CARBACID INVESTMENTS LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

contents

Corporate information

DIRECTORS	J M Wanjigi	Chairman
	R A Shepherd	
	B C Patel	
	M K R Shah	
	D N O Awori	
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

2nd Floor,
Apollo Centre,
Vale Close, Ring Road Parklands, Westlands
P O Box 764 - 00606, Sarit Centre
Nairobi

REGISTRARS AND TRANSFER OFFICE

Axis Kenya
2nd Floor,
Apollo Centre,
Vale Close, 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, City Square
Nairobi

ADVOCATE

Wainaina Ireri & Co. Advocates
P O Box 42706 - 00100, GPO
Nairobi

JAMES MAINA WANJIGI EGH, MSc, MA - CHAIRMAN

Aged 84, 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 83, 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 76, 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 61, 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.

D N O Awori

Aged 61, Amb Awori joined the Board on 7th August 2014. He graduated with an honours degree in Aeronautical Engineering from the University of Manchester in 1976 and has held senior positions in the motor industry during his career. Amb Awori was the Ambassador of the Republic of Kenya to Japan and Korea from 2004 to 2009. Currently, he is the Chairman of both Toyota Kenya Limited and Bank of Africa Limited and is also on the Boards of several reputable companies in Kenya.

notice
of meeting

NOTICE IS HEREBY GIVEN that the forty-fifth Annual General Meeting of the Company will be held in Woodvale Room, 1st Floor, Sankara Hotel, Woodvale Grove, Westlands, Nairobi on Wednesday, 16th December 2015 at 10.30 a.m., for the following purposes:

1 To receive the Directors' Report and audited financial statements for the year ended 31st July 2015.

2 To declare a final dividend as recommended by the Directors to the shareholders registered on 17th November 2015.

3 To approve Directors' fees.

4 To elect Directors:

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

(b) Mr R A Shepherd 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.

By Order of the Board

N P Kothari
Secretary

23rd October 2015

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.

Our markets have remained challenging, for the financial year ended 31st July 2015, impacted by significant currency movements, liquidity constraints and new competition from alcohol based manufacturers of carbon dioxide. We continued to be proactive in serving the markets in which we operate to maintain volumes and margins. This continues to be a key element of our business strategy.

We continue to ensure that we reliably deliver the highest quality products which have always been free of any alcohol base, an essential requirement of a large segment of the market. At the same time, production continues to be environmentally friendly.

Strong and effective corporate governance remains the foundation of our business in all our dealings.

The 2015 financial result achieved by the Company is solid. Total revenue is only 2% below that of the previous year at Sh 809 million, despite the market challenges. We have won back some of the revenue streams that were lost in the previous year. By continued focus on costs and efficiency, we have improved our operating margin, without increasing prices. We achieved this despite the increased costs of doing business such as increased mining royalties, and expensive electricity with frequent outages.

On the investment side, many of the shares listed on the Nairobi Securities Exchange (NSE) have performed dismally, the NSE 20 index having declined by over 20% since the beginning of 2015. The gain on revaluation on investments in companies listed on the Nairobi and Dar-es-Salaam Stock Exchanges reduced substantially from Sh 73 million in 2014 to Sh 14 million in 2015.

Profit before taxation reduced by only 3% to Sh 580 million (2014: Sh 597 million). The full effect of tax amounting to Sh 186 million (2014: Sh 106 million) is recognized in 2015 whereas in 2014, the Company benefited from tax investment allowances on new investment that was made in 2014. In addition, in accordance with required accounting practice a provision has been made for the impact of Capital Gains Tax, which was reintroduced as from 1 January 2015, that could arise on the revaluation surplus of investment, property and land. The tax charge is thus effectively 32% of profit before tax (2014: 18% of profit before tax).

Thus, while the operating income improved by 2%, the impact of the reduced gains in value of listed investments and the increased tax charge, caused earnings per share to be lower at Sh 1.55 (2014: Sh 1.93).

Our cash flows were strong. Cash flow from operations was 5% over the previous year. During the year, Sh 113 million was spent on buildings and equipment, and a net of Sh 218 million was invested in shares and bonds. In the next financial year, capital expenditure of nearly Sh 100 million is budgeted. We have also continued to strengthen the Group's position in other regions, notably Tanzania where your Company is now one of the top shareholders in TOL Gases.

The Board is recommending a final dividend of 70 cents per share (2014: total 70 cents per share) to be paid on or about the date of the Annual General Meeting in December 2015.

With a strong cash flow, a high quality order book, good additional revenue prospects as the applications for quality carbon dioxide grow, the Board believes the Group is well-positioned to deal with the challenging market conditions that are anticipated in the months ahead.

As part of its Corporate Social Responsibility, your Company continues to pay school fees and university fees for deserving, talented students from the localities in which we have manufacturing operations. We also continue to support local communities with investments such as solar lighting.

Looking forward, despite the entry of alcohol based carbon dioxide producers in the region, more uses of carbon dioxide as a clean alcohol free gas are being applied. These uses are in the areas of freezing, meat processing and insect control in grain silos. These users demand the highest quality of non- alcohol based carbon dioxide.

It is a credit to the entire Carbacid team for having successfully navigated a difficult market and economic environment. I acknowledge the hard work and commitment from my fellow Directors and staff members at all levels of the business for their part in delivering a satisfactory result.

Nairobi	Hon J M Wanjigi
23rd October 2015	Chairman

Masoko yetu yamebakia kuwa changamoto, kwa mwaka wa fedha uliomalizika Julai 31, 2015, uki adhiriwa pakubwa na kupanda na kushuka kwa fedha, vikwazo katika ukwasi wa fedha na ushindani mpya kutoka kwa wazalishaji wa carbon dioxide msingi wake ambayo ni pombe. Sisi tuliendelea kuwa makini katika kuhudumia masoko ambayo tunafanya kazi ili kudumisha wingi na kiasi cha faida. Hii inaendelea kuwa sehemu muhimu katika mkakati wetu wa biashara .

Tunaendelea kuhakikisha kwamba sisi kwa uhakika tuna toa bidhaa za hali ya juu zaidi ambazo hazina msingi wowote wa pombe, ambayo ni mahitaji muhimu ya sehemu kubwa ya soko. Wakati huo huo, uzalishaji unaendelea kuwa katika mazingira ya kirafiki.

Utawala wa kampuni wenye nguvu na ufanisi bado unasalia kuwa msingi wa biashara yetu katika shughuli zetu zote.

Matokeo ya kifedha ya 2015 ambayo yamepatikana na kampuni ni imara. Jumla ya mapato ni asilimia 2 tu chini ya mwaka uliopita katika shilingi milioni 809, licha ya changamoto za soko. Tumepata tena mitiririko ya mapato ambayo ilipotezwa mwaka uliopita. Kwa kuendelea kuangazia gharama na ufanisi tumeboresha kiasi cha faida kutokana uendeshaji biashara, bila kuongezea bei. Tumeweza kupata hayo licha ya ongezeko katika gharma ya kufanya biashara kama vile ongezeko katika mrahaba wa madini na gharama kubwa ya nguvu za umeme zenye kukatika mara kwa mara.

