

CARBACID INVESTMENTS plc

REPORT AND FINANCIAL STATEMENTS 2022



CONTENTS

	PAGE
Company information	1
Chairman's statement	2 - 3
Chairman's sustainability report	4 - 5
Statement of corporate governance	6 - 10
Board of directors	11 - 12
Directors' remuneration report	13
Report of the directors	14 - 15
Statement of directors' responsibilities	16
Report of the independent auditor	17 - 19
Financial statements:	
Consolidated profit and loss account	20
Company profit and loss account	21
Consolidated balance sheet	22
Company balance sheet	23
Consolidated statement of changes in equity	24
Company statement of changes in equity	25
Consolidated statement of cash flows	26
Company statement of cash flows	27
Notes	28 - 57

Carbacid Investments plc
Company information
For the year ended 31st July 2022

Board of directors

Amb D N O Awori - Chairman
Mr B C Patel
Mr M K R Shah
Mrs S O Mudhune
Eng E A Musebe
Mr R B Patel
Dr J P N Simba (Appointed on 18th May 2022)

Company secretary

Mr. C Nyukuri CPS (K)

Board Committees

Audit & Risk Committee

Mrs S O Mudhune - Chairperson
Mr M K R Shah
Mr R B Patel
Eng E A Musebe

Finance and Investment Committee

Eng E A Musebe – Chairperson
Mr M K R Shah
Mr R B Patel

Nomination, Remuneration and Governance Committee

Amb D N O Awori - Chairperson
Mr B C Patel
Mrs S O Mudhune

Registered office

L.R. No. 1870/1/569
ALN House,
Eldama Ravine Close, off Eldama Ravine Road, Westlands
P.O. Box 764 - 00606, Sarit Centre
Nairobi, Kenya.

Registrars and transfer office

C & R Group
IKM Place, Tower B, 1st Floor,
5th Ngong Avenue. Off Bishops Road,
P.O. Box 8484 - 00100, GPO Nairobi
Tel: 0208690360, 0207608216
Email: info@candrgroup.co.ke
Nairobi, Kenya.

Independent auditor

RSM Eastern Africa LLP
Certified Public Accountants
1st Floor, Pacis Centre, Slip Road, off Waiyaki Way, Westlands
P.O. Box 349 - 00606, Sarit Centre
Nairobi, Kenya.

Principal banker

NCBA Bank Kenya plc,
Upper Hill Branch, Mara & Ragati Road
P.O. Box 30437 - 00100, GPO
Nairobi, Kenya.

Legal advisors

Wainaina Ireri & Company Advocates
5th Floor, Laiboni Centre, Lenana Road, Kilimani
P.O. Box 42706 - 00100, GPO
Nairobi, Kenya.

Anjarwalla & Khanna LLP

ALN House,
Eldama Ravine Close, off Eldama Ravine Road, Westlands
P.O. Box 200 - 00606, Sarit Centre
Nairobi, Kenya.

Oraro & Company Advocates
6th Floor ACK Garden Annex, 1st Ngong Avenue
P.O. Box 51236 - 00200, City Square
Nairobi, Kenya.

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of Carbacid Investments plc ("Carbacid Group") for the year ended 31 July 2022. I am pleased to report a strong performance with sales and profit growth and positive cash flows.

These results are against the backdrop of an overall inflation rate of 8.5% which impacted changes in our end customers consumption patterns. The continuing effects of the current global challenges heightened our resolve for greater flexibility in all our business's operational areas.

During the year, the Board conducted a review of the company's medium and long-term strategy in the context of the overall operating environment and industry dynamics.

Encouraging progress has been made in the implementation of this strategy and the Board is actively engaged with management on its delivery.

Capital allocation

The Group has reviewed the capital allocation framework to help shape strategic priorities. This results in strong cash flows at the holding company level. The Board Investment Committee has set strict criteria that must be met before any investment is undertaken.

Cash generation remains a key focus for the Board, and you will be pleased to see increased free cash flow for the year from KSh 487 million in 2021 to KSh 706 million in 2022.

Culture & Sustainability

Central to ensuring long-term profitability is developing a culture which rewards high performance and seeks to build on the values of the company. The Board has focused on improving the performance culture for the Group. We have continued to further develop a formal sustainability policy and procedures to manage our business's ecosystems responsibly. My statement on sustainability is on page 4 and 5 and our detailed sustainability report can be found at the website (www.carbacid.com).

The Board is committed to the highest standard of corporate governance and ethical business practices. To this end the Carbacid Group has developed and is guided by its Board Charter and is supported by strong Board Committees. The Statement of Corporate Governance on pages 6 to 10 outlines the Group's commitments.

Our markets and capabilities

Carbacid has one of the largest quality production capacities in the region with a delivery fleet to meet customer requirements. We continue upgrading our assets and capabilities, we believe we are well placed to positively differentiate ourselves from our competitors. Carbacid continues to be FSSC 22000 certified, and Halal approved.

The Group has been working on developing new uses and processes to satisfy customer need and while the pipeline is long, there have been some notable successes in freezing of food products and artificial insemination. The Group will continue to invest in new products, processes, and technology to drive growth.

Financial results and dividends

The 2022 financial results show turnover increased by 56% to KSh 1,415 million (2021 – KSh 907 million), with the benefit of some good tail winds in both the operating business and the investment portfolio. We have been able to convert those tail winds in the operating business by being adaptable and agile, focusing on adding value to the customer. By continued focus on costs and efficiency we have managed to maintain our operating margin without increasing prices.

Group profit before tax increased by 69% to KSh 914 million (2021 – KSh 540 million). Earnings per share have increased from 1.63 to 2.78.

We achieved this despite the increased costs of doing business such as increased mining royalties, and high electricity and fuel costs.

The Company has consistently paid dividends after allocating funds for business growth and investment. The Board recommends that a final dividend of KSh 1.70 per share (2021: KSh 0.70 per share plus KSh 0.90 special dividend per share) to be paid as soon as practical after approval by the Members at the Annual General Meeting in December 2022.

Board changes during the year

We continue to bring in new skills and capabilities to the Board. During the year, we welcomed Dr John P N Simba as an Independent Non-Executive Director. Dr. Simba brings to the Board a wealth of legal and business management experience that will be very valuable for the Carbacid Group. I and my fellow directors are delighted to welcome Dr. Simba to the Board.

Appreciation

In closing I would like to express my appreciation to my fellow directors, the management team and all Carbacid's employees and our partners for their hard work throughout the year and the continued support from our customers.

Ambassador Dennis N O Awori



Chairman

31st October 2022

Dear Stakeholders,

On behalf of the Carbacid Board, it gives me immense pleasure to release Carbacid's inaugural sustainability report, with emphasis on the company's environmental, social and governance (ESG) initiatives. We are on a journey to challenge ourselves and the status quo.

The year ending July 2022 was difficult on many fronts. I therefore take this opportunity to appreciate the Board, Management Team and our staff for remaining focused to deliver on business performance, commitment to customers and communities and to each other while at the same time making the world a better place.

The resolve to get into sustainability reporting is informed by the fact that doing business is no longer about driving profits but also taking care of people and the planet. At Carbacid, we are aware of the responsibility we bear in these aspects and therefore we remain committed to integrating sustainable business practices across our operations and championing this cause across the industry. This commitment to sustainability reflects our long-term approach to business. We have therefore taken this deliberate effort to monitor and report sustainability initiatives to all our stakeholders annually and to review progress made thereof.

As an investment company we are increasingly applying non-financial factors as part of our analysis process to identify opportunities.

Integrating sustainability in our business practices will help make our operations efficient and at the same time ensure minimum impact on the environment. In the long-term, by applying global best practices in ESG initiatives, we shall sustain profitability, preserve the environment and build strong communities which are the bedrock of our consumers and stakeholders. Our industry peers regionally and globally are already into this and are building sustainable businesses.

At Carbacid we view ESG practices as a robust foundation on making fundamental choices on how to conduct business. Our focus is to develop our business, with minimal impact to the environment and communities where we conduct our business. My Board and I recognize that ESG will help us identify and mitigate risks, at the same time drive business growth. We appreciate that integrating sustainability into business strategy is a core component of good corporate governance practices. In this report, you will see this link and highlights in the corporate governance statement on pages 6 to 10.

Carbacid's ESG goals have leveraged on the United Nations Sustainable Development Goals (SDGs) — the 17 interlinked global targets, as a framework to achieve a better and more sustainable future for all and are intended to be achieved by 2030. For Carbacid, the SDGs provide new lenses through which we assess the impact of our business in society and more specifically our contribution in solving some of the world's most pressing problems like poverty, climate change, gender inequality, youth unemployment and many others. It is an opportunity for us to integrate SDGs into the products and services we offer to our customers.

Beyond this, we are guided by the Nairobi Securities Exchange (NSE) guidelines for listed companies and the reporting principles. This report therefore takes cognizance of such requirements and seeks to ensure compliance to these expectations.

Carbacid continues to provide the highest purity products as we position ourselves as the long-term sustainable partner of choice to our customers. We also continue making investments in new technologies in clean energy, and improved efficiencies so as to minimize impact on the environment.

Carbacid appreciates that it doesn't operate in a vacuum and therefore has a great responsibility to work with and support all stakeholders, including customers, shareholders, government agencies, our communities, and suppliers among others. Going forward, we will deepen these relationships by seeking stronger partnerships with the stakeholders. We see this as a huge step in delivering on our business and sustainability targets.

Carbacid Investments plc
Chairman's sustainability report (continued)
For the year ended 31st July 2022

The sustainability journey will not be achieved if we leave our stakeholders behind. We will train and empower our staff on the areas of sustainability as they are our best ambassadors in driving this agenda.

A lot remains to be done to achieve the sustainability targets which we have set. This will require resolve, resilience, and tenacity to achieve. We will invest more in ensuring that we take care of communities, the environment, and our people, all with the aim of building a more sustainable business for generations to come.

Sustainability is a journey and much remains to be done to achieve the targets which we have set. This will require resolve, resilience, and tenacity to achieve. We will invest more in ensuring that we are mindful of the environment, and all other stakeholders, all with the aim of building a more sustainable business for generations to come.

Again, I thank all our stakeholders for the support to our business.


Ambassador Dennis N O Awori

Chairman

31st October 2022

Chairman's comments

The Board of Directors of Carbacid Investments plc ("Carbacid Group" or "Group") is committed to maintaining high standards of Corporate Governance, and the disclosures in this year's report and financial statements reflect that commitment. Effective corporate governance is essential to the long-term success of the business. As Chairman, my role is to guide and lead the Board, ensuring it operates effectively and contains the right balance of skills and experience to successfully execute the Group's strategy.

Code compliance

The Group complies with the Code issued by the Capital Markets Authority under the Capital Markets Act (Cap 485A), the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 ("Code"). The Group remains committed to implementing these requirements and continues to close gaps in compliance. The Board Charter documents our commitments, principles and practices.

During the prior years, an independent firm accredited by the Institute of Certified Public Secretaries of Kenya conducted Governance Audits and a Legal Audit. The Carbacid Group has complied with Corporate Governance as set out in the Companies Act, 2015, the Code of Corporate Governance and has adopted best practices.

The Board

The Board currently has seven non-executive Directors who bring considerable knowledge, judgement and experience to the Group. The Directors are from broad industry and professional backgrounds with varied expertise. The business of the Group is technical and specialist in nature and requires considerable knowledge and experience to manage for results. During the year, all directors and executive managers attended training on areas of governance from professional Corporate Governance trainers.

