

67

ICDC Investment Company Limited
40 years of commitment to the economy
Annual Report & Financial Statements FY06/07

07

OUR MISSION

Our mission is to generate superior returns for our shareholders and contribute to the creation of wealth and employment in the region.

PART ONE

- 1 Contents
- 2-5 Chairman's Message
Ujumbe wa Mwenyekiti
- 6-9 Managing Director's Report
Ripoti ya Mkurugenzi Mkuu
- 10-11 Milestones
- 12-13 Board of Directors
- 14 Management Team
- 15 Business Overview
- 16-19 Corporate Governance
- 20 Shareholding Information
- 21 Risk Management
- 22 Corporate Social Investment

PART TWO

- 24-58 Financial Statements

PART THREE

- 60 Notice of Meeting
- 61 Historical Performance
- 62 Financial Highlights
- 63 Proxy Form

CHAIRMAN'S MESSAGE



Dear Shareholder

I am pleased to present to you the financial results of your company for the period ended 30th June 2007. Overall the company's performance was above expectations and we were able to record the highest earnings in the company's history. This was no mean achievement and I will have a brief but detailed discussion on this performance later on as well as other initiatives we embarked on during the year.

Economic Environment

The economy sustained the growth momentum from 2006 on the back of increased activity in the agriculture and infrastructure sectors buoyed by the ongoing rehabilitation of the road network. The building and construction industry also contributed to employment creation and increased business for suppliers and service providers some of whom are our investment partners. Economic indicators showed positive signs with an improved GDP growth of 7.1% in the second quarter of 2007 from 5.8% the previous year.

Financial Results

ICDCI has cause to celebrate as the year 2007 comes to an end. It is worth noting that for the first time, the company's profits crossed the Kshs 1 billion mark, with the asset base growing by 31% from Kshs 6.4 billion to Kshs 8.4 billion. Indeed, this is a commendable feat achieved through focused management and careful selection of investments.

Dividends

Your board is recommending a first and final dividend of Kshs 0.45 per share. This is a 12.5% increase compared to the Kshs 0.40 per share paid in the previous year. As you are aware we continue to pursue a prudent dividend policy that is in line with our investment objectives. The market both locally and regionally continues to present attractive opportunities and we are certain that reinvesting the retained earnings in these opportunities will ensure sustained future shareholder returns.

Investment Activity

During the year, your company invested in the transportation sector acquiring a 10% equity stake in Rift Valley Railways Investments (Pty) Limited. We also increased the shareholding in Kisii Bottlers Limited from 17% to 24%, further placing the company

in a strategic position to benefit from the current growth in the soft drinks industry.

The company will explore sound investment opportunities locally and regionally for the benefit of shareholders.

40th Anniversary

The forty years since inception have proved to be challenging but also very rewarding. We have made numerous solid investments which have yielded good returns for you.

Allow me to point out a few of the many milestones we have achieved in our journey so far:

- Incorporated in 1967 with slightly over 700 shareholders, today after the share split done in January 2007 the company has over 38,000 shareholders;
- Your company made a profit of Kshs 134,160 in its first year of operation, today, 40 years later, the company's earnings stand at Kshs 1.1 billion;
- Held its first ever annual general meeting in 1968 with 72 members attending, today an average of 800 shareholders attend the annual general meetings; and
- Your company has paid dividends in every year of its existence, a feat achieved by very few listed companies.

These are but a few of the many achievements your company has been able to accomplish. We have a strong foundation and a rich heritage in which we take pride. I am sure, as shareholders you know you have a gem in the ICDCI share.

Change of Name

Last year, I explained that your board was considering the merits of changing the company's name and corporate identity not only to avoid the constant confusion with the Industrial and Commercial Development Corporation (ICDC) but to also revamp and revitalize the company's corporate look while defining the way forward as the company celebrates 40 years of prosperity.

We will be considering a proposal to change the name of the company to Centum Investment Company Limited at the annual general meeting of the company. In coming up with the new identity your company considered several factors including the ability of many people being able to pronounce it in the same fashion.

CHAIRMAN'S MESSAGE

The new name has positive connotations and some of the key players in the investment industry thought of the name as meaning investment, a serious and stable group and a group keen on surpassing its targets.

The new name Centum also has a great potential for communication as it suggests longstanding. Finally, the new name sounds international and thus giving your company the opportunity to leverage on business opportunities outside Kenya.

The new corporate name and identity will seek to usher your company into a new era whilst maintaining its strong heritage.

Your Board and Management

During the year, your board and management team remained firmly committed to

information and intelligence received by the company.

Your board also underwent a process of self-evaluation in which the directors candidly assessed their performance over the year. The outcome of this assessment was good. It enabled the board to redirect its focus on areas that need improvement.

I am sure that you will join me in applauding the board and management for their dedication and service, which has led to the commendable achievements we witnessed this past year. I look forward to even better results in 2008 and going into the future.

Future Prospects

Our strategic plan as revised in 2006 is currently under implementation and we continue to make good progress in pursuit of our objectives. Your company's investment horizon will continue to be medium to long term. We will seek to strengthen the current portfolio of investment through diversification into sectors in which we do not have exposure, diversification into the region and by seeking ways to add value to the current investments that we hold.

Appreciation

Finally, I would like to record my sincere gratitude to you shareholders for your continued support, to the directors for



achieving the strategic objectives of the company and they did this very well. Your board continues to be guided by principles of good corporate governance and recognizes its collective responsibility to ensure that you, the shareholders and owners of the company achieve above-average returns on your investments year after year.