Katika upande wa uwekezaji, nyingi za hisa ambazo zilizorodheshwa katika soko la hisa la Nairobi (NSE). zimefanya vibaya sana, na kipimo cha NSE 20 kilishuka shuka kwa zaidi ya asilimia 20 tangu mwanzo wa mwaka huu wa 2015. Faida kutokana na kuthamani tena uwekezaji katika makampuni yaliorodheshwa katika soko la hisa la Nairobi na Dar-es-salaam ilipungua kwa kiasi kikubwa kutoka kwa shilingi milioni 73 hapo mwaka 2014 had shilingi milioni 14 katika mwaka wa 2015.

Faida kabla ya kodi ilipungua tuu kwa asilimia 3 hadi shilingi milioni 580 (2014: shilingi milioni 597) Athari kamili ya kodi ilikuwa kiasi cha shilingi milioni 186 (2014: shilingi milioni 106) imetambuliwa mwaka 2015 ilhali hapo mwaka wa 2014, kampuni ilinufaika kutokana na punguzo la kodi kwa uwezekaji mpya ambao ulifanyiwa mwaka wa 2014. Pamoja na hio, kwa mujibu wa inavyotakiwa na zoezi la uhasibu utoaji umefanywa kwa athari za kodi kwa faida kutokana na kuthamani rasilimali za muda mrefu ambayo ilianzishwa tena kutoka Januari 1, 2015, ambayo inaweza kutokea kwa faida kutokana na kuthamani tena uwekezaji, mali na ardhi. Malipo ya kodi kwa hivyo kwa kweli ni asilimia 32 ya faida kabla ya kodi (2014: asilimia 18 ya faida kabla ya kodi).

Hivyo, wakati mapato kutokana na utenda kazi iliboreka kwa asilimia 2. Athari za upungu wa faida kutokana na ongezeko katika thamani ya uwekezaji uliorodheswa na ongezeko katika malipo ya kodi ilifanya mapato kwa kila hisa kupungua hadi shilingi 1.55 (2014: shilingi 1.93).

Mtiririko wa fedha zetu ulikuwa wenye thabiti. Mtiririko kutokana na utenda kazi ulikuwa asilimia 5 juu ya mwaka uliopita. Katika mwaka shilingi milioni 113 zilitumiwa kununua majengo na vifaa, na jumla ya milioni 218 ziliwekezwa katika hisa na dhamana. Katika mwaka ujao wa fedha, matumizi katika rasilimali za muda mrefu wa karibu shilingi milioni 100 imepangwa. Tumendelea kuimarisha nafasi ya kikundi cha kampuni zetu katika kanda zingine, hasa Tanzania ambapo Kampuni yenu ni mmoja kati ya wenye hisa wakuu.

Halmashauri ya wakurugenzi inapendekeza mgao wa senti 70 kwa kila hisa (mwaka 2014, kwa jumla senti 70) ilipwe siku ya au baada ya mkutano mkuu wa mwaka hapo Desemba 2015.

Kutokana na mtitiriko ya fedha thabiti, kitabu cha agizo za hali ya juu, matarajio mazuri ya mapato ya ziada kwa sababu ya matumizi ya carbon dioxide bora kuongezeka, Halmashauri inaamini kundi lina nafasi nzuri ya kukabiliana na changamoto ya hali ya soko ambayo inatarajiwa katika miezi ijayo.

Kama sehemu ya wajibu kwa jamii (CSR), Kampuni yenu inaendelea kulipa karo kwa shule na karo ya chuo kikuu kwa wanafunzi wanaostahili na wanafunzi wenye vipaji katika maeneo ambayo tunafanya kazi ya uzalishaji. Tunaendelea kusaidia jamii katika uwekezaji katika taa zenye kutumia nishati ya jua.

Kwa kuangalia mbele, licha ya kuingia kwa wazalishaji wapya wa carbon dioxide ambayo msingi wake ni pombe katika kanda, matumizi mengi ya carbon dioxide ikiwa safi na ambayo haina pombe inaendelea kutumiwa. Haya matumizi ni katika kutia baridi, kusindika nyama na kudhibiti wadudu katika maghala ya nafaka. Na watumiaji hawa hudai ubora wa juu zaidi wa carbon dioxide ambayo msingi wake si pombe.

Ni chanzo cha heshima kwa timu yote ya Carbacid kwamba imeshamiri soko na mazingira ya kiuchumi ngumu. Ninatambua kazi ya bidii na kujitolea kwa wakurugenzi wenzangu na wafanya kazi wa ngazi zote katika biashara kwa upande wao katika kuleta matokeo yenye kuridhisha.

Nairobi
Oktoba 23, 2015

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 Group is committed to the 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 Group has complied with corporate governance guidelines 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 held three 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 five non-executive Directors, Mr Wanjigi, Mr Patel, Mr Shepherd, Mr Awori and Mr Shah. Four 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 with a mix of skills and experience, and its constitution fairly reflects the Company's shareholding structure and thus representing minority shareholding. The Group 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 retire 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 effectiveness of internal controls.

COMMITTEES OF THE BOARD (continued)

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 taken.

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 Group is committed to ensuring that shareholders and the financial markets are provided with full and timely information about its performance and to complying with Guidelines on Corporate Governance Practices by Public Listed Companies in Kenya issued by the Capital Markets Authority (''the CMA guidelines'') and the Nairobi Securities Exchange Continuing Listing Requirements.

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

CORPORATE SOCIAL RESPONSIBILITY

The Group 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 and fees for Directors' services rendered in the financial year is disclosed on page 49.

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 Company. There were no directors' loans at any time during the year.

There have been no material significant related party transactions between the Group and the Directors or Management except those disclosed in Note 26.

OTHER DECLARATIONS

The Group 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 statement of financial position 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 were as follows:

Name	No. of Shares 2015
Mr J M Wanjigi Including shares held by companies in which he has an interest	12,040,705
Mr B C Patel (jointly with Mrs. A Patel)	66,088,370

SHAREHOLDING PROFILES

The Company, through its Secretary, files returns regularly in line with Capital Markets Authority and the Nairobi Securities Exchange under the listing regulations on transactions related to shareholders.

a) Distribution of shareholders as at 31 July 2015

Shareholding (No. of shares)	No. of Shareholders	No. of Shares	%
Less than 500	454	81,831	0.03
501-5,000	1,094	2,195,180	0.86
5001-10,000	289	2,160,940	0.85
10,0001-100,000	753	26,388,016	10.36
100,001 - 1,000,000	140	43,964,498	17.25
Over 1,000,000	34	180,061,520	70.65
Total	2,764	254,851,985	100

b) Major Shareholders

The top 10 major shareholders as at 31 July 2015 were as follows:

Name	No of Shares	%
Mrs A B Patel & Mr B C Patel	66,088,370	25.93
Leverton Limited	23,841,405	9.36
Kivuli Limited	14,850,000	5.83
Miss T I Friedman	11,275,695	4.42
Java Investments Limited	7,000,000	2.75
Standard Chartered Nominees A/C 9230	5,772,500	2.27
Cfc Stanbic Nominees Limited A/C NR1031010	4,277,038	1.68
Standard Chartered Nominees Non - Resd A/C 9598	4,124,000	1.62
Mrs B C Kampf	4,037,130	1.58
Standard Chartered Nominees A/C 9187	2,837,500	1.11

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 2015 which disclose the state of financial affairs of the group and the company.