Directors are subjected to a rigorous review by means of an external professional Board Evaluation, followed by feedback by the Nominations Committee. After thorough consideration, the Board considers that the Directors' independence, skills and experience make them effective as non-executive Directors and as Chairpersons to the Board Committees. In the context of the CMA guidelines, the independent Directors are Amb. Dennis Awori, Mrs Susan Mudhune, Dr Eng. Edward Musebe. And Dr John Simba. Short biographies of the Directors are set out in this section.

The Board, however, considers that all of its non-executive Directors are independent in character and judgement, and their knowledge, diversity of experience and other business interests continue to enable them to contribute significantly to the Board's effectiveness. Directors have been issued with formal letters of appointment setting out terms and conditions. The main Board and the Board Committees receive up-to-date information for review in good time ahead of each meeting.

The Group Secretary acts as secretary to the Board and all committees of the Board. He is the focal point for communications and attends all Board meetings, and offers additional guidance to the Board on matters relating to corporate governance and statutory matters. Annually the Secretaries' performance is evaluated by the Directors.

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.

Carbacid Investments plc
Statement of corporate governance (continued)
For the year ended 31st July 2022

Board responsibilities

The Board is responsible for major policy decisions whilst delegating more detailed matters to the Board Committees and to the Management Team. The Board is responsible for the Group's system of risk management and internal control and for monitoring the implementation of its policies. The system of internal control is designed to manage risk.

The Board is responsible for the long-term growth and sustainability of the Carbacid Group. The Board charts the direction of the Group and monitors Management's performance on an ongoing basis.

The Board has appointed Committees to which powers have been delegated in accordance with the terms of reference for each Committee. The Committees are detailed below.

Board meetings

The Board normally meets quarterly 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 four meetings. The attendance at the Board meetings is shown below:

		Meetings Eligible to Attend	Meetings Attended
Amb D N O Awori	Chairman, Independent Director	4	4
B C Patel	Non-executive Director	4	3
M K R Shah	Non-executive Director	4	4
S O Mudhune	Independent Director	4	4
Dr Eng. E A Musebe	Independent Director	4	4
R B Patel	Non-executive Director	4	4
Dr. J P N Simba*	Independent Director	1	1

*Dr Simba joined the Board on 18 May 2022.

Board Audit and Risk Committee

The Committee, chaired by Susan Mudhune, an independent Director, has two other non-executive Directors. One Committee member has relevant financial qualifications and experience. Attendance at the Board Committee meetings is shown below.

The Committee oversees and advises the Board on the effectiveness of the Company's risk management and internal control practices. The Board sets guidelines on the general level of risk which is acceptable and has a considered approach to evaluating risk and reward.

Risk management and internal control is a continuous process and has been considered by the Board on a regular basis throughout the year. The Board Audit and Risk Committee regularly reviews strategic and operational risks and the associated controls and mitigating factors. These include business continuity plans and procedure manuals. The Board continues to develop risk management and internal controls where necessary. The Chief Operating Officer, the Finance and Administration Manager and the Internal Auditor of Carbacid (CO2) attend the Board Audit and Risk Committee meetings.

		Meetings Eligible to Attend	Meetings Attended
S O Mudhune	Chair	3	3
M K R Shah	Member	3	3
R B Patel	Member	3	3
Dr Eng. E A Musebe	Member	3	3

Carbacid Investments plc
Statement of corporate governance (continued)
For the year ended 31st July 2022

Board Nomination, Remuneration and Governance Committee

The Committee, chaired by Amb Dennis Awori, an independent Director has one non-executive Directors. The Board has established and approved formal remuneration policies and procedures that attract and retain Board Members. Attendance at the Board Committee meetings is shown below.

The Committee meets whenever necessary to consider succession planning for Directors and other senior executives to ensure that requisite skills and expertise are available to the Board to address future challenges and opportunities.

The Committee determines the remuneration of the Directors and reviews the remuneration of senior Management. Note 27(c) of the Report and Financial Statements summarises the remuneration of the Directors and key Management.

External consultants are used, if required, to assist in identifying suitable candidates based on a written specification for each appointment. The Chairman is responsible for providing a shortlist of candidates for consideration by the Committee which then makes its recommendation for approval by the Board.

Appointments to the Board, as with other positions within the Group, are made on merit according to the balance of skills and experience offered by prospective candidates. Whilst acknowledging the benefits of diversity, individual appointments are made without reference to race, religion or gender.

The Committee continuously monitors governance and compliance matters. Attendance is shown below:

		Meetings Eligible to Attend	Meetings Attended
Amb D N O Awori	Chair	3	3
B C Patel	Member	3	3
S O Mudhune	Member	3	3

Board Finance and Investment Committee

The Committee consisting of three non-executive Directors currently chaired by Dr Eng Edward Musebe, an independent Director. The Committee monitors the integrity of the financial statements of the Group, including its annual and half-yearly reports and monthly management statements. Attendance at the Board Committee meetings is shown below.

The Committee also formulates and proposes investment policies, objectives and strategies for the investment assets and asset allocation.

		Meetings Eligible to Attend	Meetings Attended
Dr Eng. E A Musebe	Chair	2	2
M K R Shah	Member	2	2
R B Patel	Member	2	2

Chairman

There is a clear division of responsibilities between the Chairman and the Board. This is set out in the Board Charter and other Board Policies. The Chairman guides and leads the Board to ensure that the Group has appropriate objectives and an effective strategy and that the Group is operating in accordance with a high standard of corporate governance.

Directors' conflicts of interest

The Group has formal procedures in place to manage conflicts of interest. Any Director upon becoming aware that they have an interest in an existing or proposed transaction with Carbacid must notify the Board in writing or report the conflict at the Board meeting. Internal controls are in place to ensure that any related party transaction involving Directors, or their related parties, are conducted at an arm's length basis. Directors have a continuing duty to report any changes to these conflicts.

Board performance evaluation

A performance review of the Board, its Committees, Directors and the Group Secretary is undertaken annually. The evaluation helps enhance the Board's effectiveness and maximize strengths.

The review covers all aspects of the effectiveness of the Board including composition; or experience; dynamics; the Chairman's leadership; the Board's role and responsibilities with particular regard to strategy; oversight of risk; and succession planning.

Whistle blowing

The Group has on its website a dedicated and secure Whistle Blowing platform in which confidentiality is assured. This platform is in support of the Group's commitment to achieving the highest standards of integrity in all of its business processes.

Personal use of Company's assets and Loans to Directors

The Board Audit & Risk Committee reviewed and confirmed that during the year there has not been any improper personal use of the Company's assets by Directors. Additionally, during the year, there was no arrangement to which the Company was a party, whereby Directors acquired benefits by means of transactions in the Company's shares. There were no Directors' loans at any time during the year.

Relations with shareholders

The Board's primary role is to promote the success of the Carbacid Group and in that process, the interests of shareholders. The Board is accountable to shareholders for the performance and activities of the Group. Communication with its shareholders in respect of the Group's business activities is through General Meetings, the Annual Report and Financial Statements, yearly and half-yearly announcements made in the press. These announcements are presented in a consistent format focusing on making the presentations simple, meaningful and understandable. Information is also made publicly available via the Company's website (www.carbacid.com). All shareholders have an opportunity to ask questions or represent their views to the Board, the Company Secretary and the external auditors at the Annual General Meeting. The Board takes reasonable measures to ensure information of a sensitive nature which is not available to the market as a whole is not disseminated.

Sustainability

Business sustainability is about managing various risks including operational, financial, social and environmental as well as obligations and opportunities. The Board has developed an Environment, Social and Corporate Governance policy to ensure sustainability so that future generations benefit from the Group's operations. The Chairman's statement on sustainability is on page 4 and 5 and the detailed sustainability report can be found on our website (www.carbacid.com).

The Group has a robust anti-money laundering and anti-terrorism financing policy, and data protection policy.

Carbacid Investments plc
Statement of corporate governance (continued)
For the year ended 31st July 2022

Directors' interest

The interest of the Directors in the Shares of the Company as at 31 July 2022 were as follows:

Name	No. of Shares	
	2022	2021
Mr. B C Patel (jointly with Mrs. A Patel)	<u>127,172,592</u>	<u>127,172,592</u>

Shareholders' profile

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 2022

Shareholding (No of shares)	No. of Shareholders	No. of Shares	%
Less than 500	1,122	215,604	0.08%
501-5,000	1,116	2,239,182	0.88%
5,001-10,000	312	2,359,072	0.93%
10,001-100,000	667	23,219,493	9.11%
100,001-1,000,000	112	33,986,718	13.34%
Over 1,000,000	14	192,831,916	75.66%
Total	<u>3,343</u>	<u>254,851,985</u>	<u>100%</u>

b) Major Shareholders

The top 10 major shareholders as at 31 July 2022 were as follows:

Name	No of Shares	Shares held %
Patel, Amarjeet Baloobhai & Baloobhai Chhotabhai	127,172,592	49.90
Boc Kenya plc	14,850,000	5.83
Miss Tessa Irena Friedman	11,275,695	4.42
Standard Chartered Kenya Nominees Ltd A/C Ke004667	7,623,600	2.99
Mwangi, Peter Kingori	5,501,959	2.16
One Globe Holdings Limited	4,311,500	1.69
Kampf, Brenda Clare	4,037,130	1.58
Shah, Anju Mohanlal Dharamshi	3,550,100	1.39
Shah, Mayur Mohanlal	3,544,800	1.39
Shah, Jinit Mohanlal	3,486,400	1.37
	<u>185,353,776</u>	<u>72.73</u>
3,333 other shareholders	<u>69,498,209</u>	<u>27.27</u>
Total 3,343 shareholders	<u>254,851,985</u>	<u>100</u>

AMBASSADOR DENNIS N O AWORI - CHAIRMAN

Aged 68, 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. Dennis 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.

BALOO C PATEL

Aged 83, 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 at several other unlisted companies. His varied business experience brings a wide range of additional skills to the Board.

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

Aged 68, 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 Price Waterhouse and a director of a leading consultancy firm that specialises in providing strategic and business advisory services to family-owned businesses. Mukesh is substantially a non-executive Director, but has certain specific responsibilities for financial matters of the Group. He is also a director of NCBA Bank plc and Kenya Revenue Authority.

SUSAN MUDHUNE, MBS

Aged 73, Mrs. Susan Mudhune joined the Board in July 2017. She has a wealth of experience in the corporate world having served on a number of dynamic and successful Boards. She is a member of various business, professional and community service committees. Susan is a consultant in corporate governance and leadership and is a certified trainer in corporate governance with consultancy and training experience in the region. Susan holds degrees in Bachelor of Arts and Masters in Business Administration from the University of Nairobi. Susan is a director of the Kenya Revenue Authority. Previously she was Kenya Commercial Bank group chairperson, and on the Boards of Safaricom and Sanlam Kenya plc.

Dr (Eng.) EDWARD MUSEBE

Aged 56, Eng. Edward Musebe was appointed as an independent non-executive Director of the Company in December 2018. Edward holds a Ph. D degree in Business Administration from the University of Nairobi, master's degree in business administration from the United States International University-Africa and a degree in Mechanical Engineering from the University of Nairobi. He has gained a wealth of business management experience having worked as Managing Director of Chemelil Sugar Company Limited and other leading commercial companies. He is an Assistant Professor of Strategic Management at the United States International University of Africa. Edward was also non-executive Chairman of Kenya Broadcasting Corporation from 2013 to 2016 and has been a Director at Kenya Institute of Mass Communication.