During the year two additional ad-hoc board committees namely Branding Committee and Knowledge Management Committee were formed. The Branding Committee was to spearhead the process of changing the company's brand and image while the Knowledge Management Committee is spearheading the process of improving workflow and management of business

KWAL was established in 1969 as the sole importer and distributor of international wine and spirits brands in Kenya. ICDCI holds a 26% equity stake in KWAL

their commitment and service to the company and to the management team for their dedication and service to the company.

God bless you all.

JAMES N. MUGUIYI
CHAIRMAN OF THE BOARD

UJUMBE WA MWENYEKITI

Mpendwa Mwenyehisa

Ni fahari kuu kwangu kuwasilisha kwenu ripoti ya hesabu ya Kampuni yenu kwa kipindi kilicho malizikia tarehe 30 Juni 2007. Kwa jumla matokeo ya utendaji kazi yalikuwa bora kuzidi ilivyotarajiwa. Nitajadili na kufafanua zaidi juu ya matokeo hayo na yale mengine tuliyotekeleza mwakani.

Mazingira ya kiuchumi

Hali ya uchumi iliweza kumudu ukuaji wa uliopatikana mwaka wa 2006 kutokana na ongezeko katika shughuli kwenye sekta ya kilimo na ile ya muundo misingi zilizonufaika kutokana na kukamilishwa kwa ujenzi wa mabarabara kadha nchini. Makampuni ya ujenzi yalichangia kuongezeka kwa ajira na pia kufaidi wafanya biashara wengi, ambao baadhi wao ni washirika wetu katika

kwa kila hisa iliyolipwa mwaka uliopita. Na vile mnavyoelewa tuna endeleva sera ya ulipaji wa mgao wa busara na unao kwenda sambamba na malengo yetu ya uwekezaji. Hali ya soko humu nchini, na eneo hili kwa jumla inaendelea kutoa nafasi za kuvutia, na tuna hakika kwamba uwekezaji wa rasilimali zetu kwenye hizi nafasi ita hakikisha mazao ya kudumu kwa wenyehisa.

Shughuli ya Uwekezaji

Mwaka huu, kampuni yenu iliwekeza rasilimali katika sekta ya uchukuzi kwa kununua hisa zilizofika asilimia 10 za Rift Valley Railways (Pty) Limited. Tuliongeza umiliki katika kampuni ya Kisii Bottlers Limited kutoka asilimia 17 hadi asilimia 24, na kuipa kampuni fursa nzuri ya kufaidika kutokana na kuimarika kwa utengenezaji wa vinywaji vya matunda.

Kshs134,160, kwa sasa baada ya miaka 40 mazao ya kampuni yametimbia na kuzidi kidogo Kshs 1 bilioni;

- Mkutano mkuu wa kwanza wa mwaka uliandaliwa 1968 ulihudhuriwa na wanachama 72, kwa sasa wenyehisa wanaohudhuria kikao cha mkutano wa mwaka ni 800 kwa kadiri; na mwisho;
- Kampuni yenu imelipa migawo ya faida kila mwaka tangu ibuniwe, na hivyo kuwa baadhi ya makampuni chache sana zizoorodheshwa kuwahi kufanya hivyo.

Hayo ni baadhi tu ya mafanikio mengi kuwahi kupatikana na kampuni yenu. Tunajivunia kuwa na msingi thabiti na nina imani nyinyi mkiwa wenyehisa mwafahamu kuwa thamani ya umiliki wenu katika kampuni ni ya halii ya juu.



shughuli ya uwekezaji. Vidokezi vya kiuchumi vinazonyesha hali ya kuridhisha ya ukuaji wa jumla wa asilimia 7.1 kwenye miezi sita ya kwanza 2007.

Matokeo ya kifedha

ICDCI haina budi kusheherekea tunapoelekea mwisho wa mwaka 2007. Ni muhimu kuelewa kwamba kwa mara ya kwanza, faida ya kampuni ilipizidi Kshs 1 bilioni huku rasilimali zikikua kwa asilimia 31 kutoka Kshs bilioni 6.4 hadi Kshs bilioni 8.4. Kwa hakika matokeo hayo amabyo yalitokana na usimamizi bora na uwekezaji uliotekelezwa kwa makini, yanastahili pongezi.

Mgao

Halmashauri ya wakurugenzi wanapendekeza mgao wa kwanza na wa mwisho wa Kshs 0.45 kwa kila hisa. Hii ni ongezeko la asilimia 12.5 tukilinganisha na Kshs 0.40

Kampuni yenu itaendelea kutafuta nafasi za uwekezaji katika rasilimali thabiti, humu nchini na pia katika eneo letu, tukiendelea sifa yetu ya tangu jadi ya kuwafaidi wenyehisa.

Maadhimisho Ya Miaka 40

Miaka 40 tangu kampuni yenu kubuniwa yamekuwa ya manufaa kwenu kama wenyehisa, kwa kuwa umeshuhudia mazao bora kila wakati tunapo nunua na kuuza rasilimali. Muniruhusu kutaja baadhi ya manufaa tuliyowahi kufanikisha hapo awali.

- Mnamo 1967, kampuni ilibuniwa ikiwa na wenyehiza 700, kufikia mwisho wa mwaka 2007 na baada ya ugawaji wa hisa mnamo January 2007, nambari ya wenyehisa imezidi 38,000
- Mwaka wa kwanza wa utendaji kazi, kampuni yenu ilijipatia faida ya

Kubadilishwa Kwa Jina

Mwaka uliopita, niliwaeleza kuwa halmashauri ya wakurugenzi walikuwa wakijadili manufaa ya kubadilisha jina na hadhi ya kampuni. Hali ilisababishwa kwa minajili ya kuondoa tashwishi baina yake na ICDC na pia ili kuinua hadhi ya kampuni. Pendekezo hili tutalijadili na kuzingatia kubadilisha jina la kampuni liwe Centum Investment Company Limited katika kikao cha mkutano mkuu wa mwaka. Jina hili jipya linanua kuelekeza kampuni kwenye enzi mpya, huku likidumisha nguzo thabiti za kampuni.