PRINCIPAL ACTIVITIES

The Company is an investment and holding company with three subsidiaries. The principal activities of the main subsidiary, Carbacid (CO_2) Limited, are mining and marketing of carbon dioxide gas while the other two subsidiaries, Goodison Twenty Nine Limited and Goodison Forty Seven Limited, are investment companies.

GROUP FINANCIAL RESULTS

	Sh'000
Profit before taxation	580,467
Taxation charge	(186,604)
Profit for the year transferred to retained earnings	393,863

DIVIDENDS

No interim dividend was paid during the year (2014 - Sh 0.40 amounting to Sh 101,940,795). The Directors propose a final dividend of Sh 0.70 per share (2014 - Sh 0.30) amounting to Sh 178,396,390 (2014 - Sh 76,455,596).

DIRECTORS

The current board of directors is shown on page 2.

AUDITORS

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

BY ORDER OF THE BOARD

N P Kothari
Secretary
23 October 2015
Nairobi

The Kenyan Companies Act requires the directors to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the group and of 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. The directors 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 that 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 of the 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
23 October 2015	

TO THE MEMBERS OF
CARBACID INVESTMENTS LIMITED

Deloitte.

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Certified Public Accountants (Kenya)
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www.deloitte.com

Report on the Financial Statements

We have audited accompanying financial statements of Carbacid Investments Limited ("the Company") and its subsidiaries (collectively "the Group"), set out on pages 15 to 55, which comprise the consolidated and company statements of financial position as at 31 July 2015, 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 about 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 accompanying financial statements give a true and fair view of the state of financial affairs of the group and of the company as at 31 July 2015 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 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 (balance sheet) is in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditors' report is ***CPA Fredrick Okwiri – P/No 1699.***

Certified Public Accountants (Kenya)
Nairobi, Kenya
23 October 2015

FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 Sh'000	2014 Sh'000
TURNOVER		809,719	826,360
DIRECT COSTS		(276,473)	(292,546)
GROSS PROFIT		533,246	533,814
OTHER INCOME		29,866	28,085
ADMINISTRATIVE EXPENSES		(168,475)	(158,601)
FINANCE INCOME	4	117,884	89,023
NET FOREIGN EXCHANGE GAINS		21,296	3,841
FAIR VALUE GAIN ON REVALUATION OF INVESTMENT PROPERTIES	13	32,500	27,500
FAIR VALUE GAIN ON EQUITY INVESTMENTS	16	14,150	73,600
PROFIT BEFORE TAXATION	5	580,467	597,262
TAXATION CHARGE	7(a)	(186,604)	(106,621)
PROFIT FOR THE YEAR ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		393,863	490,641
OTHER COMPREHENSIVE LOSS:			
Items that will not be reclassified subsequently to profit or loss			
Loss on revaluation of property, plant and equipment	11(a)	-	(78,186)
Gain on revaluation of intangible assets	12	-	571
Deferred tax attributable to loss on revaluation of property, plant and equipment and intangible assets	23	-	26,566
Deferred tax attributable to gain on revaluation of freehold land	23	(547)	-
Other comprehensive loss for the year, net of income tax		(547)	(51,049)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		393,316	439,592
EARNINGS PER SHARE ON PROFIT ATTRIBUTABLE TO SHAREHOLDERS – Basic and diluted (Sh)	9	1.55	1.93

consolidated statement of financial position

FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 Sh'000	2014 Sh'000
ASSETS			
Non-current assets			
Property, plant and equipment	11(a)	991,457	955,270
Intangible assets	12	1,372	1,829
Investment properties	13	120,000	87,500
Prepaid operating lease rentals	14	63,488	64,441
Equity investments	16	283,946	269,664
Corporate bonds	17	320,625	171,875
Treasury bonds	18	73,148	-
Deferred tax asset	23	-	1,896
		1,854,036	1,552,475
Current assets			
Inventories	19	32,858	36,155
Trade and other receivables	20	168,659	178,833
Corporate tax recoverable	7(c)	2,088	16,425
Short term bank deposits	21	869,193	690,046
Bank and cash balances		41,893	59,229
		1,114,691	980,688
Total assets		2,968,727	2,533,163
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	22(a)	254,852	254,852
Share premium	22(b)	27	27
Revaluation surplus		103,639	121,041
Retained earnings		2,118,508	1,784,246
Shareholders' funds		2,477,026	2,160,166
Non-current liabilities			
Deferred tax liability	23	244,575	217,240
Current liabilities			
Corporate tax payable	7(c)	109,079	-
Trade and other payables	24	108,818	128,863
Dividends payable	10(b)	29,229	26,894
		247,126	155,757
Total equity and liabilities		2,968,727	2,533,163

The financial statements on pages 15 to 55 were approved and authorised for issue by the board of directors on 23 October 2015 and were signed on its behalf by:

J M WANJIGI
Director

M K R SHAH
Director

FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 Sh'000	2014 Sh'000
ASSETS			
Non current assets			
Property	11(b)	28,720	9,000
Investment properties	13	120,000	87,500
Prepaid operating lease rentals	14	19,012	19,471
Investment in subsidiaries	15	3,546	3,546
Equity investments	16	170,980	188,475
Corporate bonds	17	320,625	171,875
Treasury bonds	18	73,148	-
Deferred tax asset	23	-	1,896
		736,031	481,763
Current assets			
Trade and other receivables	20	19,868	19,201
Due from subsidiary	26(a)	1,549	13,797
Corporate tax recoverable	7(c)	2,088	438
Short term bank deposits	21	862,158	683,587
Bank and cash balances		6,194	14,937
		891,857	731,960
Total assets		1,627,888	1,213,723
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	22(a)	254,852	254,852
Share premium	22(b)	27	27
Revaluation surplus		-	5,558
Retained earnings		1,309,420	924,209
Shareholders' funds		1,564,299	1,184,646
Non-current liabilities			
Deferred tax liability	23	23,981	-
Current liabilities			
Trade and other payables	24	10,379	2,183
Dividends payable	10(b)	29,229	26,894
		39,608	29,077
Total equity and liabilities		1,627,888	1,213,723

The financial statements on pages 15 to 55 were approved and authorised for issue by the board of directors on 23 October 2015 and were signed on its behalf by:

J M WANJIGI
Director

M K R SHAH
Director

consolidated statement of changes in equity

FOR THE YEAR ENDED 31 JULY 2015

	Share capital Sh'000	Share premium Sh'000	Revaluation surplus Sh'000	Retained earnings Sh'000	Total Sh'000
At 1 August 2013	169,902	-	209,492	1,545,035	1,924,429
Share premium	-	27	-	-	27
Bonus shares	84,950	-	-	(84,950)	-
Total comprehensive (loss)/income for the year	-	-	(51,049)	490,641	439,592
Transfer of excess depreciation	-	-	(53,431)	53,431	-
Deferred tax on excess depreciation	-	-	16,029	(16,029)	-
Final dividend declared – 2013	-	-	-	(101,941)	(101,941)
Interim dividend declared – 2014	-	-	-	(101,941)	(101,941)
At 31 July 2014	254,852	27	121,041	1,784,246	2,160,166
At 1 August 2014	254,852	27	121,041	1,784,246	2,160,166
Total comprehensive (loss)/income for the year	-	-	(547)	393,863	393,316
Transfer of excess depreciation	-	-	(16,138)	16,138	-
Deferred tax on excess depreciation	-	-	4,841	(4,841)	-
Revaluation surplus realized on write off of property, plant and equipment	-	-	(5,558)	5,558	-
Final dividend declared – 2014	-	-	-	(76,456)	(76,456)
At 31 July 2015	254,852	27	103,639	2,118,508	2,477,026

The revaluation surplus is not distributable and represents the surplus arising from the revaluation of property, plant and equipment and intangible assets, net of related deferred taxation.