ROHAN B PATEL

Mr. Rohan B Patel, aged 47, was appointed as a Director of the Company at a Board in May 2020. Rohan holds an MBA from IMD, BA Geography and MSc (Econ.) Management from the London School of Economics and is a graduate of the Advanced Management Program (AMP 191), Harvard Business School. He has a wealth of investment and management experience as the Head of Corporate Development of a diversified investment group having investments in real estate investment and services, insurance and asset management. Earlier Rohan worked at KPMG Eastern Africa in Business and Financial Advisory Services and Development Advisory Services. Rohan is also a director of Sanlam Kenya plc.

Dr JOHN P N SIMBA EGH, OGW, MBS

The Board of Directors of Carbacid Investments plc appointed Dr John P N Simba as a Non-Executive Director effective 18th May 2022.

Dr. Simba, aged 77, is an Advocate of the High Court of Kenya having obtained a Bachelor of Laws (LLB) from the University of Dar-es-Salaam and a Diploma in Law from the Kenya School of Law. He has also been awarded an Honorary Doctor of Laws (LLD) from the University of Nairobi, for his services to the University and to the nation. He is the Senior Partner at Simba and Simba Advocates. He also currently serves on a number of Boards of Private and Public Companies and is the current Chairman of Sanlam Kenya plc, Bamburi Cement plc, and Funguo Investments Limited. He has previously been the Chief Executive Officer at the Industrial and Commercial Development Corporation (ICDC) and the National Bank of Kenya. Dr. Simba brings to the Board a wealth of legal and business management experience that will be very valuable for the Carbacid Group.

Carbacid Investments plc
Directors' remuneration report
For the year ended 31st July 2022

The Directors' Remuneration Report sets out the remuneration arrangements the Group has applied to remunerate Directors. The report has been prepared in accordance with the Kenyan Companies Act, 2015 and the relevant provisions of the Capital Markets Authority (CMA) Code of Corporate Governance.

Policy

It is the Company's policy to fairly remunerate Directors for the role and responsibilities that they undertake for the Group and Company. The remuneration is determined by the Board Nomination, Remuneration and Governance Committee by reference to market forces. The remuneration is subject to approval by the shareholders at the Annual General meeting.

Remuneration - auditable part

The table below provides the emoluments paid to Directors

	2022 KSh'000	2021 KSh'000
Amb D N O Awori	4,386	4,101
Mr B C Patel	3,148	2,933
Mr M K R Shah	3,148	8,278
Mrs S O Mudhune	3,148	2,933
Eng. E Musebe Achieng	3,148	2,933
R B Patel	3,148	5,599
Dr J Simba	644	-
Total	<u>20,770</u>	<u>26,777</u>

At the Annual General Meeting held on 17 December 2021, the shareholders unanimously approved the Directors' 2021 remuneration report and policy.

The Group provides Directors' and Officers' Liability Insurance cover for all directors. There were no other benefits provided to Directors.

There are formal letters of appointment for services as Directors. On termination Directors are not entitled to compensation for loss of office.

There were no share options, long term incentive schemes, nor pensions for current Directors or compensation due to past Directors. There were no sums paid to third parties in respect of Directors' services.

BY ORDER OF THE BOARD



Mr C Nyukuri
Group Secretary

Nairobi

31st October 2022

Carbacid Investments plc
Report of the directors
For the year ended 31st July 2022

The Directors present their report together with the audited financial statements of Carbacid Investments plc (the “Company”) and its subsidiaries (together, the “Group”) for the year ended 31 July 2022 which disclose the state of financial affairs of the Group and the Company.

Incorporation

The Company is domiciled in Kenya where it is incorporated as a public company limited by shares under the Companies Act, 2015, Laws of Kenya. The address of the registered office is set out on page 1.

Directorate

The directors who held office during the year and to the date of this report are set out on page 1.

Principal activities

The Company is an investment and holding company with three subsidiaries. The principal activities of the main subsidiary, Carbacid (CO₂) Limited, are mining, processing and marketing of natural carbon dioxide gas while the other two subsidiaries, Goodison Twenty Nine Limited and Goodison Forty Seven Limited, are investment companies.

Group financial results

	2022 KSh '000	2021 KSh '000
Profit before tax	913,829	540,265
Tax charge	<u>(206,165)</u>	<u>(125,166)</u>
Profit transferred to retained earnings	<u>707,664</u>	<u>415,099</u>

Dividends

The Directors recommend a final dividend of KSh 1.70 per share (2021: KSh 0.70 per share plus KSh 0.90 special dividend per share). The total dividend will amount to KSh 433,248,375 (2021: KSh 407,763,176).

Business review

Revenue, for the year ended 31 July 2022, at KSh 1,415 million was 56% over prior year. The Board is pleased to note that entry into new markets and new regions have helped increase sales during the year. This is driven by the Group's delivery promise and the highest quality of product.

With one of the largest quality production capacities in the region and a large delivery fleet of cryogenic tankers, Carbacid is able to meet customer requirements on time and in full. Carbacid continues to upgrade its assets and capabilities, are well placed to positively differentiate its services from competitors. Carbacid continues to be FSSC 22000 certified, and Halal approved.

The Group continued to make progress in pursuit of its strategy and in building a customer-oriented company by providing end to end carbon dioxide stock management and in assisting customers improve their yields. Carbacid's CO₂ is free of an alcohol base, a particular requirement of a large segment of the market for ethical reasons. There is continued emphasis on the safety of the customers, employees and other stakeholders.

Business review (continued)

In view of the prevailing economic conditions in the region, the Company expects the operating environment to continue to be challenging. Increased local competition basically from alcohol-based CO2 and the volatility of currencies in the neighbouring countries continues to pose challenges to the Company's export business. Through research and development, the Group is continuously developing new markets for its products.

Further comments related to the business review is contained in the Chairman's report on pages 2 - 3.

Operating environment

The Nairobi Securities Exchange (NSE) and the Dar-es-Salaam Stock Exchange (DSE) continues to experience sharp volatilities in values of listed companies. Accordingly, the Company's investments in shares in various companies listed on NSE & DSE have been impacted. However, these are unrealised and the Company continues to pursue its strategy with a long term approach.

Environmental matters

The Company continues to be conscious of environmental aspects and operates accordingly. At a minimum, the Group is in compliance with the National Environmental Management Authority (NEMA) requirements. Safety is paramount in the operations and there is particular attention to a conducive working environment for staff and all other stakeholders. All Carbacid's manufacturing facilities continue to be FSSC 22000 (Food Safety System Certification) certified.

Our people

The Company believes in developing talent and rewarding fairly for performance and is committed to improving skills, knowledge and wellbeing of all employees. The selection process, training, development and promotion policies are geared to giving equal opportunities for all employees.

As of 31 July 2022, Carbacid's staff headcount stood at 72 (2021: 65) with 53 employees handling operations and 19 employees in administration and management.

Directors' indemnities

In line with sound governance practices, the Group maintains Directors' and officers' liability insurance, which gives appropriate cover for legal action, brought against its Directors. The Group has also granted indemnities to each of its directors and the Group Secretary to the extent permitted by law.

Corporate social responsibility

Our community engagement programme continued to support and assist communities, in particular in the support of education, in paying school fees, university fees and stipends and in assisting to refurbish school buildings in areas in which we operate from.

Appointment of Auditor

A resolution is to be proposed at the Annual General Meeting to appoint RSM Eastern Africa LLP as auditor of the Company.

Statement as to disclosure to the Group's auditor

With respect to each Director at the time this report was approved:


- (a) there is, so far as the Director is aware, no relevant audit information of which the Group's auditor is unaware; and
- (b) the Director has taken all the steps that the Director ought to have taken as a Director so as to be aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Terms of appointment of the auditor

The Directors approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KSh 2,197,000 has been charged to profit or loss in the year.

The Directors' report was approved by the Board on **31st October 2022** and signed by the Group Secretary on its behalf.

By order of the board



Mr C. Nyukuri, Group Secretary

Nairobi 31st October 2022

Carbacid Investments plc
Statement of directors' responsibilities
For the year ended 31st July 2022

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their profit or loss for that year. It also requires the directors to ensure that the Company keeps proper accounting records that: (a) show and explain the transactions of the Company; (b) disclose, with reasonable accuracy, the financial position of the Company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Kenyan Companies Act, 2015.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

- i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- ii) selecting suitable accounting policies and applying them consistently; and
- iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assessment of the Group's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Group's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on **31st October 2022** and signed on its behalf by:


.....
Director


.....
Director



RSM

RSM Eastern Africa LLP
Certified Public Accountants

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF CARBACID INVESTMENTS PLC

Opinion

We have audited the accompanying financial statements of Carbacid Investments plc (the "Company") and its subsidiaries (together, the "Group"), set out on pages 20 to 57, which comprise, for both the Group and the Company, the balance sheet as at 31st July 2022, the profit and loss account and statements of changes in equity and cash flows for the year then ended, and notes, including material accounting policy information.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31st July 2022 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

We have determined that there are no key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. Other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, other than that prescribed by the Kenyan Companies Act, 2015 as set out below.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation 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, 2015, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF CARBACID INVESTMENTS PLC (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Group's consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF CARBACID INVESTMENTS PLC (CONTINUED)**

Report on other matters prescribed by the Kenyan Companies Act, 2015

In our opinion,

- i) the information given in the report of the directors on pages 14 and 15 is consistent with the financial statements; and
- ii) the auditable part of the directors' remuneration report has been properly prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is *CPA Elvis Ogeto*, Practising Certificate No. 2303.

A handwritten signature in blue ink, appearing to read "Elvis", is written over the printed name of the engagement partner.

for and on behalf of RSM Eastern Africa LLP
Certified Public Accountants
Nairobi

31 October

..... 2022
433/2022

Carbacid Investments plc
Financial statements
For the year ended 31st July 2022

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2022**

	Note	2022 KSh'000	2021 KSh'000
Revenue	6	1,414,660	906,588
Cost of sales		<u>(574,483)</u>	<u>(352,941)</u>
Gross profit		840,177	553,647
Other income	7	320,988	240,780
Fair value gain on equity investments	21	22,674	12,533
Fair value loss on investment property	17	-	(2,591)
Administrative expenses		(266,606)	(264,104)
Finance cost	8	<u>(3,404)</u>	<u>-</u>
Profit before tax	9	913,829	540,265
Tax expense	10	<u>(206,165)</u>	<u>(125,166)</u>
Profit for the year		<u>707,664</u>	<u>415,099</u>
Earnings per share		KSh	KSh
Basic and diluted	11	<u>2.78</u>	<u>1.63</u>

Carbacid Investments plc
Financial statements
For the year ended 31st July 2022

COMPANY PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY 2022

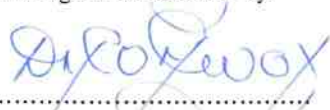
	Note	2022 KSh'000	2021 KSh'000
Investment income	7	993,810	545,948
Fair value (loss)/gain on equity investments	21	(20,313)	41,084
Fair value loss on investment property	17	-	(2,700)
Administrative expenses		<u>(18,140)</u>	<u>(53,132)</u>
Profit before tax	9	955,357	531,200
Tax expense	10	<u>(17,821)</u>	<u>(24,364)</u>
Profit for the year		<u><u>937,536</u></u>	<u><u>506,836</u></u>