Jina hili la Centum kinawiana na nguzo zetu za kibiashara kama vile, kuhusiana na uwekezaji na hali ya kudumu. Pia hilo jina ni lakimataifa ambalo litawezesha kampuni yenu kufanya biashara katika nchi jirani.

UJUMBE WA MWENYEKITI

Halmashauri ya Wakurugenzi na Wasimamizi

Mwaka huu, halmashauri ya wakurugenzi pamoja na wasimamizi waliendelea na kushinikiza mbinu na juhudi bora zilizopelekea kampuni kufikia malengo yake.

Halmashauri ya wakurugenzi wanaendelea kufuatilia maongozo za na kanuni za usimamizi bora wa mashirika na wanafahamu umuhimu wa ushirikiano na kwa hivyo kuhakikisha kuwa nyinyi kama wenyehisa mnapatata mazao nzuri kila mwaka.

Mwaka huu kamati mbili mpya zilibuniwa. Mojawapo ni kamati yenye kushughulika na mambo ya uhusiano na hadhi ya kampuni na kamati ya pili likishughulika

Mtazamo wa Siku za Usoni

Mbinu ya utedaji kazi ya 2006 bado zinatumika. Kampuni itaendelea kuangazia uwekezaji kwa kipindi cha wastani hadi kipindi kirefu. Tutaimarisha rasilimali tuliyo nayo kwa kuwekeza kwenye sekta thabiti, usambazaji kwenye eneo hili, na kwa namna nyingine inayoboresha rasilimali tulizo nazo.

Shukrani

Hatimaye ningependa kuwasilisha shukrani zangu kwenu wenyehisa kwa kuendelea kutuunga mkono, shukrani kwa wakurugenzi kwa kujitolea na kutumikia kampuni, na mwisho, shukrani kwa

kundi la wasimamizi kwa juhudi na uadilifu wao.

Mungu awabariki nyinyi nyote



JAMES N. MUGUIYI
MWENYEKITI



na jinsi kazi inavyoendeshwa na ukusanyaji wa habari nyeti ya biashara.

Wakurugenzi pia waliweza kujitathamini, kwa kuwa waliweza kupima dhidi ya utenda kazi yao. Matokeo ya zoezi hilo yalikuwa mazuri. Yamewezesha wakurugenzi kuelezeka malengo yao na kuboresha sehemu zenye zilizopatikana kuwa na udhaifu.

Nina hakika mtajiunga nami kwa kuipongeza halmashauri ya wakurugenzi pamoja na wasimamizi, kwa kujitolea kufanya kazi kwa bidii. Ninatarajia matokeo bora zaidi mwaka wa 2008, na kuelekea mbele.



20th
April
1972
Kenya Wine
Agencies
Limited



MANAGING DIRECTOR'S REPORT



Dear Shareholders

The year to June 30, 2007 was a great success as your company was able to surpass various milestones in its overall performance. The management team with its focus on implementing key strategic objectives and setting new benchmarks for growth was able to achieve strong results across all areas of the business.

Financial Performance

During the year and for the first time in the company's 40-year history, after-tax profits surpassed the billion mark to stand at KSh. 1.1 billion, a growth of 84% compared to KSh. 600 million in the previous year. This represented an attractive after-tax return on assets of 15%. Below is a summary of the key performance highlights for the year:

Financial Highlights FY06-07

- Investment Income
Up 99% to KSh. 805m
- Expenses
Down 17% to KSh. 131m
- Operating Profit
Up 175% to KSh. 674m
- Share of Associate Company Profits
Up 14% to KSh. 512m
- Profit before Tax
Up 70% to KSh. 1,186m
- Profit after Tax
Up 84% to KSh. 1,115m

All the revenue streams recorded impressive growth while expenses were well managed to ensure that the return to shareholders was maximized.

Fair Value Reporting

As I reported to you last year, we adopted fair value reporting methodology for our unquoted investments as required by the International Accounting Standard on Financial Instruments: Recognition and Measurement (IAS 39). On the whole, the group's asset base grew by KSh. 2 billion or 31% from KSh. 6.4 billion in 2006 to KSh. 8.4 billion in 2007. The fair value of unquoted investments grew by 50% to KSh. 2.4 billion from KSh. 1.6 billion.

The group's share of net assets from associate companies also grew by 26% from KSh. 1.9 billion to KSh. 2.4 billion. The value of quoted investments grew by 20% from KSh. 2.5 billion to KSh. 3.0 billion.

Private Equity Investments

There were several key developments in the company during the year under review. Your company acquired a 10% equity stake in Rift Valley Railways Investment (Pty) Limited, the Mauritius-based company that won the concession from the governments of Kenya and Uganda to operate the Kenya - Uganda railway over the next 25 years. This was a significant investment given the impact the railway is expected to have on the economic development of the region. The concession was recognised as the Infrastructure Deal of the Year 2006 for rail transport in Africa by Project Finance magazine.

We also increased our shareholding in Kisii Bottlers Limited from 17% to 24% by participating in the rights issue of the company. The bottler is expanding its production capacity to enable it meet growth in demand in its franchise territory. We expect these investments to perform well in the medium term.

Trading Activities

Trading activities within the year realized KSh.563 million in capital gains, up from KSh.259 million realized the previous year. Among the additional stocks acquired during the year are Kenya Airways, Kenya Power, Mumias Sugar and Kenya Commercial Bank. Some Eveready and Kenya Commercial Bank shares were disposed during the period.