FOR THE YEAR ENDED 31 JULY 2015

	Share capital Sh'000	Share premium Sh'000	Revaluation surplus Sh'000	Retained earnings Sh'000	Total Sh'000
At 1 August 2013	169,902	-	8,582	919,629	1,098,113
Share premium	-	27	-	-	27
Bonus shares	84,950	-	-	(84,950)	-
Total comprehensive income for the year	-	-	-	293,318	290,388
Transfer of excess depreciation	-	-	(134)	134	-
Deferred tax on excess depreciation	-	-	40	(40)	-
Final dividend declared – 2013	-	-	-	(101,941)	(101,941)
Interim dividend declared – 2014	-	-	-	(101,941)	(101,941)
At 31 July 2014	254,852	27	5,558	924,209	1,184,646
At 1 August 2014	254,852	27	5,558	924,209	1,184,646
Total comprehensive income for the year	-	-	-	456,109	456,109
Revaluation surplus realized on write off of property, plant and equipment	-	-	(5,558)	5,558	-
Final dividend declared – 2014	-	-	-	(76,456)	(76,456)
At 31 July 2015	254,852	27	-	1,309,420	1,564,299

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

consolidated statement of cash flows

FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 Sh'000	2014 Sh'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash generated from operations	25(a)	476,998	508,310
Interest received		117,884	89,023
Taxation paid	7(c)	(34,504)	(63,989)
Net cash generated from operating activities		560,378	533,344
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of plant and equipment	11(a)	(113,623)	(290,444)
Purchase of intangible assets	12	-	(403)
Proceeds from disposal of property, plant and equipment		7,157	4,430
Proceeds from assets previously written off		-	362
Proceeds from sale of equity investments		16,758	1,470
Purchase of equity investments	16	(18,795)	(33,112)
Purchase of corporate bonds	17	(180,000)	-
Proceeds on redemption of corporate bonds	17	31,250	31,250
Purchase of treasury bonds	18	(73,148)	-
Dividends received from equity investments		5,955	6,133
Redemption of short term deposits		6,459	-
Additional short term deposits		(7,035)	(6,459)
Net cash used in from investing activities		(325,022)	(286,773)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	10(b)	(74,121)	(200,716)
Proceeds from issue of share capital	22	-	27
Net cash used in financing activities		(74,121)	(200,689)
INCREASE IN CASH AND CASH EQUIVALENTS		161,235	45,882
CASH AND CASH EQUIVALENTS AT START OF YEAR		742,816	696,934
CASH AND CASH EQUIVALENTS AT END OF YEAR	25(b)	904,051	742,816

1 ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Kenyan Companies Act.

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 presented in the statement of profit or loss and other comprehensive income.

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 2015

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.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities	The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments require retrospective application. The application of the amendment had no effect on the group's financial statements as the group did not have any offsetting arrangements in place.
Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets	The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements. The amendments require retrospective application The application of the amendment has not had any impact on the disclosures or the amounts recognised in these financial statements as the group does not have any goodwill or other intangible assets with indefinite useful lives
Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities	The amendments to IFRS 10 define an investment entity and introduce an exception from the requirement to consolidate subsidiaries for an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities. To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is an investment entity when it: • obtains funds from one or more investors for the purpose of providing them with investment management services; • commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and • measures and evaluates performance of substantially all of its investments on a fair value basis. Consequential amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities.

1 ACCOUNTING POLICIES (continued)

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

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities	The application of the amendment has not had any impact on the disclosures or the amounts recognised in these financial statements as the group is not an investment entity.
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. The amendments require retrospective application. The application of the amendment has not had any impact on the disclosures or the amounts recognised in the group's financial statements.
IFRIC 21 Levies	IFRIC 21 addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. IFRIC 21 requires retrospective application The application of the new standard has not resulted to changes in the disclosures or the amounts recognised in the group's financial statements.

ii) Relevant new and amended standards and interpretations in issue but not yet effective in the year ended 31 July 2015

New and Amendments to standards	Effective for annual periods beginning on or after
IFRS 9	1 January 2020
IFRS 14, Regulatory Deferral Accounts	1 January 2016
IFRS 15, Revenue from Contracts with Customers	1 January 2017
Amendments to IAS 16 and IAS 38	1 January 2016
Amendments to IFRS 11	1 January 2016
Amendments to IAS 27	1 January 2016
Amendments to IFRS 10 and IAS 28	1 January 2016
Amendments to IAS 1	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28	1 January 2016
Annual improvements 2012- 2014 cycle	1 July 2016

1 ACCOUNTING POLICIES (continued)

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

(iii) Impact of new and amended standards and interpretations on the financial statements for the year ended 31 July 2015 and future annual periods

IFRS 9 Financial Instruments

A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement

Classification and measurement
Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk

Impairment.
The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised.

Hedge accounting.
The standard introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures

Derecognition.
The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.The impact of implementation of this standard can only be determined after a thorough review has been carried out.

IFRS 15, Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Group do not anticipate that the application of the standard will have a significant impact on the Group's financial statements

1 ACCOUNTING POLICIES (continued)

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

(iii) Impact of new and amended standards and interpretations on the financial statements for the year ended 31 July 2015 and future annual periods (continued)

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances

a) when the intangible asset is expressed as a measure of revenue; or
b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

The directors of the Group do not anticipate that the application of the standard will have a significant impact on the Group's consolidated financial statements

Amendments to IAS 1 Disclosure Initiative

Amends IAS 1 Presentation of Financial Statements to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

Clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply.

Clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss.

The directors of the Group do not anticipate that the application of the amendment will have a significant impact on the Group's financial statements

Annual Improvements 2010-2012 Cycle

The annual improvements 2010-2012 cycle makes **amendments to the following standards:**

- IFRS 2 — Amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition'.
- IFRS 3 — Require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting date.
- IFRS 8 — Requires disclosure of the judgements made by management in applying the aggregation criteria to operating segments, clarify reconciliations of segment assets only required if segment assets are reported regularly.
- IFRS 13 — Clarify that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure certain short-term receivables and payables on an undiscounted basis (amends basis for conclusions only).
- IAS 16 and IAS 38 — Clarify that the gross amount of property, plant and equipment is adjusted in a manner consistent with a revaluation of the carrying amount.
- IAS 24 — Clarify how payments to entities providing management services are to be disclosed.

1 ACCOUNTING POLICIES (continued)

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

(iii) Impact of new and amended standards and interpretations on the financial statements for the year ended 31 July 2015 and future annual periods (continued)

Annual Improvements 2011-2013 Cycle

Makes amendments to the following standards:

- IFRS 1 — Clarify which versions of IFRSs can be used on initial adoption (amends basis for conclusions only).
- IFRS 3 — Clarify that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
- IFRS 13 —Clarify the scope of the portfolio exception in paragraph 52.
- IAS 40 — Clarifying the interrelationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

These IFRS improvements are effective for accounting periods beginning on or after 1 January 2015. The directors of the Group do not anticipate that the application of these improvements to IFRSs will have a significant impact on the Group's financial statements.

