		
Salaries and wages	108,428	101,655
Social security costs	231	222
Pension costs - defined contribution plan	4,487	4,003
Leave pay (credit)/expense	(926)	1,331
	112,220	107,211

	GROUP		COMPANY	
	2013 Sh'000	2012 Sh'000	2013 Sh'000	2012 Sh'000
7 TAXATION				
(a) Taxation charge				
Current taxation based on taxable profit at 30%	183,194	166,921	17,017	10,853
- Prior year over provision	(5,722)	(3,722)	(5,722)	-
Deferred taxation (note 22)				
- Current year credit	(18,327)	(16,818)	(78)	(89)
- Prior year over provision	-	(224)	-	-
Net taxation charge	159,145	146,157	11,217	10,764

7 TAXATION (continued)

	GROUP 2013 Sh'000	GROUP 2012 Sh'000	COMPANY 2013 Sh'000	COMPANY 2012 Sh'000
(b) Reconciliation of expected tax based on accounting profit to tax expense				
Accounting profit before taxation	634,686	535,444	145,315	293,958
Tax at the applicable rate of 30%	190,406	160,633	43,595	88,188
Tax effect of expenses not deductible for tax purposes	1,877	1,103	137	209
Tax effect of income not taxable	(27,416)	(11,633)	(26,793)	(77,633)
Prior year over provision	(5,722)	(3,946)	(5,722)	-
	159,145	146,157	11,217	10,764
(c) Taxation recoverable/(payable)				
At start and end of year	(83,894)	72,325	3,327	7,928
Charge for the year	(183,194)	(166,921)	(17,017)	(10,853)
	(267,088)	(94,596)	(13,690)	(2,925)
Taxation paid	270,065	6,980	11,710	6,252
Prior year over provision	5,722	3,722	5,722	-
At end of year	8,699	(83,894)	3,742	3,327
Comprising of:				
Taxation payable	-	(87,221)	-	-
Taxation recoverable	8,699	3,327	3,742	3,327
	7,855	(83,894)	3,742	3,327

8 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders dealt with in the company financial statements of Carbacid Investments Limited amounted to Sh 494,098,000 (2012 – Sh 283,194,000).

9 EARNINGS PER SHARE – BASIC AND DILUTED

Earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	2013	2012
Earnings		
Earnings for purposes of basic and diluted earnings per share (Sh' 000)	475,541	389,287
Weighted average number of ordinary shares		
At start and end of year	33,980,265	33,980,265
Earnings per share		
Basic (Sh) and diluted (Sh)	13.99	11.46

The calculation of basic and diluted earnings per share is based on continuing operations attributed to the ordinary shareholders. There were no discontinued operations during the year.

There were no potentially dilutive shares outstanding at 31 July 2013 or at 31 July 2012.

10 DIVIDENDS

(a) Dividends per share

	2013 Sh	2012 Sh
Interim dividend paid	3	3
Proposed dividend		
- Final	3	3
	6	6

Proposed dividends are not accounted for until they have been ratified at the Annual General meeting. An interim dividend of Sh 3 per share (2012 - Sh 3.00) on 33,980,265 shares (2012 – 33,980,265 shares) was paid during the year amounting to Sh 101,940,795 (2012 – Sh 101,940,795). The Directors propose a final dividend of Sh 3 per share – Sh 101,940,795 (2012-Sh 3.00) (2012 – Sh 101,940,795).

(b) The movement in the dividends payable account is as follows:

	2013 Sh'000	2012 Sh'000
At beginning of the year	18,710	17,149
Interim dividends declared	101,941	101,941
Final dividends declared – 2012/2011	101,941	101,941
	222,592	221,031
Dividends paid	(198,864)	(202,321)
At the end of the year	23,728	18,710