Carbacid Investments plc
Financial statements
For the year ended 31st July 2022

CONSOLIDATED BALANCE SHEET AT 31ST JULY 2022

	Note	2022 KSh'000	2021 KSh'000
EQUITY			
Share capital	12	254,852	254,852
Share premium	12	27	27
Revaluation surplus	13	42,477	57,938
Retained earnings		3,491,344	3,175,982
Total equity		3,788,700	3,488,799
Non-current liabilities			
Borrowings	14	40,197	-
Deferred income tax	15	175,330	181,067
		215,527	181,067
		<u>4,004,227</u>	<u>3,669,866</u>
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	16	994,565	938,139
Investment property	17	299,152	244,414
Intangible assets	18	1,528	877
Right - of - use assets	19	52,094	52,383
Financial assets	21	2,358,631	1,440,469
		<u>3,705,970</u>	<u>2,676,282</u>
Current assets			
Inventories	22	64,954	39,898
Trade and other receivables	23	367,176	213,297
Current tax recoverable		9,071	8,996
Short-term bank deposits	24	299,325	813,115
Cash at bank and in hand	25	15,251	167,636
		<u>755,777</u>	<u>1,242,942</u>
Current liabilities			
Trade and other payables	26	275,897	170,906
Dividend payable	27(ii)	59,149	45,639
Current tax payable		74,636	32,813
Borrowings	14	47,838	-
		<u>457,520</u>	<u>249,358</u>
Net current assets		298,257	993,584
		<u>4,004,227</u>	<u>3,669,866</u>

The financial statements on pages 20 to 57 were authorised for issue by the board of directors on **31st October 2022** and were signed on its behalf by:



 Director



 Director

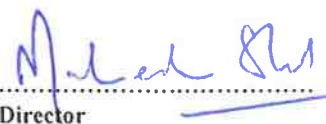
Carbacid Investments plc
Financial statements
For the year ended 31st July 2022

COMPANY BALANCE SHEET AT 31ST JULY 2022

	Note	2022 KSh'000	2021 KSh'000
EQUITY			
Share capital	12	254,852	254,852
Share premium	12	27	27
Retained earnings		2,744,843	2,215,070
Total equity		<u>2,999,722</u>	<u>2,469,949</u>
Non-current liabilities			
Deferred income tax	15	14,458	13,389
		<u>3,014,180</u>	<u>2,483,338</u>
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	16	602	636
Investment property	17	296,600	244,800
Right - of - use assets	19	9,620	9,909
Investment in subsidiaries	20	3,546	3,546
Financial assets	21	2,163,971	1,291,095
		<u>2,474,339</u>	<u>1,549,986</u>
Current assets			
Trade and other receivables	23	76,257	39,670
Current tax recoverable		8,991	8,917
Short-term bank deposits	24	287,568	803,846
Cash at bank and in hand	25	2,031	128,462
Due from subsidiary companies	28(ii)	228,023	976
		<u>602,870</u>	<u>981,871</u>
Current liabilities			
Trade and other payables	26	3,880	2,880
Dividend payable	27(ii)	59,149	45,639
		<u>63,029</u>	<u>48,519</u>
Net current assets		<u>539,841</u>	<u>933,352</u>
		<u>3,014,180</u>	<u>2,483,338</u>

The financial statements on pages 20 to 57 were authorised for issue by the board of directors on **31st October 2022** and were signed on its behalf by:


 Director


 Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST JULY 2022

	Note	Share capital KSh'000	Share premium KSh'000	Revaluation surplus KSh'000	Retained earnings KSh'000	Total KSh'000
At 1st August 2020		254,852	27	121,670	2,875,547	3,252,096
Changes in equity in 2021						
Profit for the year		-	-	-	415,099	415,099
Transfer from revaluation surplus to retained earnings		-	-	(47,955)	47,955	-
Transfer of excess depreciation		-	-	(22,539)	22,539	-
Deferred income tax on depreciation transfer		-	-	6,762	(6,762)	-
Total comprehensive income for the year		-	-	(63,732)	478,831	415,099
Transactions with owners:						
Dividends:						
- Final for 2020		-	-	-	(178,396)	(178,396)
At 31st July 2021		<u>254,852</u>	<u>27</u>	<u>57,938</u>	<u>3,175,982</u>	<u>3,488,799</u>
At 1st August 2021		254,852	27	57,938	3,175,982	3,488,799
Changes in equity in 2022						
Profit for the year		-	-	-	707,664	707,664
Transfer of excess depreciation		-	-	(22,087)	22,087	-
Deferred income tax on depreciation transfer		-	-	6,626	(6,626)	-
Total comprehensive income for the year		-	-	(15,461)	723,125	707,664
Transactions with owners:						
Dividends:						
- Final for 2021		-	-	-	(407,763)	(407,763)
At 31st July 2022		<u>254,852</u>	<u>27</u>	<u>42,477</u>	<u>3,491,344</u>	<u>3,788,700</u>

Carbacid Investments plc
Financial statements
For the year ended 31st July 2022

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST JULY 2022

	Share capital KSh'000	Share premium KSh'000	Revaluation surplus KSh'000	Retained earnings KSh'000	Total KSh'000
At 1st August 2020	254,852	27	47,955	1,838,675	2,141,509
Changes in equity in 2021					
Profit for the year	-	-	-	506,836	506,836
Transfer from revaluation surplus to retained earnings	-	-	(47,955)	47,955	-
Total comprehensive income for the year	-	-	(47,955)	554,791	506,836
Transactions with owners:					
Dividends:					
- Final for 2020	-	-	-	(178,396)	(178,396)
At 31st July 2021	<u>254,852</u>	<u>27</u>	<u>-</u>	<u>2,215,070</u>	<u>2,469,949</u>
At 1st August 2021	254,852	27	-	2,215,070	2,469,949
Changes in equity in 2022					
Profit for the year	-	-	-	937,536	937,536
Total comprehensive income for the year	-	-	-	937,536	937,536
Transactions with owners:					
Dividends:					
- Final for 2021	-	-	-	(407,763)	(407,763)
At 31st July 2022	<u>254,852</u>	<u>27</u>	<u>-</u>	<u>2,744,843</u>	<u>2,999,722</u>

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST JULY 2022

	Note	2022 KSh'000	2021 KSh'000
Cash flows from operating activities			
Profit for the year		707,664	415,099
Adjustments for:			
Income tax expense		206,165	125,166
Depreciation of property, plant and equipment	16	71,733	60,751
Depreciation of right - of - use asset	19	289	289
Amortisation of intangible assets	18	616	221
Loss on disposal of property, plant and equipment	7	-	2,087
Fair value gain on equity investments	21	(22,674)	(12,533)
Fair value loss on investment property	17	-	2,591
Dividend income - financial assets at fair value through profit or loss	7	(13,663)	(10,914)
Interest income	7	(243,404)	(196,289)
Operating profit before working capital changes		706,726	386,468
Increase in:			
Inventories		(25,056)	(6,035)
Trade and other receivables		(153,879)	(17,844)
Increase in:			
Trade and other payables		104,991	57,923
Cash generated from operations		632,782	420,512
Interest received		243,404	196,289
Income tax paid		(170,154)	(129,048)
Net cash generated from operating activities		706,032	487,753
Cash flows from investing activities			
Purchase of property, plant and equipment	16	(179,959)	(125,589)
Purchase of intangible assets	18	(1,267)	(752)
Proceeds from disposal of property, plant and equipment		-	8,340
Reversal of investment property		(2,938)	446
Proceeds on redemption of corporate bond		-	180,000
Purchase of equity investments		(2,299)	-
Decrease in short term bank deposits		513,790	526
Purchase of government securities		(893,189)	(220,628)
Dividends received		13,663	10,914
Dividends paid	27(ii)	(394,253)	(185,665)
Prior years dividends not transferred to Unclaimed Financial Assets Authority		-	6,196
Net cash used in investing activities		(946,452)	(326,212)
Cash flows from financing activities			
Repayment of borrowings		(12,348)	-
Proceeds from borrowings	14	100,383	-
Net cash generated from financing activities		88,035	-
Net (decrease)/increase in cash and cash equivalents		(152,385)	161,541
Cash and cash equivalents at start of year		167,636	6,095
Cash and cash equivalents at end of year	25	15,251	167,636

Carbacid Investments plc
Financial statements
For the year ended 31st July 2022

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST JULY 2022

	Note	2022 KSh'000	2021 KSh'000
Cash flows from operating activities			
Profit for the year		937,536	506,836
Adjustments for:			
Income tax expense		17,821	24,364
Depreciation of equipment	16	34	34
Depreciation of right - of - use asset	20	289	289
Fair value loss/(gain) on equity investments	21	20,313	(41,084)
Fair value loss on investment property	17	-	2,700
Dividend income - financial assets at fair value through profit or	7	(13,663)	(6,441)
Dividend income - investment in subsidiary	7	(715,000)	(320,000)
Interest income	7	(240,717)	(196,289)
Operating profit/(loss) before working capital changes		6,613	(29,591)
Increase in:			
Trade and other receivables		(36,587)	(8,604)
Due from subsidiary companies		(227,047)	(976)
Increase/(decrease) in:			
Trade and other payables		1,000	415
Due to subsidiary companies		-	(116,547)
Cash used in operations		(256,021)	(155,303)
Interest received		240,717	196,289
Income tax paid		(16,826)	(25,864)
Net cash (used in)/generated from operating activities		(32,130)	15,122
Cash flows from investing activities			
Proceeds on redemption of corporate bond	21	-	180,000
Decrease in short term bank deposits		516,278	526
Purchase of investment property	17	(51,800)	-
Purchase of government securities		(893,189)	(220,628)
Dividends received		13,663	6,441
Dividend received from subsidiary		715,000	320,000
Prior years dividends not transferred to Unclaimed Financial Assets Authority	27(ii)	-	6,196
Net cash generated from investing activities		299,952	292,535
Cash flows from financing activities			
Dividends paid	27(ii)	(394,253)	(185,665)
Net cash used in financing activities		(394,253)	(185,665)
Net (decrease)/increase in cash and cash equivalents		(126,431)	121,992
Cash and cash equivalents at start of year		128,462	6,470
Cash and cash equivalents at end of year	25	2,031	128,462

NOTES

1. General information

Carbacid Investments plc (the "company") is domiciled in Kenya where it is incorporated under the Kenyan Companies Act, 2015 as a public listed company limited by shares. The address of its registered office and principal place of business is P.O. Box 764 - 00606, Sarit Centre and L.R. No. 1870/1/569.

2. Material accounting policy information

The accounting policy information considered material in the preparation of these general purpose financial statements are set out below:

a) Basis of preparation

The financial statements are prepared on a going concern basis and in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. They are presented in Kenya Shillings, which is also the functional currency (see (c) below), rounded to the nearest thousand (KSh'000).

The financial statements comprise a profit and loss account (statement of profit or loss), balance sheet (statement of financial position), statement of changes in equity, statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the profit and loss account. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expense (including reclassification adjustments) that are not recognised in the profit and loss account as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to the profit and loss account in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Group in their capacity as owners are recognised in the statement of changes in equity.

Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policy information summarised below.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group at the end of the reporting period during which the change occurred.

NOTES (CONTINUED)

2. Material accounting policy information (continued)

b) New and revised standards

i) Adoption of new and revised standards

Two Amendments to standards became effective for the first time in the financial year beginning 1st August 2021 and have been adopted by the Group. None of the Amendments has had an effect on the Group's financial statements.

In addition, the Company has applied three Amendments to Standards early. These are:

Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)

The amendments require entities to disclose their material accounting policy information rather than their significant accounting policies.

Amendments to IFRS 16 titled Covid-19-Related Rent Concessions Beyond 30th June 2021 (issued in March 2021)

The previous amendment to IFRS 16 permitted the practical expedient to be applied only to reductions in lease payments that did not extend beyond 30th June 2021. This amendment allows the practical expedient to be applied to reductions in lease payments that do not extend beyond 30th June 2022.

Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)

The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The early application of these amendments has not had a material effect on the entity and therefore no prior period adjustment has been required.

ii) New and revised standards that have been issued but are not yet effective

The Group has not applied any of the new or revised Standards and Interpretations that have been published but are not yet effective for the year beginning 1st August 2021, and the Directors do not plan to apply any of them until they become effective. Note 31 lists all such new or revised standards and interpretations, with their effective dates, none of which is expected to have a significant impact on the Group's financial statements in the period of initial application.

c) Consolidation

A subsidiary is an entity (an investee) controlled by the Company. The Company controls an investee when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group's financial statements incorporate the results, cash flows, assets and liabilities of the Company and its subsidiaries. All intragroup transactions, balances, income, and expenses are eliminated on consolidation. Non-controlling interests in the results and net assets of the subsidiaries are presented separately in the Group's balance sheet, profit and loss account and statement of other comprehensive income.

d) Translation of foreign currencies

On initial recognition, all transactions are recorded in the functional currency of the respective entity (the currency of the primary economic environment in which the entity operates), which for the Group is Kenya Shillings.

Transactions in foreign currencies during the year are converted into the functional currency using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into the functional currency using the exchange rate prevailing as at that date. The resulting foreign exchange gains and losses from the settlement of such transactions and from year-end translation are recognised on a net basis in the profit and loss account in the year in which they arise.

NOTES (CONTINUED)

2. Material accounting policy information (continued)

e) Revenue recognition

The Group recognises revenue from direct sales of carbon dioxide gas and dry ice. The Group recognises revenue as and when it satisfies a performance obligation by transferring control of a product or service to a customer. The amount of revenue recognised is the amount the Group expects to receive in accordance with the terms of the contract, and excludes amounts collected on behalf of third parties, such as Value Added Tax.

Sale of goods are recognised upon the delivery of the product and customer acceptance and represents the value of carbon dioxide gas and/or dry ice invoiced to customers, excluding Value Added Tax while transport income is recognised upon performance of the service and customer acceptance.

f) Other income

Rental income from operating leases is recognised on a straight line basis over the period of the lease.

Dividend income is recognised when the right to receive the payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

f) Borrowing costs

All other borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

g) Income tax

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the profit and loss account except when it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income, or to items recognised directly in equity, in which case it is also recognised directly in equity.

Current tax

Current tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Kenyan Income Tax Act.

Deferred income tax

Deferred tax is determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the asset is recovered or the liability is settled.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets or liabilities. However, for investment property that is measured using the fair value model, there is a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.

Deferred tax liabilities are recognised for all taxable temporary differences except those arising on the initial recognition of an asset or liability, other than through a business combination, that at the time of the transaction affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Recognised and unrecognised deferred tax assets are reassessed at the end of each reporting period and, if appropriate, the recognised amount is adjusted to reflect the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

h) Share capital and share premium

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity.

NOTES (CONTINUED)

2. Material accounting policy information (continued)

i) Dividends

Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Proposed dividends are not recognised until they have been declared at an annual general meeting.

j) Financial instruments

Initial recognition

Financial instruments are recognised when, and only when, the Group becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale.

Classification

The Group classifies its financial instruments into the following categories:

- i) Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured **at amortised cost**;
- ii) Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are classified and measured **at fair value through other comprehensive income**.
- iii) All other financial assets are classified and measured **at fair value through profit or loss**.
- iv) Notwithstanding the above, the Group may:
 - a) on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it **at fair value through other comprehensive income**
 - b) on initial recognition of a debt instrument, irrevocably designate it as classified and measured **at fair value through profit or loss** if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
- v) Financial liabilities that are held for trading (including derivatives), financial guarantee contracts, or commitments to provide a loan at a below-market interest rate are classified and measured **at fair value through profit or loss**. The company may also, on initial recognition, irrevocably designate a financial liability as **at fair value through profit or loss** if doing so eliminates or significantly reduces a measurement or recognition inconsistency.
- vi) All other financial liabilities are classified and measured at amortised cost.

Financial instruments held during the year were classified as follows:

- Trade and other receivables, demand and term deposits, investment in treasury bonds and corporate bonds with banking institutions were classified as at amortised cost;
- Investment in quoted shares held at fair value through profit and loss
- Borrowings and trade and other payables and other liabilities were classified as at amortised cost.

Initial measurement

On initial recognition:

- i) Financial assets or financial liabilities classified as at fair value through profit or loss are measured at fair
- ii) Trade receivables are measured at their transaction price.
- iii) All other categories of financial assets and financial liabilities are measured at the fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the instrument.

NOTES (CONTINUED)

2. Material accounting policy information (continued)

j) Financial instruments (continued)

Subsequent measurement

Financial assets and financial liabilities after initial recognition are measured either at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss according to their classification.

Interest income, dividend income, and exchange gains and losses on monetary items are recognised in profit or loss.

Fair value is determined as set out in Note 1(a). Amortised cost is the amount at which the financial asset or liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

Impairment

The Group recognises a loss allowance for expected credit losses on debt instruments that are measured at amortised cost or at fair value through other comprehensive income. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Presentation

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the Group does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Group has transferred substantially all risks and rewards of ownership, or when the Group has no reasonable expectations of recovering the asset.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expires.

NOTES (CONTINUED)

2. Material accounting policy information (continued)

j) Financial instruments (continued)

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

k) Leases

Leases under which the company is the lessee

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the company recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Group is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the company's incremental borrowing rate is used.

For leases that contain non-lease components, the company allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date, any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Leasehold land and buildings are subsequently carried at revalued amounts, based on annual/triennial valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the Group at the end of the lease term, the estimated useful life would not exceed the lease term.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

For leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value, the total lease payments are recognised in profit or loss on a straight-line basis over the lease period.

NOTES (CONTINUED)

2. Material accounting policy information (continued)

Leases under which the Company is the lessor

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases. Payments received under operating leases are recognised as income in the profit and loss account on a straight-line basis over the lease term. The company has not entered into any finance leases.

l) Provisions for liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

m) Post-employment benefit obligations

The Group operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by an insurance company. A defined contribution plan is a plan under which the Group pays fixed contributions into a separate fund, and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The Group's contributions are charged to the profit and loss account in the year to which they relate.

The Group and its employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the Group's contributions are charged to the profit and loss account in the year to which they relate.

n) Short term employee benefits

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an employment cost accrual.

o) Property, plant and equipment

All categories of property, plant and equipment are initially recognised at cost. Cost includes expenditure directly attributable to the acquisition of the assets. Computer software, including the operating system, that is an integral part of the related hardware is capitalised as part of the computer equipment. Items of property, plant and equipment are subsequently carried at a revalued amount, based on 3 year intervals by external independent valuers, less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that it will increase the future economic benefits associated with the item that will flow to the company over those originally assessed and the cost of the item can be measured reliably. Repairs and maintenance expenses are charged to the profit and loss account in the year in which they are incurred.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are charged to the profit and loss account. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation surplus reserve to retained earnings.

Depreciation is calculated using the straight line method to write down the cost or the revalued amount of each asset to its residual value over its estimated useful life.

NOTES (CONTINUED)

2. Material accounting policy information (continued)

o) Property, plant and equipment (continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item, is depreciated separately.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

p) Intangible assets

Software licence costs and computer software that is not an integral part of the related hardware are initially recognised at cost, and subsequently carried at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by the Group are recognised as intangible assets. Amortisation is calculated using the straight line method to write down the cost of each licence or item of software to its residual value over its estimated useful life.

q) Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property, including interests in leasehold land, is initially recognised at cost including the transaction costs. Subsequently, investment property is carried at fair value representing the open market value at the balance sheet date determined by annual valuations carried out by external registered valuers (Level 2). Gains or losses arising from changes in the fair value are included in determining the profit or loss for the year to which they relate.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

r) Investment in subsidiaries

In the Company's balance sheet, investments in subsidiaries are measured at cost less accumulated impairment losses.

s) Impairment of non-financial assets

Non-financial assets that are carried at amortised cost are reviewed at the end of each reporting period for any indication that an asset may be impaired. If any such indication exists, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

t) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises raw material, direct labour, other direct costs, variable production overheads and an allocation of fixed production overheads based on normal operating capacity, but exclude borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

NOTES (CONTINUED)

2. Material accounting policy information (continued)

u) Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3. Significant judgements and key sources of estimation uncertainty

In the process of applying the accounting policies adopted by the Group, the directors make certain judgements and estimates that may affect the amounts recognised in the financial statements. Such judgements and estimates are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. However, actual results may differ from those estimates. The judgements and estimates are reviewed at each financial reporting date to ensure that they are still reasonable under the prevailing circumstances based on the information available, and any revisions to such judgements and estimates are recognised in the year in which the revision is made.

a) Significant judgements made in applying the Group's accounting policies

The judgements made by the directors in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

- i) Classification of financial assets: whether the business model in which financial assets are held has as its objective the holding of such assets to collect contractual cash flows or to both collect contractual cash flows and sell the assets; and whether the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest; and
- ii) Judgement made by management in determining royalties payable by Carbacid (CO₂) Limited to the Ministry of Mining.

b) Key sources of estimation uncertainty

Key assumptions made about the future and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year include:

i) Impairment losses on financial assets

Estimates made in determining the expected credit losses on financial assets. Such estimates include the determination of probabilities of default including the use of forward looking information, and of losses given default.

ii) Provision for inventories

Estimates made in determining the provision for slow moving and obsolete inventory. Such estimates include the determination of the net realisable value of the asset.

iii) Fair value of investment property

Estimates made in determining the fair value of investment property. Such estimates include the determination of the open market value of investment property. The company engaged a registered valuers CP Robertson-Dunn Valuers & Estate Agents to carry out the valuation. The movement on fair value gain is set out in Note 17.

NOTES (CONTINUED)

4. Nature and extent of risks arising from financial instruments

a) Financial risk management

The Group's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Group's overall risk management policies are set out by the board and implemented by the management, and focus on the unpredictability of changes in the business environment and seek to minimise the potential adverse effects of such risks on the Group's performance by setting acceptable levels of risk. The Group does not hedge against any risks.

i) Credit risk and expected credit losses

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk mainly arises from financial assets.

Credit risk on financial assets with banking institutions is managed by dealing with institutions with good credit ratings. The Group carries out its own assessment of credit risk before investing in corporate bonds, and updates such assessments at each reporting date.

Credit risk on trade receivables is managed by ensuring that credit is extended to customers with an established credit history. The credit history is determined by taking into account the financial position, past experience and other relevant factors. Credit is managed by setting a credit limit and credit period for each customer. The utilisation of the credit limits and the credit period is monitored by management on a monthly basis.

In assessing whether the credit risk on a financial asset has increased significantly, the Group compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Group considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 90 days past due.

For these purposes default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that default does not occur later than when a financial asset is 120 days past due.

If the Group does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the company groups financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument
- industry in which the debtor operates
- nature of collateral.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include

- significant financial difficulty of the debtor
- a breach of contract
- it is probable that the debtor will enter bankruptcy
- the disappearance of an active market for the financial asset because of financial difficulties.