Annual Improvements 2012-2014 Cycle

Makes amendments to the following standards:

- IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
- IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.
- IAS 9 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
- IAS 34 — Clarifying the meaning of 'elsewhere in the interim report' and require a cross-reference property.

These IFRS improvements are effective for accounting periods beginning on or after 1 January 2015. The management of the Group does not anticipate that the application of these improvements to IFRSs will have a significant impact on the Group's financial statements.

(iv) Early adoption of standards

The Group did not early-adopt new or amended standards in 2015.

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. The principal accounting policies adopted in the preparation of these financial statements remain unchanged from the previous year and are set out herein.

Basis of consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

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 end on 31 July.

1 ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

(b) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) *Disposal of subsidiaries*

When the group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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 Group's right to receive dividends as a shareholder is established.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable unless collectability is in doubt.

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 after due regard for obsolete and slow moving stocks. The cost of other inventories is determined on the weighted average cost basis. Obsolete and defective inventories are fully provided for. Spare parts are fully provided for if not used for 2 years and over.

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.

1 ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

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.

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

No depreciation is provided on freehold land. Depreciation is calculated to write off the cost or valuation of other property, plant and equipment in equal instalments over their 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.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful life of the assets depends on the duration of the licences. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Leasehold land

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

1 ACCOUNTING POLICIES (continued)

Investment in subsidiary companies

Investment in subsidiary companies are stated at cost less provision for impairment where applicable. Where there has been an impairment loss in the value of an investment, it is recognized as an expense in the period in which the impairment is identified

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.

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 Group 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.

1 ACCOUNTING POLICIES (continued)

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.

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 Group 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.

1 ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

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.

1 ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities (continued)

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 at an Annual General Meeting.

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.

Taxes

The Group is subjected to a number of taxes and levies by various government and regulatory 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 properties

The Group has developed certain criteria based on IAS 40 in making judgements on the valuation of investment properties. The fair value of investment properties 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 properties 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 focused 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.

(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:-

	Trading Sh'000	Investments Sh'000	Group Sh'000
2015			
Turnover	809,719	-	809,719
Profit before taxation	429,106	541,361	580,467
Segment assets	1,654,970	1,810,697	2,968,727
Segment liabilities	817,266	167,945	491,701
Depreciation	62,263	732	62,995
Amortisation of intangible assets	457	-	457
Amortisation of prepaid operating lease rentals	-	953	953
Capital expenditure	85,317	28,306	113,623
2014			
Turnover	826,360	-	826,360
Profit before taxation	410,236	310,079	597,262
Segment assets	1,434,410	1,098,753	2,533,163
Segment liabilities	344,078	32,202	372,997
Depreciation	66,818	406	67,224
Amortisation of intangible assets	1,056	-	1,056
Amortisation of prepaid operating lease rentals	-	953	953
Capital expenditure	284,444	6,000	290,444

Revenue reported above represents revenue generated from external customers.

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

3 SEGMENTAL INFORMATION (continued)

(c) Geographical information

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

	2015 Sh'000	2014 Sh'000
Domestic sales – Kenya	386,513	392,872
Export sales – other African countries	423,206	433,488
	809,719	826,360

4 FINANCE INCOME

	GROUP	
	2015 Sh'000	2014 Sh'000
Interest receivable from held to maturity investments:		
- Short term investments and deposits	81,136	64,901
- Corporate bonds	33,503	23,438
- Treasury bonds	2,460	-
Bank current accounts	785	684
	117,884	89,023

5 PROFIT BEFORE TAXATION

The profit before taxation is arrived at after charging:

	2015	2014
Directors' fees	1,590	1,232
Directors' emoluments	14,733	13,417
Auditors' remuneration	3,292	3,035
Staff costs (note 6)	113,069	96,177
Depreciation of property, plant and equipment (note 11(a))	62,995	67,224
Amortisation of intangible assets (note 12)	457	1,056
Amortisation of operating lease prepayments (note14)	953	953
Loss on disposal of property, plant and equipment	7,284	2,002

6 STAFF COSTS

	2015	2014
Salaries and wages	106,511	88,449
Social security costs (NSSF)	200	354
Pension costs - defined contribution plan	6,816	6,054
Leave pay (credit)/provision (note 24)	(458)	1,320
	113,069	96,177

7 TAXATION

	GROUP		COMPANY	
	2015 Sh'000	2014 Sh'000	2015 Sh'000	2014 Sh'000
(a) Taxation charge				
Current taxation based on taxable profit at 30%	157,920	56,263	28,997	21,166
Deferred taxation (note 23)				
- Current year charge/(credit)	8,358	65,682	5,706	(3,801)
- Prior year under/(over) provision	20,326	(15,324)	20,171	(604)
Net taxation charge	186,604	106,621	54,874	16,761
(b) Reconciliation of taxation charge to expected tax based on accounting profit before taxation				
Accounting profit before taxation	580,467	597,262	510,983	310,079
Tax at the applicable rate of 30%	174,140	179,179	153,295	93,024
Tax effect of expenses not deductible for tax purposes	10,068	15,568	6,805	216
Tax effect of income not taxable	(17,930)	(72,802)	(125,397)	(75,875)
Prior year under/(over) provision				
- Deferred taxation	20,326	(15,324)	20,171	(604)
	186,604	106,621	54,874	16,761
(c) Corporate tax recoverable				
At beginning of year	16,425	8,699	438	3,742
Charge for the year	(157,920)	(56,263)	(28,997)	(21,166)
Taxation paid	34,504	63,989	30,647	17,862
At end of year	(106,991)	16,425	2,088	438
Comprising of:				
Corporate tax recoverable	2,088	16,425	2,088	438
Corporate tax payable	(109,079)	-	-	-
	(106,991)	16,425	2,088	438

8 PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The profit attributable to shareholders reported in the stand alone books of account of the parent, Carbacid Investments Limited, amounted to Sh 456,109,000 (2014 – Sh 293,318,000).

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.

	2015	2014
Earnings		
Earnings for purposes of basic and diluted earnings per share (Sh' 000)	393,863	490,641
Weighted average number of ordinary shares		
At start of year	254,851,985	33,980,265
Effect of bonus shares issued	-	16,990,132
Effect of share split (1:5)	-	203,881,588
At end of year	254,851,985	254,851,985
Earnings per share		
Basic (Sh)	1.55	1.93
Diluted (Sh)	1.55	1.93

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 2015 or at 31 July 2014.

10 DIVIDENDS

(a) Dividends per share

	2015 Sh	2014 Sh
Interim dividend paid	-	0.4
Proposed dividend - Final	0.7	0.3
	0.7	0.7

Proposed dividends are not accounted for until they have been ratified at the Annual General meeting. No interim dividend was declared during the year (2014 - Sh 0.40 amounting to Sh 101,940,795 which was paid during the year). The Directors propose a final dividend of Sh 0.70 per share (2014- Sh 0.30) – Sh 178,396,390 (2014 – Sh 76,455,596).