Divestments

We partially divested from Eveready East Africa, through an initial public offering (IPO) on the Nairobi Stock Exchange. The listing not only provided your company with an attractive exit option but also a price discovery mechanism. We also divested from some of our property investments through the sale of Kimathi House and Consulate Chambers. We took the decision based on the attractive offer prices received for the buildings and have invested the proceeds in other opportunities.

Financial Reporting

As mentioned last year, we have changed our financial reporting cycle from July-June to April - March of every year beginning in the current financial year. This means that the current financial year 2007-08 will run for nine months to

MANAGING DIRECTOR'S REPORT

March 31, 2008. This change was necessary to ensure that our reporting cycle coincides with those of our associate companies and to improve the entire reporting framework of the group.

Your company has been recognized over the past three years for its excellence in financial reporting. In the year 2007, the company emerged the first runners up in the Industrial, Commercial and Services category during the prestigious Financial Reporting (FiRe) awards. This recognition goes to show our commitment to ensuring that you as shareholders are given a detailed, balanced and transparent report of the activities and performance of the company.

Corporate Branding

The company will be launching a new



The Coca-Cola system is the dominant player in the local soft drink industry. The ICDCI group includes four of the six bottling plants in Kenya



Going Forward

In the current financial year, we shall continue to aggressively pursue attractive investment opportunities with the objective of growing and strengthening our portfolio. We are evaluating several prospects in the energy, financial services, and fast-moving consumer goods (FMCG) sectors. We hope to report our progress on these investments in the course of the year.

Appreciation

On behalf of the management team, I would like to end by thanking you the shareholders and the Board of Directors for making it a privilege and an honour to be associated with ICDCI. Your confidence and support have been inspiring, and we promise to continue doing our



brand identity at the annual general meeting. This change was not only necessitated by the need to distinguish ourselves from the Industrial and Commercial Development Corporation (ICDC) but to also refresh the company's image and to consolidate our position as a leading player in East Africa. Your company will now go by the new name, Centum Investment Company Limited. The name Centum has been chosen to signify our achievements over the past 40 years, and the timelessness of our vision for the future prosperity of the company.

Management Team

During the year, there were several changes in the staff complement of the company. In line with the growth of the company, it was necessary to strengthen internal capacity. The core management

team now comprises of the Investment Manager & Company Secretary, Finance Manager and Risk Manager. In addition to the core management, we have strong in-house research capabilities in our team of Investment Analyst, Business Analyst, Risk Analyst, Management Accountant and ICT Administrator.

I believe that the company now has a strong and highly motivated management team. We realize that knowledge is a key asset in your company, and will implement a Knowledge Management System that will capture, retain and harness information within the company. We also have a training programme in place which is designed to continuously improve the team's technical and collaborative skills.

very best to improve the value of your investment this company.

PETER K. MWANGI
MANAGING DIRECTOR

RIPOTI YA MKURUGENZI MKUU

Wapendwa wenyehisa,

Mwaka uliokwisha 30 Juni 2007 ulikuwa wa mafanikio sana kwani kampuni yenu iliwahi kutia fora katika utendaji kazi kwa jumla. Timu ya wasimamizi wakinuia kutekeleza majukumu muhimu, huku wakijikadiria viwango vya ukuaji, waliweza kuzalisha mapato ya kustahili na kufaidi wenyehisa.

Utendaji wa kifedha

Mwaka huu na ikiwa ni mara ya kwanza kwa kampuni kwa miaka 40 katika historia, faida baada ya kutozwa ushuru ilizidi Kshs 1 bilioni na kusimama Kshs 1.1 bilioni, ukuaji wa asilimia 84 ukilinganishwa na Kshs 600 milioni iliyo ripotiwa mwaka uliopita. Matokeo hayo yana wakilisha faida baada ya ushuru ya asilimia 15 kwa rasilimali. Kwa mukhtasari vidokezo vifuatavyo vinaangazia matokeo muhimu:

Ukadiriaji wa thamani ya rasilimali

Kama vile nilivyowaeleza mwaka uliyopita, tulianzisha mbinu ya kukadiri thamani ya ukweli ya rasilimali zisizoorodheswa ili kutimiza vikwazo vya kimataifa vya uhasibu(IAS) 39. Kwa jumla, kulikuwa na ongezeko kwa thamani ya rasilimali kwa Kshs 2 bilioni au asilimia 31 kutoka Kshs 6.4 bilioni mwaka wa 2006, hadi Kshs 8.4 bilioni mwaka wa 2007. Thamani ya rasilimali sizisoorodheshwa iliongezeka kwa asilimia 50 Kshs 2.4 bilioni kutoka Kshs 1.6 bilioni.

Sehemu ya rasilimali katika makampuni ambayo ni mashirika iliongezeka kwa asilimia 26 kutoka Kshs 1.9 bilioni hadi Kshs 2.4 bilioni. Thamani ya rasilimali katika makampuni zilizoorodheshwa iliongezeka kwa asilimia 20 kutoka Kshs 2.5 bilioni hadi Kshs 3 bilioni.