11 (a) PROPERTY, PLANT AND EQUIPMENT - GROUP

	Leasehold buildings & boreholes Sh'000	Freehold land Sh'000	Roads Sh'000	Motor vehicles Sh'000	Plant and equipment Sh'000	Total Sh'000
COST OR VALUATION						
As at 1 August 2010	90,140	2,055	16,905	111,269	647,332	867,701
Additions	-	-	-	68,326	34,486	102,812
Disposals	-	-	-	(3,608)	(821)	(4,429)
Transfers	-	-	-	-	2,689	2,689
At 31 July 2012	90,140	2,055	16,905	175,987	683,686	968,773
COMPRISING:						
Valuation – 2012	53,100	2,055	16,905	75,774	294,280	442,114
Cost	37,040	-	-	100,213	389,406	526,659
	90,140	2,055	16,905	175,987	683,686	968,773
As at 1 August 2012	90,140	2,055	16,905	175,987	683,686	968,773
Additions	-	-	-	16,329	1,479	17,808
Disposals	-	-	-	(2,376)	(5,484)	(7,860)
At 31 July 2013	90,140	2,055	16,905	189,940	679,681	978,721
COMPRISING:						
Valuation – 2011	53,100	2,055	16,905	75,774	294,280	442,114
Cost	37,040	-	-	114,166	385,401	536,607
	90,140	2,055	16,905	189,940	679,681	978,721
DEPRECIATION						
As at 1 August 2011	292	-	-	-	-	292
Charge for the year	1,917	-	1,691	19,506	40,334	63,448
At 31 July 2012	2,209	-	1,691	19,506	40,334	63,740
As at 1 August 2012	2,209	-	1,691	19,506	40,334	63,740
Charge for the year	1,882	-	1,691	20,220	72,062	95,855
Eliminated on disposal	-	-	-	(75)	(190)	(265)
At 31 July 2013	4,091	-	3,382	39,651	112,206	159,330

11 (a) PROPERTY, PLANT AND EQUIPMENT - GROUP (continued)

	Leasehold buildings & boreholes Sh'000	Freehold land Sh'000	Roads Sh'000	Motor vehicles Sh'000	Plant and equipment Sh'000	Total Sh'000
NET BOOK VALUE						
At 31 July 2013	86,049	2,055	13,524	150,289	567,475	819,391
At 31 July 2012	87,931	2,055	15,214	156,481	643,352	905,033
NET BOOK VALUE (cost)						
At 31 July 2013	51,169	2,055	13,524	150,289	297,151	514,188
At 31 July 2012	52,213	2,055	15,214	156,481	333,984	559,947

The assets were last valued by C P Robertson Dunn Valuers and Estate Agents, at 31 July 2011 on a depreciated replacement cost basis.

(b) PROPERTY, PLANT AND EQUIPMENT - COMPANY

	Buildings 2013 Sh'000	2012 Sh'000
COST OR VALUATION		
At start of year	13,000	13,000
At end of year	13,000	13,000
DEPRECIATION		
At start of year	295	-
Charge for the year	260	295
At end of year	555	295
NET BOOK VALUE		
At end of year	12,445	12,705
NET BOOK VALUE (cost basis)	79	99

12 INVESTMENT PROPERTY

	GROUP		COMPANY	
	2013	2012	2013	2012
	Sh'000	Sh'000	Sh'000	Sh'000
FAIR VALUE				
At start of year	60,000	60,000	60,000	60,000
Fair value gain	-	-	-	-
At end of year	60,000	60,000	60,000	60,000

The property was valued by C P Robertson Dunn Valuers and Estate Agents, registered valuers on an open market value basis on 31 July 2011. The fair value was still retained as at 31 July 2013 since there was insignificant change in the property values in the intervening period. The property is subject to a full professional valuation every 3 years. However, the independent valuers carry out an annual review in the period between professional valuations to assess the properties for any material change in fair value.

13 OPERATING LEASE PREPAYMENTS

	GROUP		COMPANY	
	2013	2012	2013	2012
	Sh'000	Sh'000	Sh'000	Sh'000
COST				
At start and end of year	74,963	74,963	27,523	27,523
Additions	-	-	-	-
	74,963	74,963	27,523	27,523
ACCUMULATED AMORTISATION				
At start of the year	8,616	7,652	7,134	6,664
Charge for the year	953	964	459	470
At end of year	9,569	8,616	7,593	7,134
NET BOOK VALUE	65,394	66,347	19,930	20,389

14 INVESTMENT IN SUBSIDIARIES

Carbacid (CO_2) Limited – 100% Owned			3,348	3,348
Goodison Twenty Nine Limited – 100% Owned			99	99
Goodison Forty Seven Limited – 100% Owned			99	99
			3,546	3,546

As at 31 July 2013, the net assets of Carbacid (CO_2) Limited amounted to Sh 829,530,000 (2012: Sh 850,165,000). Goodison Twenty Nine Limited and Goodison Forty Seven Limited are both investment companies.