NOTES (CONTINUED)

4. Nature and extent of risks arising from financial instruments (continued)

a) Financial risk management (continued)

i) Credit risk and expected credit losses (continued)

The gross carrying amount of financial assets with exposure to credit risk at the balance sheet date was as follows:

<u>Group</u>	Basis for measurement of loss allowance				
	12-month expected credit losses KSh'000	Lifetime expected credit losses (see note below)			Total KSh'000
	(a)	(b)	(c)		
At 31st July 2022	KSh'000	KSh'000	KSh'000	KSh'000	
Trade receivables	-	-	282,758	282,758	
Other receivables	76,550	-	-	76,550	
Cash at bank	15,251	-	-	15,251	
Financial assets	2,358,631	-	-	2,358,631	
Short-term bank deposits	299,325	-	-	299,325	
Gross carrying amount	2,749,757	-	-	3,032,515	
Loss allowance	-	-	(25,001)	(25,001)	
Exposure to credit risk	2,749,757	-	-	3,007,514	
At 31st July 2021					
Trade receivables	-	-	194,152	194,152	
Other receivables	38,872	-	-	38,872	
Cash at bank	167,636	-	-	167,636	
Financial assets	1,440,469	-	-	1,440,469	
Short-term bank deposits	813,115	-	-	813,115	
Gross carrying amount	2,460,092	-	-	2,654,244	
Loss allowance	-	-	(22,501)	(22,501)	
Exposure to credit risk	2,460,092	-	-	2,631,743	
<u>Company</u>					
	Basis for measurement of loss allowance				
	12-month expected credit losses KSh'000	Lifetime expected credit losses (see note below)			Total KSh'000
	(a)	(b)	(c)		
At 31st July 2022	KSh'000	KSh'000	KSh'000	KSh'000	
Trade receivables	-	-	1,012	1,012	
Other receivables	75,825	-	-	75,825	
Cash at bank and in hand	2,031	-	-	2,031	
Financial assets	2,163,971	-	-	2,163,971	
Short-term bank deposits	287,568	-	-	287,568	
Gross carrying amount	2,529,395	-	-	2,530,407	
Loss allowance	-	-	(980)	(980)	
Exposure to credit risk	2,529,395	-	-	2,529,427	

NOTES (CONTINUED)

4. Nature and extent of risks arising from financial instruments (continued)

a) Financial risk management (continued)

i) Credit risk and expected credit losses (continued)

	12-month expected credit losses KSh'000	Basis for measurement of loss allowance			Total KSh'000
		Lifetime expected (a) KSh'000	(b) KSh'000	(c) KSh'000	
At 31st July 2021					
Trade receivables	-	-	-	1,062	1,062
Other receivables	37,967	-	-	-	37,967
Cash at bank and in hand	128,462	-	-	-	128,462
Financial assets	1,291,095	-	-	-	1,291,095
Short-term bank deposits	803,846	-	-	-	803,846
Gross carrying amount	2,261,370	-	-	1,062	2,262,432
Loss allowance	-	-	-	(980)	(980)
Exposure to credit risk	2,261,370	-	-	82	2,261,452

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

- (a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impaired;
- (b) financial assets that are credit impaired at the balance sheet date; and
- (c) trade receivables, contract assets and lease receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based, as a practical expedient, on provision matrices.

The age analysis of the trade receivables at the end of each year was as follows:

Group

	Not past due KSh'000	30 to 90 days past due KSh'000	90 to 120 days past due KSh'000	Over 120 days past due KSh'000	Total KSh'000
At 31st July 2022	112,794	140,267	17,027	12,670	282,758
At 31st July 2021	151,611	18,735	5,459	18,347	194,152

Company

	Not past due KSh'000	30 to 90 days past due KSh'000	90 to 120 days past due KSh'000	Over 120 days past due KSh'000	Total KSh'000
At 31st July 2022	1,011	1	-	-	1,012
At 31st July 2021	82	-	-	980	1,062

NOTES (CONTINUED)

4. Nature and extent of risks arising from financial instruments (continued)

a) Financial risk management (continued)

i) Credit risk and expected credit losses (continued)

The changes in the loss allowance during the year were as follows:

<u>Group</u>	Basis for measurement of loss allowance				Total KSh'000
	12-month expected	Lifetime expected credit losses (see note above)			
	KSh'000	(a) KSh'000	(b) KSh'000	(c) KSh'000	
Year ended 31st July 2022					
At start of year	-	-	-	22,501	22,501
Changes arising from receivables originating during the year	-	-	-	2,500	2,500
At end of year	-	-	-	25,001	25,001
Year ended 31st July 2021					
At start of year	-	-	-	17,088	17,088
Changes arising from receivables originating during the year	-	-	-	5,413	5,413
At end of year	-	-	-	22,501	22,501
<u>Company</u>					
		Basis for measurement of loss allowance			
	12-month expected	Lifetime expected credit losses (see note above)			
	KSh'000	(a) KSh'000	(b) KSh'000	(c) KSh'000	Total KSh'000
Year ended 31st July 2022					
At start of year	-	-	-	(980)	(980)
Changes arising from receivables originating during the year	-	-	-	-	-
At end of year	-	-	-	(980)	(980)
Year ended 31st July 2021					
At start of year	-	-	-	(270)	(270)
Changes arising from receivables originating during the year	-	-	-	(710)	(710)
At end of year	-	-	-	(980)	(980)

The Group does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due receivables.

No provision for expected credit losses was recognised on other receivables, cash in hand, financial assets and short term deposits since it was not considered to be material.

NOTES (CONTINUED)

4. Nature and extent of risks arising from financial instruments (continued)

a) Financial risk management (continued)

ii) Liquidity risk

Liquidity risk is the risk that the Group and Company will encounter difficulty in meeting obligations associated with financial liabilities. The board has developed a risk management framework for the management of the Group's short, medium and long-term liquidity requirements thereby ensuring that all financial liabilities are settled as they fall due.

The table below summarises the maturity analysis for financial liabilities to their remaining contractual maturities. The amounts disclosed are the contractual undiscounted cash flows.

<u>Group</u>	Less than one month KSh'000	Between 1-3 months KSh'000	Between 3-12 months KSh'000	Over 1 year KSh'000
31st July 2022				
Trade and other payables	275,897	-	-	-
Dividend payable	59,149	-	-	-
	<u>335,046</u>	<u>-</u>	<u>-</u>	<u>-</u>
31st July 2021				
Trade and other payables	170,906	-	-	-
Dividend payable	45,639	-	-	-
	<u>216,545</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Company</u>	Less than one month KSh'000	Between 1-3 months KSh'000	Between 3-12 months KSh'000	Over 1 year KSh'000
31st July 2022				
Trade and other payables	3,880	-	-	-
Dividend payable	59,149	-	-	-
	<u>63,029</u>	<u>-</u>	<u>-</u>	<u>-</u>
31st July 2021				
Trade and other payables	2,880	-	-	-
Dividend payable	45,639	-	-	-
	<u>48,519</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES (CONTINUED)

4. Nature and extent of risks arising from financial instruments (continued)

iii) Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the Group's financial condition may be adversely affected as a result of changes in interest rate levels. The Group's interest rate risk arises from deposits with banking institutions and investments in corporate and government bonds. This exposes the Group to cash flow interest rate risk. Management consider that a change in interest rates of 1 percentage points in the year ending 31st July 2023 is reasonably possible. If the interest rates on the Group's deposit with financial institution at the year-end were to increase/decrease by this number of percentage points, with all other factors remaining constant, the post tax profit and equity of the Group would be higher/lower by KSh 3,081 and the Company is not faced with Interest rate risk.

Currency risk

Currency risk arises on financial instruments denominated in foreign currency. The Group has financial assets and liabilities that are denominated in foreign currency.

The Company did not have any foreign currency denominated monetary assets and liabilities at the balance sheet date.

The significant exposure in respect of foreign currency is as follows:

	Group	
	US\$ KSh'000	Total KSh'000
At 31st July 2022		
Trade receivables	194,290	194,290
Cash and bank	4,413	4,413
Trade payables	(9,233)	(9,233)
Net exposure	<u>189,470</u>	<u>189,470</u>
At 31st July 2021		
Trade receivables	105,621	105,621
Cash and bank	20,211	20,211
Trade payables	(20,976)	(20,976)
Net exposure	<u>104,856</u>	<u>104,856</u>

Management consider that an appreciation of the United States Dollar against the Kenya Shilling of 1% respectively or a depreciation of the United States Dollar against the Kenya Shilling of 1% respectively in the year ending 31st July 2023 are both reasonably possible. If the United States Dollar were to appreciate/depreciate against the Kenya Shilling by the said percentages, with all other factors remaining constant, the post tax profit and equity of the Group would be lower/higher by KSh 1,326,000 (2021: KSh 786,000).

NOTES (CONTINUED)

4. Nature and extent of risks arising from financial instruments (continued)

iii) Market risk (continued)

Other price risk

Other price risk arises on financial instruments because of changes in the price of a financial instrument. The Group is exposed to other price risk on its investment in quoted shares. Management consider that a change in the market prices of its quoted shares of 10% either way in the year ending 31st July 2023 is reasonably possible. If the price of equity investments decreased/increased by the said percentage, with other factors remaining constant, the profit after tax of the Group would decrease/increase by KSh 24,564,000 (2021: KSh 24,446,000), and of the Company would decrease/increase by KSh 10,938,000 (2021: KSh 13,243,000).

b) Capital management

The Group's objective in managing its capital is to ensure that it supports the development of its business and is able to continue as a going concern, while at the same time maximising the return to its shareholders. The Group is not subject to any external capital requirements.

5. Segmental information

a) 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 the segment performance is focused on the principal activities of the Group.

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

- i) Trading
- ii) Investments

b) Segment revenues and results, assets and liabilities

The segment report provided to the Group's board of directors for the reportable segments is as follows:

Year 2022	Trading KSh' 000	Investment KSh' 000	Group KSh' 000
Revenue from contracts with customers	1,414,660	-	1,414,660
Interest income	985	242,419	243,404
Profit before tax	620,684	293,145	913,829
Segment assets	1,329,533	3,131,650	4,461,183
Segment liabilities	(593,809)	(38,477)	(632,286)
Tax expense	(188,297)	(17,868)	(206,165)
Depreciation of property, plant and equipment	69,025	2,708	71,733
Amortisation of intangible assets	616	-	616
Depreciation of right - of - use assets	-	289	289
Capital expenditure	179,959	-	179,959

NOTES (CONTINUED)

5. Segmental information (continued)

b) Segment revenues and results, assets and liabilities (continued)

Year 2021	Trading KSh' 000	Investment KSh' 000	Group KSh' 000
Revenue from contracts with customers	906,588	-	906,588
Interest income	1	196,289	196,290
Fair value loss on investment property	-	(2,591)	(2,591)
Profit before tax	352,960	187,305	540,265
Segment assets	1,386,067	2,533,157	3,919,224
Segment liabilities	164,384	266,041	430,425
Tax expense	(100,804)	(24,362)	(125,166)
Depreciation of property, plant and equipment	60,717	-	60,717
Amortisation of intangible assets	239	-	239
Depreciation of right - of - use assets	-	289	289
Capital expenditure	-	125,589	125,589

Revenue reported above represents revenue generated from external customers. Two customers each represents more than 10% of the total Group's revenue.

c) Turnover - geographical distribution

The sale of carbon dioxide is derived from sale in the following markets:

	2022 KSh' 000	2021 KSh' 000
Domestic sales	422,215	437,065
Export sales	992,445	469,523
	<u>1,414,660</u>	<u>906,588</u>

	Group		Company	
	2022 KSh'000	2021 KSh'000	2022 KSh'000	2021 KSh'000
6. Revenue				
Revenue from customers - Sale of CO ₂	954,771	662,311	-	-
Revenue from customers - Transport revenue	459,889	244,277	-	-
	<u>1,414,660</u>	<u>906,588</u>	<u>-</u>	<u>-</u>
	Group		Company	
	2022 KSh'000	2021 KSh'000	2022 KSh'000	2021 KSh'000
7. Other income				
Sale of machine spares	2,016	1,389	-	-
Loss on disposal of property, plant and equipment	-	(2,087)	-	-
Sundry income	2,855	14,942	-	-
Net foreign exchange gain/(loss)	16,820	(981)	-	-
Investment income				
Rental income	32,797	20,314	24,430	23,218
Dividend income	9,433	-	-	-
- Financial assets at fair value through profit or loss	13,663	10,914	13,663	6,441
- Investment in subsidiary	-	-	715,000	320,000
Interest income	243,404	196,289	240,717	196,289
	<u>320,988</u>	<u>240,780</u>	<u>993,810</u>	<u>545,948</u>