Uwekezaji katika Makampuni za Kibinafsi

Tulikuwa na matukio kadha mwaka huu tunaokagua. Kampuni yenu ilinunua na kumiliki asilimia 10 za hisa katika kampuni ya Rift Valley Railways(Pty) Limited, kampuni inayohudumu kule Mauritius iliyoshinda kandarasi ya kuendesha biashara ya reli katika Kenya na Uganda Railways kwa muda wa miaka 25 yajayo. Huu ulikuwa uwekezaji muhimu ikizingatiwa kuwa reli itatekeleza kazi kubwa katika maendeleo ya kiuchumi eneo hili. Rasilimali hiyo ilituzwa zawadi ya kimataifa ya mwaka kwa uwekezaji bora katika sherehe iliyofanyika jijini London. Pia tuliwahi kuongeza umiliki wa Kisii Bottlers Limited kutoka asilimia 17 hadi asilimia 24 kwa kununua hisa za kampuni hiyo ili kuweza kumudu kufanya biashara inayozidi kupanuka katika sehemu hiyo. Ni matarajio yetu kuwa



- Mapato kutoka uwekezaji, ongezeko la asilimia 99 hadi Kshs 805 milioni
- Gharama za matumizi yalipungua kwa asilimia 17% hadi Kshs 131 milioni
- Sehemu ya mapato ya makampuni shirika iliongezeka kwa asilimia 14 kufikia Kshs 512 milioni.
- Faida kabla ya kutozwa ushuru, ongezeko la asilimia 70 hadi Kshs 1,186 milioni.
- Faida baada ya kutozwa ushuru, ongezeko la asilimia 84 hadi Kshs 1,115 milioni

Vitengo vyote vinavyoingiza fedha vililandikisha ukuaji wa kuridhisha, ilihali gharama za matumizi zilipunguwa ili kuhakikishia wenyehisa mapato ya juu.

6th
December
1978
Nairobi
Bottlers
Limited

uwekezaji huo utaleta mazao ya kuridhisha hivi karibuni.

Shughuli za Uwekezaji

Shughuli za kibiashara za uwekezaji mwaka huu zilichnagia mapato ya Kshs 563 milioni, zikiwa mazao kutokana na kupanda bei kwa rasilimali. Hii ni ongezeko kutoka Kshs 259 milioni zilizopatikana mwaka uliopita. Baadhi ya shughuli za uwekezaji katika soko la hisa la Nairobi yalikuwa katika mashirika ya Kenya Airways, Kenya Power, Mumias Sugarna Kenya Commercial Bank. Tuliua hisa za kampuni ya Eveready East Africa na Kenya Commercial Bank.

RIPOTI YA MKURUGENZI MKUU

Uuzaji

Baadhi ya rasilimali katika Eveready East Africa ziliuzwa kupitia toleo la hisa (IPO) katika Soko la Hisa la Nairobi. Kuorodheshwa kwa hisa hizo kumeweze-sha kampuni kuwa na nafasi nzuri ya uuzaji hali kadhalika utafutaji wa bei nzuri. Tuliweza kuuza majumba ya Kimathi na Consulate Chambers. Hatua hiyo ilichukuliwa kwa kuwa tulipata bei nzuri na fedha zilizopatikana kutumika kwa uwekezaji wa rasilimali bora zaidi. Tunatafuta kununua majumba za kifahari kwenye sehemu muafaka ambapo tutaweza kuongeza mapato.

Kipindi cha kuripoti hesabu za kifedha

Kama tulivyoguzia mwaka uliopita, tumebadilisha miezi ya kuripoti hesabu za kifedha kutoka Julai-Juni hadi Aprili-Machi kila mwaka kuanzia mwaka huu.

wishi dhidi ya jina la kampuni letu na lile la ICDC, bali ni la kujipatia sura mpya wakati kampuni inapojiandaa kuchukuwa nafasi zinazotokea za uwekezaji katika eneo hili la Afrika Mashariki. Kampuni itakuwa ikiitwa Centum Investments Limited. Jina hili limechaguliwa ili kuashiria maendeleo yetu kwa miaka 40 yaliyopita, na kuangazia malengo na ukwaji wa kampuni kwa siku za usoni.

Kundi la Wasimamizi

Kulikuwa na mabadiliko kadhaa katika kundi la usimamizi wa kampuni. Kwa kuwa kampuni ina endelea kuwa kubwa, ilibidi kuimarisha uwezo wa kampuni ili kumudu nafasi za uwekezaji zinapotokea. Wasimamizi wakuu inajumuisha Meneja wa Uwekezaji ambaye pia ni Katibu wa Kampuni, Meneja wa fedha, na Meneja wa Kushughulikia Madhara. Pia kuna

kufaulu katika hayo na tutawasiliana zaidi nanyi kipindi hiki cha 2007-08, juu ya matokeo.

Shukrani

Shukrani zangu za dharti kwa wenyehisa, kwa halmashauri ya wakurugenzi, na kwa kundi la wasimamizi kwa kuifanya kampuni ya ICDCI kuwa ya kifahari. Imani yenu kwangu imenitia moyo, na tunawaahidi kuwa tutaendelea kufanya kazi kwa dharti, na hivyo kuimarisha mazao ya rasilimali yenu katika kampuni yenu.



PETER K. MWANGI
MKURUGENZI MKUU



Hii ina maana kwamba mwaka wa fedha tulioko sasa wa 2007-08 utakamilika tarehe 31 Machi 2008. Mabadiliko hayo yalikuwa lazima ili kuwe na usawa baina yetu na Kampuni zetu shirika kwa kuripoti mambo za hesabu za kifedha na pia vikwazo vya kimataifa ya uhasibu.

Kampuni yenu ilitambuliwa kwa kuzingatia kanuni za hali ya juu katika utayarishaji wa ripoti za hesabu za kifedha. Kampuni ilishinda nafasi ya pili katika kitengo cha kibiashara na viwanda na kupewa tuzo la FiRe Awards. Kutambuliwa huka kuna maana kuwa nia yetu ni kuhakikisha kuwa nyinyi wenyehisa mnapata habari kamilifu, sahihi, na wazi kuhusu ya shughuli na maendeleo ya kampuni yenu.