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

	2015 Sh'000	2014 Sh'000
At beginning of the year	26,894	23,728
Final dividend declared	76,456	101,941
Interim dividend declared	-	101,941
	103,350	227,610
Dividends paid	(74,121)	(200,716)
At the end of the year	29,229	26,894

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						
At 1 August 2013	90,140	2,055	16,905	189,940	675,859	974,899
Additions	27,286	5,000	15,300	20,934	221,924	290,444
Disposals	-	-	-	(5,949)	(2,341)	(8,290)
Revaluation adjustment	2,259	10,945	(1,705)	(73,125)	(240,157)	(301,783)
At 31 July 2014	119,685	18,000	30,500	131,800	655,285	955,270
At 1 August 2014	119,685	18,000	30,500	131,800	655,285	955,270
Additions	29,099	-	-	24,294	60,230	113,623
Assets written off	(8,000)	-	-	-	-	(8,000)
Disposals	-	-	-	(6,441)	-	(6,441)
At 31 July 2015	140,784	18,000	30,500	149,653	715,515	1,054,452
DEPRECIATION						
At 1 August 2013	4,091	-	3,382	39,651	110,295	157,419
Charge for the year	2,331	-	1,691	23,217	39,985	67,224
Eliminated on disposal	-	-	-	(779)	(267)	(1,046)
Revaluation adjustment	(6,422)	-	(5,073)	(62,089)	(150,013)	(223,597)
At 31 July 2014	-	-	-	-	-	-
At 1 August 2014	-	-	-	-	-	-
Charge for the year	3,080	-	3,050	15,357	41,508	62,995
At 31 July 2015	3,080	-	3,050	15,357	41,508	62,995
NET BOOK VALUE						
At 31 July 2015	137,704	18,000	27,450	134,296	674,007	991,457
At 31 July 2014	119,685	18,000	30,500	131,800	655,285	955,270

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 (cost basis)						
At 31 July 2015	109,757	7,055	17,076	102,986	610,873	847,747
At 31 July 2014	93,706	7,055	18,973	110,532	557,191	787,457

The Group's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The last fair value measurements of the Group's freehold land and buildings as at 31 July 2014 were performed by C P Robertson Dunn Valuers and Estate Agents, independent valuers not related to the Group. C P Robertson Dunn Valuers and Estate Agents are members of the Institute of Valuers of Kenya, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The fair value of the freehold land was determined based on the market comparable approach that reflects recent transaction prices for similar properties in the neighbourhood.

The fair values of buildings and the other fixed assets were determined using the depreciated replacement cost basis. The significant inputs included the estimated construction and purchase costs and other ancillary expenditures, and appropriate depreciation factors. A slight increase in the depreciation factor would result in a significant decrease in the fair value of the assets, and a slight increase in the estimated construction and purchase costs would result in significant increase in the fair value of the assets, and vice versa.

There was no valuation carried out during the year.

No assets have been charged to secure any banking facilities granted to the Group (2014: nil). There are also no assets on finance lease.

11 (b) PROPERTY – COMPANY

	2015 Sh'000	2014 Sh'000
COST OR VALUATION		
At beginning of year	9,000	13,000
Additions	28,306	1,000
Revaluation adjustment	-	(5,000)
Assets written off	(8,000)	-
At end of year	29,306	9,000
COMPRISING:		
Valuation - 2014	-	8,000
Cost	29,306	1,000
At end of year	29,306	9,000
AMORTISATION		
At beginning of year	-	555
Amortisation for the year	586	260
Revaluation adjustment	-	(815)
At end of year	586	-
NET BOOK VALUE		
At end of year	28,720	9,000
NET BOOK VALUE (cost basis)		
At end of year	28,720	1,042

The Company's buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The last fair value measurements of the Company's buildings as at 31 July 2014 were performed by C P Robertson Dunn Valuers and Estate Agents, independent valuers not related to the Company. C P Robertson Dunn Valuers and Estate Agents are members of the Institute of Valuers of Kenya, and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations.

The fair value of buildings was determined using the depreciated replacement cost basis. The significant inputs included the estimated construction costs and other ancillary expenditure, and a depreciation factor applied to the estimated construction cost of approximately 2%. A slight increase in the depreciation factor would result in a significant decrease in the fair value of the assets, and a slight increase in the estimated construction costs would result in significant increase in the fair value of the assets, and vice versa.

12 INTANGIBLE ASSETS

	GROUP	
	2015 Sh'000	2014 Sh'000
COST OR VALUATION		
At beginning of year	1,829	3,822
Additions	-	403
Revaluation adjustment	-	(2,396)
At end of year	1,829	1,829
COMPRISING:		
Valuation – 2014	(2,396)	(2,396)
Cost	4,225	4,225
	1,829	1,829
AMORTISATION		
At beginning of year	-	1,911
Amortisation for the year	457	1,056
Revaluation adjustment	-	(2,967)
At end of year	457	-
NET BOOK VALUE		
At end of year	1,372	1,829
NET BOOK VALUE (cost basis)		
At end of year	944	1,258

Intangible assets relate to computer software and fleet management software.

The Group's intangible assets are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated impairment. The last fair value measurements of the Group's intangible assets as at 31 July 2014 were performed by C P Robertson Dunn Valuers and Estate Agents, independent valuers not related to the Group. C P Robertson Dunn Valuers and Estate Agents are members of the Institute of Valuers of Kenya, and they have appropriate qualifications and recent experience in the fair value measurement of assets.

The fair values of intangible assets were determined using the depreciated replacement cost basis.

There was no valuation carried out during the year.

13 INVESTMENT PROPERTIES

	GROUP		COMPANY	
	2015 Sh'000	2014 Sh'000	2015 Sh'000	2014 Sh'000
FAIR VALUE				
At beginning of year	87,500	60,000	87,500	60,000
Fair value gain	32,500	27,500	32,500	27,500
At end of year	120,000	87,500	120,000	87,500

Investment properties relate to buildings held for rental purposes. The original cost of the buildings was Sh 17,379,000.

The properties were last revalued by C P Robertson Dunn Valuers and Estate Agents, registered valuers on an open market value basis on 31 July 2015.

14 PREPAID OPERATING LEASE RENTALS

	GROUP		COMPANY	
	2015 Sh'000	2014 Sh'000	2015 Sh'000	2014 Sh'000
COST				
At beginning and end of year	74,963	74,963	27,523	27,523
ACCUMULATED AMORTISATION				
At beginning of year	10,522	9,569	8,052	7,593
Charge for the year	953	953	459	459
At end of year	11,475	10,522	8,511	8,052
NET BOOK VALUE				
At end of year	63,488	64,441	19,012	19,471

The prepaid operating lease rentals relate to parcels of leasehold land held by the company and its subsidiaries.

15 INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2015 Sh'000	2014 Sh'000
Unquoted investments at cost in wholly owned subsidiaries:		
Carbacid (CO_2) Limited	3,348	3,348
Goodison Twenty Nine Limited	99	99
Goodison Forty Seven Limited	99	99
	3,546	3,546

The details of the above subsidiary companies are as follows:

Company	Year of incorporation	Share capital Sh	Place of Incorporation and operation	Principal activity	Proportion of ownership, interest and voting power held by the Group 31 July 2015	31 July 2014
Carbacid (CO_2) Limited	Before 1950	56,634,000	Kenya	Mining and marketing of carbon dioxide gas	100%	100%
Goodison Twenty Nine Limited	2009	100,000	Kenya	Investment holding	100%	100%
Goodison Forty Seven Limited	2009	100,000	Kenya	Investment holding	100%	100%

As at 31 July 2015, the net assets of Carbacid (CO_2) Limited amounted to Sh 837,704,000 (2014: Sh 930,332,000). Goodison Twenty Nine Limited and Goodison Forty Seven Limited are both investment companies.