Carbacid Investments plc
Financial statements
For the year ended 31st July 2022

NOTES (CONTINUED)

	Group		Company	
	2022	2021	2022	2021
	KSh'000	KSh'000	KSh'000	KSh'000
8. Finance costs				
Interest expense on bank loan (Note 14)	3,404	-	-	-

9. Profit before tax

(a) Items charged

The following items have been charged in arriving at profit before tax expense/income:

Extraction and processing expenses	574,483	352,941	-	-
Employee benefits expense (Note 8(b))	184,584	156,914	-	-
Net foreign exchange gain	(16,820)	981	-	-
Depreciation of property, plant and equipment	71,733	60,751	34	34
Right - of - use assets	289	289	289	289
Amortisation of intangible assets	616	239	-	-

(b) Employee benefits expense

The following items are included in employee benefits expense:

Wages and salaries	177,053	149,536	-	-
Retirement benefit costs:				
- Defined contribution scheme	7,383	7,229	-	-
- National Social Security Fund	148	149	-	-
	184,584	156,914	-	-

The average number of persons employed during the year, by category, were:

	Group		Company	
	Number	Number	Number	Number
Production	26	25	-	-
Sales and distribution	27	21	-	-
Management and administration	19	19	-	-
Total	72	65	-	-

NOTES (CONTINUED)

	Group		Company	
	2022	2021	2022	2021
	KSh'000	KSh'000	KSh'000	KSh'000
10. Tax				
Current income tax	211,902	136,540	16,752	24,149
Deferred tax (income)/expense (Note 15)	(5,737)	(11,374)	1,069	215
Income tax expense	<u>206,165</u>	<u>125,166</u>	<u>17,821</u>	<u>24,364</u>
The tax on the Group's and Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:				
Profit before income tax	<u>913,829</u>	<u>540,265</u>	<u>955,357</u>	<u>531,200</u>
Tax calculated at the statutory tax rate of 30% (2021: 25% and 30%)	274,149	150,824	286,607	148,293
Tax effect of:				
Income not subject to tax	(67,313)	(37,825)	(278,903)	(125,793)
Income subject to tax at 5%	-	675	-	675
Expenses not deductible for tax purposes	12,225	12,215	10,117	1,220
Fair value loss	(12,896)	-	-	-
Effect of different tax rates used to compute deferred tax	-	(723)	-	(31)
Income tax expense	<u>206,165</u>	<u>125,166</u>	<u>17,821</u>	<u>24,364</u>

11. Earnings per share - basic and diluted

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

	2022	2021
	KSh'000	KSh'000
Profit for the year (KSh ' 000)	<u>707,664</u>	<u>415,099</u>
Number of ordinary shares (thousands) - Note 12	<u>254,852</u>	<u>254,852</u>
Earnings per share - Basic and diluted (KSh)	<u>2.78</u>	<u>1.63</u>

There were no potentially dilutive shares outstanding at either 31st July 2022 or 31st July 2021.

12. Share capital	Group and Company		
	No. of ordinary shares	Issued and fully paid up capital KSh'000	Share premium KSh'000
At 1st August 2021 and 31st July 2022	<u>254,851,985</u>	<u>254,852</u>	<u>27</u>
At 1st August 2020 and 31st July 2021	<u>254,851,985</u>	<u>254,852</u>	<u>27</u>

The total number of authorised ordinary shares is 1,000,000,000 (2021: 1,000,000,000) with a par value of KSh 1 each.

NOTES (CONTINUED)

13. Revaluation surplus

The revaluation surplus arose on the revaluation of items of property, plant and equipment and is stated net of deferred income tax. The surplus is not distributable.

14. Borrowings	Group		Company	
	2022	2021	2022	2021
	KSh'000	KSh'000	KSh'000	KSh'000
The borrowings are analysed as follows:				
Non-current				
Bank loan	40,197	-	-	-
Current				
Bank loan	47,838	-	-	-
	<u>88,035</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reconciliation of liabilities arising from financing activities:				Long term borrowings KSh'000
Year ended 31 July 2022				
At start of year				-
Interest charged to profit or loss				3,404
Cash flows:				
Operating activities (interest paid)				(3,404)
Proceeds from long-term borrowings				100,383
Repayments of long-term borrowings				<u>(12,348)</u>
At end of year				<u>88,035</u>

The borrowings are secured by:

- Various HP agreements and jointly registered logbooks held.
- Letter of lien and set off over 3,727,355 shares held in favour of NCBA Bank Kenya plc supported by memorandum of general pledge in the name of Carbacid Investments plc.
- Commercial benefit agreement between Carbacid (CO2) Limited and Carbacid Investments Limited. Corporate guarantee from Carbacid Investments Limited to support the liens over the shares.

NOTES (CONTINUED)

15. Deferred income tax

Deferred tax is calculated using the currently enacted corporation tax rate of 30% (2021: 30%). Deferred tax (assets)/liabilities, and the deferred tax charge/(credit) in the profit and loss account and in other comprehensive income are attributable to the following items:

<u>Group</u>	At start of year KSh'000	Charged to equity KSh'000	(Credited)/ charged to profit or loss KSh'000	At end of year KSh'000
Year ended 31st July 2022				
Property, plant and equipment	180,077	-	(1,887)	178,190
Investment property	15,134	-	1,059	16,193
Unrealised exchange gains	(294)	-	1,466	1,172
Provision for impairment of receivables and short term deposit	(6,750)	-	(750)	(7,500)
Leave pay	(305)	-	(878)	(1,183)
Other general provision	(3,882)	-	(4,747)	(8,629)
Provision for inventories	(2,913)	-	-	(2,913)
Tax losses carried forward	(9,758)	-	-	(9,758)
Deferred tax not recognised	9,758	-	-	9,758
Net deferred tax liability	181,067	-	(5,737)	175,330
	At start of year KSh'000	Charged to equity KSh'000	(Credited)/charged to profit or loss KSh'000	At end of year KSh'000
Year ended 31st July 2021				
Property, plant and equipment	187,501	-	(7,424)	180,077
Investment property	14,709	-	425	15,134
Unrealised exchange gains	672	-	(966)	(294)
Provision for impairment of receivables and short term deposits	(5,126)	-	(1,624)	(6,750)
Leave pay	943	-	(1,248)	(305)
Other general provision	(3,345)	-	(537)	(3,882)
Provision for inventories	(2,913)	-	-	(2,913)
Tax losses carried forward	(9,758)	-	-	(9,758)
Deferred tax not recognised	9,758	-	-	9,758
Net deferred tax liability	192,441	-	-11,374	181,067

NOTES (CONTINUED)

15. Deferred income tax (continued)

Company

Year ended 31st July 2022	At start of year KSh'000	(Credited)/charged to profit or loss KSh'000	At end of year KSh'000
Investment property	13,660	1,062	14,722
Property, plant and equipment	27	6	33
Intangible asset	(4)	1	(3)
Provision for impairment of receivables and short term deposit	(294)	-	(294)
Tax losses carried forward	(9,758)	-	(9,758)
Deferred tax assets not recognised	9,758	-	9,758
Net deferred tax liability	13,389	1,069	14,458

Year ended 31st July 2021	At start of year KSh'000	(Credited)/charged to profit or loss KSh'000	At end of year KSh'000
Investment property	13,241	419	13,660
Property, plant and equipment	19	8	27
Intangible asset	(5)	1	(4)
Provision for impairment of receivables and short term deposit	(81)	(213)	(294)
Tax losses carried forward	(9,758)	-	(9,758)
Deferred tax assets not recognised	9,758	-	9,758
Net deferred tax liability	13,174	215	13,389

The deferred tax asset has not been recognised on deductible temporary differences and tax losses carried forward amounting to KSh 9,758,198 (2021: KSh 9,758,198) due to lack of certainty of availability of future taxable profits against which such deductible temporary differences and tax losses could be utilised.

NOTES (CONTINUED)

16. Property, plant and equipment - Group

	Leasehold land buildings and boreholes KSh'000	Freehold land KSh'000	Roads KSh'000	Motor vehicles KSh'000	Plant and equipment KSh'000	Capital work-in- progress KSh'000	Total KSh'000
At 1st August 2020							
Cost or valuation	184,061	54,545	21,490	148,767	529,452	-	938,315
Accumulated depreciation	(2,346)	-	(2,386)	(11,813)	(38,042)	-	(54,587)
Net carrying amount	181,715	54,545	19,104	136,954	491,410	-	883,728
Year ended 31st July 2021							
Opening carrying amount	181,715	54,545	19,104	136,954	491,410	-	883,728
Additions	-	-	-	88,656	8,313	28,620	125,589
Disposals	-	-	-	-	(10,427)	-	(10,427)
Depreciation charge	(4,120)	-	(2,012)	(24,591)	(30,028)	-	(60,751)
Closing carrying amount	177,595	54,545	17,092	201,019	459,268	28,620	938,139
At 31st July 2021							
Cost or valuation	184,061	54,545	21,490	237,423	516,198	28,620	1,042,337
Accumulated depreciation	(6,466)	-	(4,398)	(36,404)	(56,930)	-	(104,198)
Net carrying amount	177,595	54,545	17,092	201,019	459,268	28,620	938,139
Year ended 31st July 2022							
Opening carrying amount	177,595	54,545	17,092	201,019	459,268	28,620	938,139
Additions	-	-	-	65,599	69,665	44,695	179,959
Transfer from work in progress	-	-	-	28,620	-	(28,620)	-
Disposals	(51,800)	-	-	-	-	-	(51,800)
Depreciation charge	(760)	-	(2,012)	(34,941)	(34,020)	-	(71,733)
Closing carrying amount	125,035	54,545	15,080	260,297	494,913	44,695	994,565
At 31st July 2022							
Cost or valuation	132,261	54,545	21,490	331,642	585,863	44,695	1,170,496
Accumulated depreciation	(7,226)	-	(6,410)	(71,345)	(90,950)	-	(175,931)
Net carrying amount	125,035	54,545	15,080	260,297	494,913	44,695	994,565

The annual depreciation rates used are as follows:

	Rate - %
Leasehold land and buildings	Over 50 years or remaining lease period whichever is less
Boreholes	5
Freehold land	Nil
Roads	10
Motor vehicles	10 - 25
Plant and equipment	5 - 33.3

All items of property, plant and equipment were valued (Level 2) on 31st July 2020 by C. P Robertson Dunn Valuers and Estate Agents, independent valuers, on the basis of open market value. The carrying amount of each asset was restated to the revalued amount of the asset, and the resulting deficit arising on revaluation net of deferred income tax was recognised in other comprehensive income and credited to the revaluation surplus in equity.