Hadhi ya Kampuni

Kampuni itazindua hadhi mpya ya kutambua kampuni katika mkutano mkuu wa mwaka, badiliko hilo sio tu kuondoa tash-

wataalamu wa uwekezaji, kukadiri madhara, muhasibu na msimamizi wa mitambo ya tarakilishi.

Nina imani kuwa kampuni sasa inayo wasimamizi waliohitimu na wenye motisha ya kufanya kazi. Tumetambua kuwa habari nyeti za kibiashara ndiyo nguzo muhimu za kuendeleza biashara ya kampuni, kwa sasa tunataraji kuweka tarakilishi ambayo itaweza kutambua, kukuza, na kuhifadhi hekima bora. Pia tunao mpango wa mafundisho inayo kusudia kuimarisha bidii na maarifa ya kundi la wafanyakazi.

Kuelekea Mbele

Hapo mwakani tutaendelea kwa dharti kutafuta nafasi za uwekezaji, tukinua kuboresha rasilimali. Tayari tunakagua baadhi ya nafasi kama vile kwenye sekta za Kawi, shughuli za Kifedha na sekta ya bidhaa za matumizi (FMCC). Tunatumaini

BOARD OF DIRECTORS

- > ICDCI has a Board of Directors of 9 members, chaired by a Non-Executive Chairman, James Muguiyi. The executive management is led by the Managing Director, Peter Mwangi. The members of the Board meet on a regular schedule to review the company's business and strategy. The Board has three permanent committees: Audit, Investment and Nominations & Governance.

Henry C Njoroge

Non-Executive Director

- Age 40
- Appointed Non-Executive Director in October 2005
- Chief Executive Officer of Open View Systems Limited
- Non-Executive Director of Global Equity Ventures
- Board member of the Telecommunications Service Providers Organization of Kenya (TESPOK)

Amb. Leonard N Ngaihe

Non-Executive Director

- Age 49
- Alternate to Permanent Secretary, Ministry of Trade & Industry
- Appointed in May 2007
- Deputy Secretary Ministry of Trade & Industry
- Wide and extensive career in Multinational Diplomacy, Trade and International Affairs

Isaac B Mogaka

Non-Executive Director

- Age 51
- Appointed alternate director representing the Industrial and Commercial Development Corporation (ICDC) in June 2006
- Executive Director of ICDC
- Advocate of the High Court of Kenya
- Associate of the Chartered Institute of Arbitrators (ICA) and member of ICPSK

Pauline M Muriuki

Non-Executive Director

- Age 47
- Appointed Non-Executive Director in October 2005
- Chief Executive Officer of Smart Applications International (Kenya) Limited
- Previously Marketing Director at Unilever Kenya Limited
- Non-executive director of E-Soft International Limited and Lanepal Limited

Isaac O Awuondo

Non-Executive Director

- Age 49
- Appointed Non-Executive Director in December 1998
- Chief Executive Officer of Commercial Bank of Africa.
- Non-executive director of Kenya Hospital Association (Nairobi Hospital), Rhino Ark Trust, Deposit Protection Fund, The Kuona Trust and Bata Shoe Company Limited
- Chairman of the Kenya Conservatoire of Music and of the Fundraising Committee of the African Alliance of YMCAs
- Member of the Institute of Chartered Accountants of England and Wales (ICAEW), ICPAK and the Kenya Institute of Management



BOARD OF DIRECTORS

Dr. Katherine W Getao Non-Executive Director

- Age 47
- Appointed Non-Executive Director in August 2001
- Director of the Institute of Computer Science at the University of Nairobi
- Commonwealth Research Fellow and Vice-Chair of the Institute of Electrical and Electronic Engineers (IEEE), Kenya Section

Christopher J Kirubi Non-Executive Director

- Age 66
- Appointed Non-Executive Director in December 1997 and served as Chairman of the Board from 1998 to 2003
- Chairman of DHL World Wide Express Limited, Haco Industries Limited, Kiruma International Limited, International House Limited, Nairobi Bottlers Limited, Sandvik East Africa Limited and Capital FM
- Non-executive director of Bayer East Africa Limited, UAP Provincial Insurance Company Limited, Beverage Services of Kenya Limited
- Board member of the Kenya Industrial Research and Development Institute (KIRDI) and the National Social and Economic Council

Peter K Mwangi Managing Director

- Age 38
- Appointed Managing Director in December 2004.
- Company Secretary from 2000 to 2004
- Represents ICDCI as an alternate director on the boards of Kisii Bottlers Limited, Mount Kenya Bottlers Limited, Rift Valley Bottlers Limited, Eveready Batteries Limited, KWA Holdings Limited, UAP Provincial Insurance Company Limited and Rift Valley Railways
- CFA Charterholder, member of Institute of Certified Public Accountants of Kenya (ICPAK), the Institute of Certified Public Secretaries of Kenya (ICPSK) and Institute Of Directors (IOD).

James N Muguiyi Chairman

- Age 64
- Appointed Non-Executive Director and Chairman of the Board in December 2003
- Managing Director of UAP Provincial Insurance Company, an associate company of ICDCI
- Non-executive director of AMARCO Kenya Limited, Union Insurance Company of Kenya Limited, United Assurance-Uganda, and Aimssoft Kenya limited
- Fellow of the Institute of Certified Public Accountants of Kenya (ICPAK), and an associate member of the Institute of Chartered Management Accountants (CIMA) and the Chartered Institute of Public Finance and Accountancy (CIPFA)



MANAGEMENT TEAM

- > The ICDCI executive management team comprises 4 members, led by the Managing Director, Peter Mwangi. The members of the team oversee investments, business development, risk and financial control, and meet regularly to review the daily operations of the business and to implement the strategic vision of the Board.