The proportion of voting rights in the subsidiaries undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The directors of the Group conclude that the parent company has control over the subsidiary companies. None of the subsidiaries therefore have material non-controlling interest.

16 EQUITY INVESTMENTS

	GROUP		COMPANY	
	2015 Sh'000	2014 Sh'000	2015 Sh'000	2014 Sh'000
At fair value through profit or loss:				
At beginning of the year	269,664	164,422	188,475	149,703
Purchases during the year	18,795	33,112	18,795	4,398
Fair value gain/(loss)	14,150	73,600	(17,627)	35,844
Disposals during the year	(18,663)	(1,470)	(18,663)	(1,470)
At end of year	283,946	269,664	170,980	188,475

Equity investments comprise marketable securities in various companies which are revalued annually at the close of business on 31 July by reference to Nairobi Securities Exchange and Dar es Salaam Stock Exchange quoted prices. The Group's shareholding in each of these companies is less than 10%. The market value approximates to fair value. Unrealised revaluation surpluses and deficits are dealt with in the profit or loss.

17 CORPORATE BONDS - GROUP AND COMPANY

	2015 Sh'000	2014 Sh'000
Held to maturity – at amortised cost:		
Kenya Electricity Generating Company Limited		
- Public Infrastructure Bond	140,625	171,875
Commercial Bank of Africa Limited	180,000	-
	320,625	171,875
Maturing within one year	-	-
	320,625	171,875
Movement in corporate bonds:		
At beginning of the year	171,875	203,125
Additions during the year	180,000	-
Redemption	(31,250)	(31,250)
At end of year	320,625	171,875

The effective interest rate during the year was 12.5% (2014 – 12.5%).

18 TREASURY BONDS - GROUP AND COMPANY

	2015 Sh'000	2014 Sh'000
Held to maturity – at amortised cost:		
Maturing over one year		
Government of Kenya infrastructure bond	73,148	-
Movement in treasury bonds:		
At beginning of year	-	-
Purchases during the year	73,148	-
At end of year	73,148	-

The effective interest rate during the year was 11.26% (2014 – nil).

19 INVENTORIES – GROUP

	2015 Sh'000	2014 Sh'000
Spare parts and materials	38,195	40,371
Spares in transit	12,411	8,129
Fuel and chemicals	1,565	1,153
Carbon dioxide gas and dry ice	1,829	1,612
Oxygen gas	-	19
Provision for obsolete inventories	(21,142)	(15,129)
	32,858	36,155

20 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2015 Sh'000	2014 Sh'000	2015 Sh'000	2014 Sh'000
Trade receivables	160,776	127,717	6,217	1,580
Provision for doubtful debts	(23,397)	(24,352)	(856)	(856)
	137,379	103,365	5,361	724
Prepayments for capital items	-	45,893	-	-
Other prepayments	9,289	4,031	206	185
Other receivables	21,991	25,544	14,301	18,292
	168,659	178,833	19,868	19,201

20 TRADE AND OTHER RECEIVABLES (continued)

	GROUP		COMPANY	
	2015 Sh'000	2014 Sh'000	2015 Sh'000	2014 Sh'000
Movements on the provision for doubtful debts:				
At beginning of year	24,352	38,726	856	6,432
Bad debts written off	(752)	-	-	-
Write back for the year	(203)	(14,374)	-	(5,576)
At end of year	23,397	24,352	856	856

21 SHORT TERM DEPOSITS – GROUP AND COMPANY

	2015 Sh'000	2014 Sh'000
Group		
Fixed deposits (Local currency)		
At amortised cost	869,193	690,046
Maturity:		
Fixed deposits	869,193	690,046
Maturing within 90 days	(862,158)	(683,587)
	7,035	6,459
Company (maturing within 90 days)	862,158	683,587

Weighted average effective interest rates on deposits during the year was 9.33 % (2014 – 9.18 %).

22 (a) SHARE CAPITAL

	2015 Sh'000	2014 Sh'000
Authorised:		
1,000,000,000 ordinary shares of Sh 1 each	1,000,000	1,000,000
Issued and fully paid:		
254,851,985 ordinary shares of Sh 1 each	254,852	254,852

(b) SHARE PREMIUM

SHARE PREMIUM	27	27

23 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/asset is attributed to the following items:

	GROUP		COMPANY	
	2015 Sh'000	2014 Sh'000	2015 Sh'000	2014 Sh'000
Accelerated capital allowances	194,509	185,274	703	-
Unrealised exchange gain	4,154	-	-	-
Leave pay provision	(1,251)	(1,389)	-	-
Bad debt provision	(6,762)	(7,049)	-	-
Stock provision	(6,342)	(4,539)	-	-
Bonus provision	(3,510)	-	-	-
Tax losses	(7,508)	(4,296)	(7,508)	(4,296)
Revaluation surplus – property, plant and equipment	39,952	47,343	-	2,400
Revaluation surplus - investment property – prior year*	21,036	-	21,036	-
Revaluation surplus - investment property – current year*	9,750	-	9,750	-
Revaluation surplus – freehold land*	547	-	-	-
Net deferred tax liability/(asset)	244,575	215,344	23,981	(1,896)
The movement on the deferred tax account is as follows:				
At beginning of year	215,344	191,552	(1,896)	3,764
Charge/(credit) to profit or loss (note 7(a))	8,358	65,682	5,706	(3,801)
Prior year under/(over) provision (note 7(a))	20,326	(15,324)	20,171	(604)
Deferred tax on revaluation surplus	547	(26,566)	-	(1,255)
At end of year	244,575	215,344	23,981	(1,896)
Comprising of:				
Deferred tax asset	-	(1,896)	-	(1,896)
Deferred tax liability	244,575	217,240	23,981	-
At end of year	244,575	215,344	23,981	(1,896)

* Deferred tax on revaluation surplus of investment property and freehold land relates to deferred tax liability on revaluation gain recognized following the re-introduction of capital gains tax in Kenya effective 1 January 2015.

24 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2015 Sh'000	2014 Sh'000	2015 Sh'000	2014 Sh'000
Trade payables	3,379	66,876	-	370
Other payables and accruals	101,268	57,358	10,379	1,813
Leave pay provision	4,171	4,629	-	-
	108,818	128,863	10,379	2,183
Movement in leave pay provision is as follows:				
At beginning of year	4,629	3,309	-	-
(Decrease)/increase during the year (note 6)	(458)	1,320	-	-
At the end of the year	4,171	4,629	-	-

25 NOTES TO THE CASH FLOW STATEMENT - GROUP

	Notes	2015 Sh'000	2014 Sh'000
(a) Reconciliation of profit before taxation to net cash generated from operations			
Profit before taxation		580,467	597,262
Finance income recognized in profit for the year	4	(117,884)	(89,023)
Dividend income from equity investments		(5,955)	(6,133)
Depreciation of property, plant and equipment	11(a)	62,995	67,224
Amortisation of intangible assets	12	457	1,056
Gain on revaluation of investment property	13	(32,500)	(27,500)
Amortisation of operating leases	14	953	953
(Gain)/loss on disposal of property, plant and equipment		(716)	2,002
Assets written off		8,000	-
Gain on disposal of assets previously written off		-	(362)
Loss on disposal of equity investments		1,905	-
Gain on revaluation of equity investments	16	(14,150)	(73,600)
Adjusted for working capital changes:			
Decrease in inventories		3,297	728
Decrease/(increase) in trade and other receivables		10,174	(28,471)
(Decrease)/increase in trade and other payables		(20,045)	64,174
Net cash generated from operations		476,998	508,310
(b) Analysis of cash and cash equivalents			
Short term deposits maturing within 3 months (note 21)		862,158	683,587
Bank and cash balances		41,893	59,229
		904,051	742,816

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.