15 EQUITY INVESTMENTS

	GROUP 2013 Sh'000	GROUP 2012 Sh'000	COMPANY 2013 Sh'000	COMPANY 2012 Sh'000
At fair value through profit or loss				
At start of year	107,673	91,152	95,761	91,153
Purchased during the year	1,103	11,913	1,103	-
Gain on revaluation	55,646	4,608	52,839	4,608
At end of year	164,422	107,673	149,703	95,761

Equity investments comprise marketable securities in various companies which are revalued annually at the close of business on 31 July by reference to Securities Exchange quoted prices. The Group's shareholding in each of these companies is less than 1%. The market value approximates to fair value. Unrealised revaluation surpluses and deficits are dealt with in the profit or loss.

16 CORPORATE BONDS - GROUP AND COMPANY

Held to maturity – at amortised cost	2013 Sh'000	2012 Sh'000
Kenya Electricity Generating Company Limited		
- Public Infrastructure Bond	203,125	234,375
Maturing within one year	-	-
Maturing over one year	203,125	234,375
Movement in corporate bonds:		
At start of year	234,375	250,000
Redemption	(31,250)	(15,625)
At end of year	203,125	234,375

The effective interest rate during the year was 12.5 % (2012 – 11.25%).

17 INVENTORIES – GROUP

	2013 Sh'000	2012 Sh'000
Spare parts and materials	34,033	21,855
Fuel and chemicals	1,114	1,799
Carbon dioxide gas and dry ice	1,528	2,457
Oxygen gas	208	845
Other industrial gases	-	247
	36,883	27,203

18 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2013 Sh'000	2012 Sh'000	2013 Sh'000	2012 Sh'000
Trade receivables	161,576	175,304	9,054	3,773
Provision for bad debts	(38,726)	(32,294)	(6,432)	-
	122,850	143,010	2,622	3,773
Prepayments	2,903	14,840	185	185
Other receivables	23,798	26,538	16,320	15,197
	149,551	184,388	19,127	19,155
Movements on the provision for bad debts:				
At beginning of year	32,294	5,375	-	-
Provision for the year	6,432	26,919	6,433	-
At end of year	38,726	32,294	6,433	-

19 SHORT TERM DEPOSITS – GROUP AND COMPANY

	2013 Sh'000	2012 Sh'000
At amortised cost		
Fixed deposits		
-Local currency	641,881	363,210

All short term deposits mature within three months of the contract date.

Weighted average effective interest rates on deposits during the year was 9.04% (2012 – 15.69%)

20 SHARE CAPITAL

	2013 Sh'000	2012 Sh'000
Authorised:		
50,000,000 ordinary shares of Sh 5 each	250,000	250,000
Issued and fully paid:		
33,980,265 ordinary shares of Sh 5 each	169,902	169,902

Issued and fully paid ordinary shares, which have a par value of Sh 5, carry one vote per share and carry a right to dividend.

21 DEFERRED TAXATION

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

	GROUP		COMPANY	
	2013 Sh'000	2012 Sh'000	2013 Sh'000	2012 Sh'000
Accelerated capital allowances	106,523	115,393	-	-
Leave pay provision	(993)	(1,270)	-	-
Bad debt provision	(9,688)	(9,688)	-	-
Unrealised exchange loss	-	(2,231)	-	-
Revaluation surplus - property and equipment	95,711	107,676	3,764	3,842
	191,553	209,880	3,764	3,842
The movement on the deferred tax account is as follows:				
At start of year	209,880	226,922	3,842	3,931
Profit or loss (credit)/ charge (note 7)	(18,327)	(16,818)	(78)	(89)
Prior year (over)/ under provision (note 7)	-	(224)	-	-
At end of year	191,553	209,880	3,764	3,842

22 TRADE AND OTHER PAYABLES

	GROUP 2013 Sh'000	GROUP 2012 Sh'000	COMPANY 2013 Sh'000	COMPANY 2012 Sh'000
Trade payables	26,779	6,258	2,088	1,813
Other payables and accruals	34,601	33,742	1,813	125
Leave pay provision	3,309	4,235	-	-
	64,689	44,235	3,901	1,938
Movement in leave pay provision is as follows:				
At beginning of year	4,235	2,904	-	-
Credit/ (provision) for the year	(926)	1,331	-	-
At the end of the year	3,309	4,235	-	-