Andrew W Muriithi Risk Manager

As the Risk Manager, Mr. Muriithi is responsible for evolving the company's Risk Management Framework. Prior to his appointment as Risk Manager, he was the company's Business Development Manager. Before joining ICDCI, Mr. Muriithi worked at Standard Chartered Bank as a Graduate Associate and at Alexander Forbes as an Actuarial Consultant. He is a member of the Institute Of Directors (IOD). He holds an MBA from Cass Business School (UK) and a Bachelor of Science degree from Wharton Business School (USA)

Peter K Mwangi Managing Director

Mr. Mwangi is the Managing Director. Prior to his appointment as Managing Director, he was the company's Investment Manager and Company Secretary. He is a CFA Charterholder and a member of the Institute of Certified Public Accountants of Kenya (ICPAK), and the Institute of Certified Public Secretaries of Kenya (ICPSK). He holds a Bachelor of Science degree in Electrical Engineering from the University of Nairobi.

David O Owino Investment Manager & Company Secretary

As the Investment Manager & Company Secretary, Mr. Owino is responsible for managing the company's investment portfolio and advising the board on corporate secretarial and governance issues. He was previously the company's Finance Manager. Mr. Owino is a member of the Institute of Certified Public Accountants of Kenya (ICPAK), the Institute of Certified Public Secretaries of Kenya (ICPSK) and the Institute Of Directors (IOD). He holds a Bachelor of Science degree in Business Administration (Finance and Accounting) from the United States International University-Africa (USIU-A).

Risper A Mukoto Finance Manager

As the Finance Manager, Mrs. Mukoto is responsible for overall management of the company's Finance & Human Resource functions. Prior to this, she was the company's Financial Accountant. Mrs. Mukoto is a member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Certified Public Accountants of Kenya (ICPAK). She holds an MBA from the United States International University - Africa (USIU-A), and a Bachelor of Arts degree in Business Management from Moi University.



ABOUT US

ICDC Investment Company Limited was incorporated and listed in the Nairobi Stock Exchange in 1967.

Our principal business is to source for capital cheaply and deploy it profitably in the right investment partnerships. We make equity investments in both public and private companies. We hold investments in banking, insurance, beverages, automotive assembly, in-flight catering and dry cell manufacturing among others.

Financial

49% share of equity portfolio

We are the third largest shareholder of Kenya Commercial Bank Limited (KCB) with a stake of about 4.47%. KCB is currently the second largest bank in Kenya by market capitalization. It forms our single largest quoted investment valued at about Kshs 2.3 billion. We also have significant interests in the local insurance industry, being the second largest shareholder in UAP Insurance Company Limited with more than 24% shareholding and having a 21.5% ownership stake in the local subsidiary of AON, one of the world's largest risk and insurance groups.

Automotive

13% share of equity portfolio

We own 17.82% equity stake in General Motors East Africa Limited, the leading commercial motor vehicles dealer in the region and the local subsidiary of the US-based General Motors Corporation, one of the largest automakers in the world.

Beverages

27% share of equity portfolio

We have a 27.6% equity stake in Nairobi Bottlers Limited, the largest Coca Cola bottling franchise in Kenya, as well as significant interests in Rift Valley Bottlers Limited (46%), Mount Kenya Bottlers Limited (29%) and Kisii Bottlers Limited (24%), giving us the largest footprint in the local soft drinks

industry. We also own 26.4% of KWA Holdings Limited, the leading wines and spirits beverage company in Kenya.

Others

11% share of equity portfolio

We have other investments in both listed and unlisted companies in various sectors including agriculture, industrial production and commercial services, which include leading brands such as Mumias Sugar Company Limited, Kenya Airways, Carbacid Investment Company, among others.

We believe the core strength of our portfolio rests in its diversity by sector, characterized by industry-leading brands, and backed by our professional investment expertise and best practice governance standards.

INDUSTRY OVERVIEW

The Economy

Growth momentum expected to continue despite elections

The economy grew by 6.1 percent in 2006 compared with 5.7 percent in 2005. Stable fiscal and monetary policies continued to support aggregate demand and most companies in our portfolio generally registered improved earnings as a result. Growth momentum is expected to continue in 2007, with the Central Bank of Kenya (CBK) forecasting the economy to grow by between 5.8% and 6.5% supported by good weather conditions and stable economy. However, increased political uncertainties arising from the forthcoming 2007 general elections may have some slight dampening effect.

Capital Market

A generally bullish trend has persisted

During the year, the market maintained its bullish trend. The NSE 20-share index hit a historical high of 6,161.46 on January 12, 2007. Trading volumes and values of shares also continued to rise. This has been attributed to various factors including increasing investor confidence, implementing of the

Central Depository System (CDS), commencement of Automated Trading System (ATS), improved liquidity and economic growth. New listings and corporate actions involving, share splits, bonus and rights issues have also favorably stimulated the market. However, increased market volatility is anticipated in the last quarter of 2007 due to uncertainties surrounding the next elections.

Public issues

New listings continue to stimulate market activity

During the year, there were four new listings in the Nairobi Stock Exchange, namely: Equity Bank Limited, Scangroup Limited, Access Kenya Group Limited and Eveready East Africa Limited. Mumias Sugar Company Limited also did a secondary share issue. In the current financial year, we have already had the Kenya Reinsurance Corporation Initial Public Offer (IPO) and the government announced plans to list Safaricom Limited and sell more KenGen shares when the price will be attractive. The Safaricom IPO is expected to form the largest issue in Kenya's history drawing interest from investors all over the world.