26 RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

The following balances were outstanding at 31 July.

(a) Due from subsidiary

	2015 Sh'000	2014 Sh'000
Due to Carbacid (CO_2) Limited	(388,451)	(146,203)
Dividends receivable	390,000	160,000
Due from subsidiary	1,549	13,797

(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

	2015 Sh'000	2014 Sh'000
Dividends receivable from Carbacid (CO_2) Limited	390,000	160,000
Dividends received from Carbacid (CO_2) Limited	160,000	360,000
Payments made by Carbacid (CO_2) Limited on behalf of the Company	9,791	16,168
Receipts by Carbacid (CO_2) Limited on behalf of the Company	-	5,576

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 3,810,000 (2014 – Sh 6,777,060).

(c) Key management compensation

GROUP & COMPANY

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

	2015 Sh'000	2014 Sh'000
Directors' remuneration:		
Fees for services as directors	1,590	1,232
Directors' emoluments	14,733	13,417
Key management compensation:		
Salaries and other benefits	30,187	26,551

27 CAPITAL COMMITMENTS – GROUP

	2015 Sh'000	2014 Sh'000
Authorised and contracted for	25,280	22,950
Authorised but not contracted for	63,720	103,322
	89,000	126,272

28 RETIREMENT BENEFIT OBLIGATIONS

Carbacid (CO_2) Limited contributes to a company defined contribution pension scheme and to a statutory defined contribution pension scheme, the National Social Security Fund. Contributions to the Company plan are determined by the rules of the plan and totalled Sh 6,815,715 (2014 – Sh 6,054,417) in the year.
Contributions to the statutory scheme are determined by local statute. During the year ended 31 July 2015, the Company contributed Sh 200,400 (2014 – Sh 353,772) to the statutory scheme.

29 OPERATING LEASE COMMITMENTS

GROUP AND COMPANY AS LESSEE:

The Group and Company did not have any future minimum lease payments committed under non-cancellable operating leases.

	2015 Sh'000	2014 Sh'000
GROUP AND COMPANY AS LESSOR:		
The future minimum lease payments receivable under operating leases are as follows:		
Within one year	15,102	6,224
Within two to five years	36,697	21,956
	51,799	28,180

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

30 CONTINGENT LIABILITIES

	2015 Sh'000	2014 Sh'000
Guarantees	6,000	6,000

The guarantee above was placed with Kenya Power and Lighting Company Limited by the Commercial Bank of Africa Limited on behalf of Carbacid (CO_2) Limited. Carbacid (CO_2) Limited in turn deposited an amount of Sh 6,000,000 which earns an interest at the rate of 9% against this guarantee.

31 FINANCIAL RISK MANAGEMENT

(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 2015				
Trade receivables	160,776	137,379	-	23,397
Bank balances	40,252	40,252	-	-
Corporate bonds	320,625	320,625	-	-
Treasury bonds	73,148	73,148	-	-
Short term deposits	869,193	869,193	-	-
	1,463,994	1,440,597	-	23,397
31 July 2014				
Trade receivables	127,717	84,387	18,978	24,352
Bank balances	56,957	56,957	-	-
Corporate bonds	171,875	171,875	-	-
Short term deposits	690,046	690,046	-	-
	1,046,595	1,003,265	18,978	24,352

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.

31 FINANCIAL RISK MANAGEMENT (continued)

(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.

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 2015:		
Trade payables	3,379	-
Other payables	101,268	-
	104,647	-
At 31 July 2014:		
Trade payables	66,876	-
Other payables	57,358	-
	124,234	-

(c) 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 hierarchy

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 Group'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.

31 FINANCIAL RISK MANAGEMENT (continued)

(c) 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 hierarchy

Financial assets/ liabilities	Fair value as at 31/07/2015 Sh'000	31/07/2014 Sh'000	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Quoted equities	283,946	269,664	Level 1	Quoted bid prices in an active market	N/A	N/A
Leasehold buildings and boreholes	90,552	92,399	Level 3	Techniques that use inputs not based on observable market data	N/A	N/A
Freehold land	18,000	18,000	Level 2	Market comparable approach- Highest and best use	N/A	N/A
Roads and pavements	13,680	15,200	Level 3	Techniques that use inputs not based on observable market data	N/A	N/A
Vehicles and tankers	106,099	116,815	Level 3	Techniques that use inputs not based on observable market data	N/A	N/A
Plant machinery and equipment	426,943	452,083	Level 3	Techniques that use inputs not based on observable market data	N/A	N/A
Intangible assets	1,070	1,426	Level 3	Techniques that use inputs not based on observable market data	N/A	N/A
Investment property	120,000	87,500	Level 2	Market comparable approach- Highest and best use	N/A	N/A

There were no transfers between levels 1, 2 and 3 in the period

31 FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(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 and the Dar es Salaam Stock 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 Group.

Listed equity securities represent 100% (2014: 100%) of total equity investments.

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

	2015 Sh'000	2014 Sh'000
Equity investments	283,946	269,664

At 31 July 2015, if the market prices had increased/decreased by 10% with all other variables held constant, the profit for the year would have been Sh 28,395,000 (2014:Sh 26,966,000) higher/lower.

(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:

	2015 Sh'000	2014 Sh'000
Assets		
Bank and cash balances		
USD 239,146 @102.52 (2014: 272,568 @87.80)	24,518	23,931
Trade receivables		
USD 641,114 @102.52 (2014: 459,593 @87.80)	65,728	40,352
	90,246	64,283

31 FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk (continued)

(iii) Foreign currency risk (continued)

	2015 Sh'000	2014 Sh'000
Liabilities		
Trade creditors		
USD nil (2014: 177,237 @87.80)	-	15,561
EURO nil (2014: 131,498 @117.64)	-	15,469
	-	31,030

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 2015, 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 9,024,600 (2014: Sh 3,325,300) higher/lower, mainly as a result of additional exchange gains or losses on translation of US Dollar and Euro bank balances, trade receivables, and trade payables balances.

(iii) Interest rate risk

The Group is exposed to interest rate risk as a result of its holdings of short term deposits with banks whose interest rates are not fixed. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate deposits.

An increase/decrease of 5% on average deposit rates would have resulted in an increase/decrease in profit before taxation of Sh 43,460,000 (2014: Sh 34,502,000).

32 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 22, as well as reserves and retained earnings.

At 31 July 2015, the Group had no borrowings and therefore it is not geared (2014: nil).

33 COUNTRY OF INCORPORATION

The company and its subsidiaries are incorporated and domiciled in Kenya under the Kenyan Companies Act. The company, Carbacid Investments Limited, is listed on the Nairobi Securities Exchange.

34 CURRENCY

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