NOTES (CONTINUED)

16. Property, plant and equipment - Group (continued)

If the property, plant and equipment were stated on the historical cost basis, the carrying values would be as follows:

	Leasehold land buildings and boreholes KSh'000	Freehold land KSh'000	Road KSh'000	Motor vehicles KSh'000	Plant and equipment KSh'000	Total KSh'000
31st July 2022						
Cost	65,818	36,422	31,190	350,168	872,199	1,355,797
Accumulated depreciation	(18,953)	-	(18,512)	(140,780)	(276,599)	(454,844)
Net book amount	<u>46,865</u>	<u>36,422</u>	<u>12,678</u>	<u>209,388</u>	<u>595,600</u>	<u>900,953</u>
31st July 2021						
Cost	117,618	36,422	31,190	284,569	802,534	1,272,333
Accumulated depreciation	(18,193)	-	(16,500)	(105,839)	(242,579)	(383,111)
Net book amount	<u>99,425</u>	<u>36,422</u>	<u>14,690</u>	<u>178,730</u>	<u>559,955</u>	<u>889,222</u>

Property plant and equipment - Company

	Equipment KSh'000
At 1st August 2020	
Cost or valuation	670
Accumulated depreciation	-
Net carrying amount	<u>670</u>
Year ended 31st July 2021	
Opening carrying amount	670
Depreciation charge	(34)
Closing carrying amount	<u>636</u>
At 31st July 2021	
Cost or valuation	670
Accumulated depreciation	(34)
Net carrying amount	<u>636</u>
Year ended 31st July 2022	
Opening carrying amount	636
Additions	-
Depreciation charge	(34)
Closing carrying amount	<u>602</u>
At 31st July 2022	
Cost or valuation	670
Accumulated depreciation	(68)
Net carrying amount	<u>602</u>

NOTES (CONTINUED)

17. Investment property

	Group		Company	
	2022	2021	2022	2021
	KSh'000	KSh'000	KSh'000	KSh'000
At beginning of the year	244,414	247,451	244,800	247,500
Additions	51,800	-	51,800	-
Reversal	2,938	(446)	-	-
Fair value loss	-	(2,591)	-	(2,700)
At the end of year	299,152	244,414	296,600	244,800

The fair value of the investment property is based on the valuation carried out on 31st July 2022 by CP Robertson-Dunn Valuers & Estate Agents, independent valuers, on the basis of open market value (Level 2). The valuers is a registered valuers and has recent experience in the location and the category of the investment property being valued.

18. Intangible assets - Group

	2022	2021
	KSh'000	KSh'000
Cost		
At 1st August	1,739	987
Additions	1,267	752
At 31st July	3,006	1,739
Amortisation		
At 1st August	862	641
Charge for the year	616	221
At 31st July	1,478	862
Net book amount		
At 31st July	1,528	877

Intangible assets relate to computer software and fleet management software.

The annual amortisation rate used is 25%.

NOTES (CONTINUED)

19. Right-of use assets

	Prepaid operating lease rentals	
	Group	Company
	KSh'000	KSh'000
Year ended 31st July 2021		
Opening carrying amount	52,672	10,198
Depreciation charge	(289)	(289)
Carrying amount at 31st July 2021	<u>52,383</u>	<u>9,909</u>
Year ended 31st July 2022		
Opening carrying amount	52,383	9,909
Depreciation charge	(289)	(289)
Closing carrying amount	<u>52,094</u>	<u>9,620</u>

20. Investment in subsidiaries (Company)

	Holding %	Share capital KSh	Place of incorporation and operation	2022 KSh'000	2021 KSh'000
Carbacid (CO ₂) Limited	100	3,348,000	Kenya	3,348	3,348
Goodison Twenty Nine Limited	100	100,000	Kenya	99	99
Goodison Forty Seven Limited	100	100,000	Kenya	99	99
				<u>3,546</u>	<u>3,546</u>

21. Financial assets

	Group		Company	
	2022 KSh'000	2021 KSh'000	2022 KSh'000	2021 KSh'000
Non-current				
Financial assets at amortised cost:				
Government securities	2,007,710	1,114,521	2,007,710	1,114,521
Financial assets at fair value through profit or loss:				
Equity investments	<u>350,921</u>	<u>325,948</u>	<u>156,261</u>	<u>176,574</u>
	<u>2,358,631</u>	<u>1,440,469</u>	<u>2,163,971</u>	<u>1,291,095</u>

The fair values of the financial assets measured at amortised cost at balance sheet date were:

	2022 KSh'000	2021 KSh'000
Government securities	<u>2,003,611</u>	<u>1,116,753</u>

NOTES (CONTINUED)

21. Financial assets (continued)

The fair values of the government securities and corporate bonds are based on prices published by Nairobi Securities Exchange.

Investment in equity instruments carried at fair value are valued on the basis of open market value (Level 1).

The movement in the fair value of those assets measured at fair value based on Level 1 were as follows:

Financial assets at fair value through profit or loss

	Group		Company	
	2022	2021	2022	2021
	KSh'000	KSh'000	KSh'000	KSh'000
Equity investments				
At start of year	325,948	313,415	176,574	135,490
Additions	2,299	-	-	-
Fair value gain/(loss)	22,674	12,533	(20,313)	41,084
At end of year	<u>350,921</u>	<u>325,948</u>	<u>156,261</u>	<u>176,574</u>
22. Inventories - Group				
Spare parts and materials			55,795	36,019
Carbon dioxide gas and dry ice			7,518	3,602
Fuel and chemicals			1,641	277
			<u>64,954</u>	<u>39,898</u>
	Group		Company	
	2022	2021	2022	2021
	KSh'000	KSh'000	KSh'000	KSh'000
23. Trade and other receivables				
Trade receivables	282,758	194,152	1,012	1,062
Less: provision for impairment losses	(25,001)	(22,501)	(980)	(980)
Net trade receivables	257,757	171,651	32	82
Prepayments	32,869	2,774	400	1,621
Other receivables	76,550	38,872	75,825	37,967
	<u>367,176</u>	<u>213,297</u>	<u>76,257</u>	<u>39,670</u>
The movement on the provision for impairment losses is as follows:				
At 1st August	22,501	17,088	980	270
Net increase charged to profit and loss account	2,500	5,413	-	710
At 31st July	<u>25,001</u>	<u>22,501</u>	<u>980</u>	<u>980</u>
24. Short-term bank deposits				
Bank deposit (maturity > 90 days)	<u>299,325</u>	<u>813,115</u>	<u>287,568</u>	<u>803,846</u>
25. Cash and cash equivalents				
For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:				
Cash and current account balances	<u>15,251</u>	<u>167,636</u>	<u>2,031</u>	<u>128,462</u>

NOTES (CONTINUED)

	Group		Company	
	2022	2021	2022	2021
	KSh'000	KSh'000	KSh'000	KSh'000
26. Trade and other payables				
Trade payables	37,250	30,489	776	1,848
Accruals	238,449	140,417	3,104	1,032
Due to other related parties	198	-	-	-
	<u>275,897</u>	<u>170,906</u>	<u>3,880</u>	<u>2,880</u>

27. Dividends

i) Proposed dividend

At the forthcoming annual general meeting, a final dividend in respect of the year ended 31st July 2022 of KSh 1.70 per share amounting to KSh 433,248,375 (2021: KSh 0.70 per share plus KSh 0.90 special dividend per share amounting to KSh 407,763,176) is to be proposed. Payment of dividends to shareholders (other than companies owning more than 12.5% of the issued shares) is subject to the deduction of withholding tax at a rate of 5% for residents and 15% for non-residents.

	2022	2021
	KSh'000	KSh'000
ii) The movement in the dividend payable account is as follow:		
At the beginning of the year	45,639	46,712
Final dividend declared	407,763	178,396
Prior years dividends not transferred to Unclaimed Financial Assets Authority	-	6,196
	<u>453,402</u>	<u>231,304</u>
Dividend paid to shareholders	(385,159)	(179,695)
Unclaimed dividend transferred to Unclaimed Financial Assets Authority	(9,094)	(5,970)
Dividend paid	<u>(394,253)</u>	<u>(185,665)</u>
At the end of the year	<u>59,149</u>	<u>45,639</u>

28. Related party transactions

The Company is related to other companies which are related through common shareholding or common directorships.

i) The following transactions were carried out with related parties:

	Company	
	2022	2021
	KSh'000	KSh'000
Dividends received from Carbacid (CO ₂) Limited	715,000	320,000
	<u>715,000</u>	<u>320,000</u>
ii) Outstanding balances arising from sale and purchase of goods/services		
	2022	2021
	KSh'000	KSh'000
Other (receivables from)/payables to subsidiaries		
- Carbacid (CO ₂) Limited	7,889	(976)
- Goodison Twenty Nine Limited	(92,062)	-
- Goodison Forty Seven Limited	(143,850)	-
	<u>(228,023)</u>	<u>(976)</u>

NOTES (CONTINUED)

28. Related party transactions (continued)

iii) Key management compensation (including directors' remuneration)

	Group		Company	
	2022	2021	2022	2021
	KSh'000	KSh'000	KSh'000	KSh'000
Salaries and other employment benefits	58,915	51,128	-	-
iv) Directors' benefits and other remuneration	Group		Company	
	2022	2021	2022	2021
	KSh'000	KSh'000	KSh'000	KSh'000
- salaries	23,526	13,680	-	-
- fees	3,251	1,858	-	-
	26,777	15,538	-	-

v) Services

During the year, the Group contracted consultancy services from firms related to it through common directorship. The fees charged for these services were KSh 3,995,680 (2021: KSh 3,985,000).

29. Contingent liabilities

	Group		Company	
	2022	2021	2022	2021
	KSh'000	KSh'000	KSh'000	KSh'000
Guarantees	6,000	6,000	-	-

NCBA Bank plc has issued a payment guarantee of KSh 6,000,000 to Kenya Power and Lighting Company on behalf of Carbacid (CO2) Limited against a security of an equivalent amount.

30. Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	Group		Company	
	2022	2021	2022	2021
	KSh'000	KSh'000	KSh'000	KSh'000
Authorised and contracted for	81,235	30,765	-	-

31. New and revised financial reporting standards

The company has not applied the following new and revised standards and interpretations that have been published but are not yet effective for the year beginning 1st August 2021.

Amendments to IAS 37 titled Onerous Contracts - Cost of Fulfilling a Contract (issued in May 2020)

The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. They are effective for contracts for which an entity has not yet fulfilled all its obligations on or after 1 January 2022.

NOTES (CONTINUED)

31. New and revised financial reporting standards (continued)

Amendments to IAS 16 titled Property, Plant and Equipment: Proceeds before Intended Use (issued in May 2020)

The amendments, applicable to annual periods beginning on or after 1 January 2022, prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing an asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

Amendment to IFRS 1 titled Subsidiary as a First-time Adopter (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)

The amendment, applicable to annual periods beginning on or after 1 January 2022, provides a subsidiary that becomes a first-time adopter later than its parent with an exemption relating to the measurement of its assets and liabilities. The exemption does not apply to components of equity.

Amendment to IFRS 9 titled Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)

The amendment, applicable to annual periods beginning on or after 1 January 2022, to IFRS 9 clarifies the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to IAS 41 titled Taxation in Fair Value Measurements (issued in May 2020 as part of the Annual Improvements to IFRS Standards 2018-2020)

The amendment, applicable to annual periods beginning on or after 1 January 2022, to IAS 41 removed the requirement to exclude taxation cash flows when measuring fair value. This amendment aligned the requirements in IAS 41 on fair value measurement with those in other IFRS Standards.

Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020)

The amendments, applicable to annual periods beginning on or after 1 January 2023, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period.

Amendments to IAS 8 titled Definition of Accounting Estimates (issued in February 2021)

The amendments, applicable to annual periods beginning on or after 1st January 2023, introduce a definition of 'accounting estimates' and include other amendments to IAS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates.

Amendments to IAS 1 titled Disclosure of Accounting Policies (issued in February 2021)

The amendments, applicable to annual periods beginning on or after 1st January 2023, require entities to disclose their material accounting policy information rather than their significant accounting policies.

Amendments to IAS 12 titled Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (issued in May 2021)

The amendments, applicable to annual periods beginning on or after 1st January 2023, narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.