23 NOTES TO THE CASH FLOW STATEMENT - GROUP

	Notes	2013 Sh'000	2012 Sh'000
(a) RECONCILIATION OF PROFIT TO CASH GENERATED FROM OPERATIONS			
Profit before taxation		634,686	535,444
Finance income recognized in profit for the year	4	(86,035)	(65,488)
Depreciation	11	95,855	63,448
Amortisation	13	953	964
Loss on disposal of plant and equipment		5,524	3,159
Gain on revaluation of equity investments	15	(55,646)	(4,608)
Operating profit before working capital changes		595,337	532,919
(Increase)/ decrease in inventories	23(b)	(9,680)	1,906
Decrease/ (increase) in trade and other receivables		34,837	(36,795)
Increase in trade and other payables		20,454	15,686
Cash generated from operations		640,948	513,716
(b) MOVEMENT IN INVENTORY			
Decrease in inventory		(9,680)	4,595
Critical spares transferred from inventory (note 11(a))		-	(2,689)
		(9,680)	1,906
(c) ANALYSIS OF CASH AND CASH EQUIVALENTS			
Short term deposits		641,881	363,210
Bank balances and cash		55,053	61,260
		696,934	424,470

For the purpose of the statement of cash flows, 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.

24 RELATED PARTY TRANSACTIONS

The following transactions were carried out with related parties.

(a) Due from subsidiary

	2013 Sh'000	2012 Sh'000
Carbacid (CO_2) Limited	1,640	1,032

(b) Related party transactions

Related company balances not settled as at the statement of financial position date are as shown above. These parties are related by virtue of common shareholding and directorship. During the year the following transactions were entered into with related parties:

COMPANY

	2013 Sh'000	2012 Sh'000
Dividends receivable from Carbacid (CO_2) Limited	360,000	220,000
Dividends received from Carbacid (CO_2) Limited	220,000	200,000
Payments made by Carbacid (CO_2) Limited on behalf of the company	-	-
Receipts by Carbacid (CO_2) Limited on behalf of the company	13,050	2,294

GROUP

During the year, the group contracted consultancy services from Strategic Consultants Limited, a firm related to it through common directorship. The fees charged for these services were Sh 3,119,000 (2012 – Sh 2,858,000).

	2013 Sh'000	2012 Sh'000
Purchase of land on behalf of Goodison Twenty Nine Limited	500	-
Purchase of land on behalf of Goodison Forty Seven Limited	-	-
Purchase of Shares on behalf of Goodison Forty Seven Limited	-	11,914

(c) Key management compensation

GROUP & COMPANY

The remuneration of directors and other members of key management during the year were as follows:

	2013 Sh'000	2012 Sh'000
Directors' remuneration:		
Fees for services as directors	12,655	12,586
Other emoluments	-	-
	12,655	12,586
Key management compensation:		
Salaries and other benefits	26,862	23,527

25 CAPITAL COMMITMENTS – GROUP AND COMPANY

	2013 Sh'000	2012 Sh'000
Authorised and contracted for	164,372	18,918
Authorised but not contracted for	102,878	24,928
	267,250	43,846

26 RETIREMENT BENEFIT OBLIGATIONS

The Group contributes to a Group defined contribution pension scheme and to a statutory defined contribution pension scheme, the National Social Security Fund. Contributions to the Group plan are determined by the rules of the plan and totalled Sh 4,487,440 (2012 – Sh 4,003,000) in the year. Contributions to the statutory scheme are determined by local statute. During the year ended 31 July 2013, the Group contributed Sh 231,000 (2012 - Sh 222,000) to the statutory scheme.

27 OPERATING LEASE COMMITMENTS

GROUP AS LESSEE:

The totals of future minimum lease payments under operating leases are as follows:

	2013 Sh'000	2012 Sh'000
Within one year	-	2,400
Within two to five years	-	10,560
Over five years	-	-
	-	12,960

GROUP AS LESSOR:

The future minimum lease payments receivable under operating leases are as follows:

	2013 Sh'000	2012 Sh'000
Within one year	5,658	10,479
Within two to five years	21,981	41,916
	27,639	52,395

Leases are negotiated for an average term of five years and rentals are reviewed periodically.

28 CONTINGENT LIABILITIES

	2013 Sh'000	2012 Sh'000
Guarantees	6,000	6,000

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Credit risk management

Credit risk refers to the risk that customers will default on its contractual obligations resulting in financial loss to the Group. The carrying amount of financial assets recorded in the financial statements, which are stated net of impairment losses, represents the Group's maximum exposure to credit risk.

The Group's management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored.

The Group's credit risk is primarily attributable to liquid funds with financial institutions. The risk is low because the counter parties are banks with high credit-ratings.

The amount that best represents the Group's maximum exposure to credit risk is made up as follows:

	Total amount Sh'000	Fully Performing Sh'000	Past due and not impaired Sh'000	Impaired Sh'000
31 July 2013				
Trade receivables	161,576	103,872	18,978	38,726
Bank balances	51,199	-	-	-
Corporate bonds	203,125	203,125	-	-
Short term deposits	641,881	641,881	-	-
	1,057,781	948,878	18,978	38,726
31 July 2012				
Trade receivables	175,304	108,588	34,422	32,294
Bank balances	61,260	-	-	-
Corporate bonds	234,375	234,375	-	-
Short term deposits	363,210	363,210	-	-
	834,149	706,173	34,422	32,294

The impaired amount represents the doubtful receivables that have been individually assessed as unrecoverable as the balances are over 120 days and management efforts to collect are highly unlikely to succeed. A full provision has been made against these balances.

The customers under the fully performing category are paying their debts as they continue trading.

The receivables that are past due relate to trade receivables overdue by over 120 days. The receivables are not impaired and continue to be paid. The Group's management is actively following these receivables. No collateral is held with respect to the debt.

(b) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from financial liabilities. The ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining banking facilities through continuous monitoring of forecast and actual cash flows.

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Liquidity risk management (continued)

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the end of each reporting period. The amounts disclosed in the table below represent undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Within 12 months Sh'000	Over 12 months Sh'000
At 31 July 2013:		
Trade payables	26,779	-
Other payables - cylinder deposits	34,601	-
	61,380	-
At 31 July 2012:		
Trade payables	6,258	-
Other payables - cylinder deposits	11,598	-
	17,856	-

Fair value of financial assets and liabilities

(i) Financial instruments not measured at fair value

Disclosures of fair value of financial instruments not measured at fair value have not been made because the financial instruments carrying amounts is a reasonable approximation of their fair values.

(ii) Fair value hierachy

The Group specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the company's market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices in active markets for identical assets or liabilities. This level includes equity securities and debt instruments listed on the Nairobi Securities Exchange.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly as derived from prices.
- Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Fair value of financial assets and liabilities (continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

Fair value hierachy

	Fair value measurement at end of the year using			
	Level 1 Sh'000	Level 2 Sh'000	Level 3 Sh'000	Total Sh'000
2013				
Quoted equities	164,422	-	-	164,422
2012				
Quoted equities	107,673	-	-	107,673

(c) Market risk

(i) Price risk

The Group is exposed to equity securities price risk as a result of its holdings in quoted equity investments, classified as held at fair value through profit or loss. Exposures to individual companies and to equity shares in aggregate are monitored in order to ensure compliance with the relevant regulatory limits for solvency purposes. Investments held are listed and traded on the Nairobi Securities Exchange.

The Group uses a policy of diversification to manage the price risk arising from its investments in equity securities. The board regularly discusses amongst other issues, investment return and concentration across the company.

Listed equity securities represent 100% (2012: 100%) of total equity investments.

The market values of the company's equity investments at the end of each reporting period are as follows:

	2013 Sh'000	2012 Sh'000
Equity investments	149,703	107,673

At 31 July 2013, if the market prices had increased/decreased by 10% with all other variables held constant, the profit for the year would have been Sh 14,969,881 (2012:Sh 10,767,300) higher/lower.

29 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Market risk (continued)

(ii) Foreign currency risk

The Group undertakes certain transactions denominated in foreign currencies. Therefore, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. Management has in place effective policies and controls to ensure that the net exposure is kept at an acceptable level.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the statement of financial position date are as follows:

	2013 Sh'000	2012 Sh'000
Financial assets		
Bank balances		
USD 300,911 @87.28 (2012: 377,287 @84.21)	26,263	31,771
Trade receivables		
USD 764,996 @87.28 (1,206,577 @84.21)	66,769	101,606
	93,032	133,377

When reporting foreign currency risk internally to key management personnel, a sensitivity rate of 10% is used. This represents management's assessment of the possible change in foreign currency exchange rates. The sensitivity analysis covers only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

At 31 July 2013, if the Kenya Shilling had weakened /strengthened by 10% against the US Dollar with all other variables held constant, the profit for the year would have been Sh 9,303,599.(2012:Sh 13,337,700) higher/lower, mainly as a result of additional exchange gains or losses on translation of US Dollar bank balances and trade receivables balances.

30 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of issued capital as disclosed in note 21, as well as reserves and retained earnings.

At 31 July 2013, the Group had no borrowings at year end therefore it is not geared (2012 : nil).

31 COUNTRY OF INCORPORATION

The company and its subsidiaries are incorporated and domiciled in Kenya under the Companies Act.

32 CURRENCY

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