Private Equity

Acquired 10% of Rift Valley Railways (Pty) Limited

Private equity remains our key strength and value proposition to our shareholders. During the year, we acquired a 10% stake in Rift Valley Railways (Pty) Limited, the company that was awarded a 25 year concession to manage and operate the Kenya-Uganda railway line. We also strengthened our holdings in some of our strong existing private equity investments such as UAP Provincial Insurance Company Limited and Kisii Bottlers Limited. From our deal pipeline, we expect to close more private equity deals in companies across various sectors of the economy.

CORPORATE GOVERNANCE

BACKGROUND

The Board of Directors embraced the corporate governance guidelines issued by the CMA when they came into force and published a statement on corporate governance starting in the FY2001/2002 Annual Report and Accounts. The principles underlying corporate governance were already a long-established board practice. For example the audit committee has been in place since 1999.

THE BOARD AND ITS FUNCTIONING

The Board recognises that, at the core of the corporate governance system, it is ultimately accountable and responsible for the

Managing Director and the Management are responsible for the management of the day to day affairs of the company and that delegating authority to management does not in any way mitigate or dissipate the discharge by the Board and individual directors of their responsibilities.

Skills and Experience of the Board

In determining the size of the Board, the directors considered the nature, size and complexity of the group as well as its stage of development. The Board believes that having directors with relevant business and industry experience is beneficial to the board as a whole, as directors with such background can provide useful perspectives

on significant risks, competitive advantages and an understanding of the challenges facing the business.

Our directors have among other attributes the following skills and experience:

- Working knowledge of legal requirements and other regulations governing business;
- Corporate governance;
- Information and Communication Technology;
- Financial markets;
- Diverse age profiles; and
- Cultural and gender diversity.



performance and affairs of the company. Towards this end the directors in fulfilment of their fiduciary duty act always in the best interest of the company and the shareholders. The Board understands the significance of corporate governance in enhancing investor confidence that results in the efficient functioning of the capital markets and continuously strives to find the correct balance for its businesses between providing competitive strategic leadership and maintaining good governance.

There is a clear division between the roles of Chairman and Managing Director. The Chairman of the board is a non-executive director. The Board accepts that the

20th
January
1973
Eveready
East Africa
Limited

The Board, through the Nominations and Governance Committee, monitors the mix of skills and experience of directors in order to assess whether the board has individuals who are competent, committed with diverse and complimentary skills to ensure that there is sufficient breadth of experience at board level necessary to discharge its responsibilities effectively.

A third of directors retire by rotation annually, and if eligible their names are submitted for re-election in the annual general meetings. Also all director appointments are subject to confirmation by shareholders at the subsequent annual

general meeting. In addition to the induction program for new directors, there are specific training workshops that our directors participate that are accredited by the Center for Corporate Governance.

Interaction with Management

The ICDCI board has a high level of regular interaction with the management thereby enabling the directors to infuse their considerable experience, professional knowledge of the target market into its strategic direction. There is a policy of open communication between the board and management and this ensures that the board is fully informed of major matters concerning ICDCI and its businesses. A procedure further allows for directors to suggest additional items for discussion at meetings and to call for additional information or a briefing on any topic prior to the meeting.

Group Governance Structure

The group has maintained a unitary board structure, which forms the focal point of the system of corporate governance of the organization. The Board is of the opinion that there is an appropriate balance between independent executive and non-executive directors. The current group board of directors includes one executive director, five non-executive directors and three independent directors who comprise one third of the Board as required by clause 2.1.4 of the **Guidelines on Corporate Governance Practices by Public Listed Companies in Kenya**.

Board Meetings

At a minimum, board meetings are held every quarter and the board is of the opinion that this is sufficient. The board is constantly reviewing the amount of time spent on corporate performance, strategic issues and the content and quality of non-financial information. In the last financial year a total of 6 board meetings were held and the record of attendance is set out below:

Delegation of Authority

The board has approved and disseminated the delegation of certain authorities to the board sub-committees where applicable and to management. The Board committees have specific mandates to ensure that pertinent issues are addressed with the appropriate attention.

This committee structure permits the board to address key areas in more depth than may be possible in a full board meeting. Decisions about committee membership are made by the full board, based on recommendations from the nominations and governance committee. The board designates the chairman of the various committees. All committees appraise the full board of their activities on a regular basis through oral and/or written reports.

Committees of the Board

The board has three standing committees all of which are guided by clear terms of reference. The committees are instrumental in monitoring company operations, systems and internal controls.

During the year 2006/07, the membership of the board committees was reviewed in line with the requirements of the Board Charter which provides that the Board Committee memberships and Chairs be reviewed bi-annually. The Board also formed two additional ad-hoc Committees namely the Branding Committee whose mandate is to assist the Board in identifying, designing and developing a new corporate brand for the company Limited and the Knowledge Management Committee whose mandate is to assist the Board in developing a Knowledge Strategy for the Company.

The following table (next page) shows the directors participation in these committees:

Audit committee

Composition

The members of this committee are all non-executive directors, the majority of whom qualify as independent non-executive directors. All members must exercise objective independent judgment in carrying out their duties. The members are shown on the next page of the Annual Report.

The managing director, the finance manager and the lead audit partner in charge of the external audit are in attendance at most meetings. In addition the external auditors have unrestricted access to the managing director and chairman of the Audit Committee, which ensures that their independence is in no way impaired.

Role of committee

As part of its duty to assist the board in fulfilling its responsibilities, the Audit Committee's primary role is to be vigilant and effective overseers of the financial reporting process to ensure the integrity of the company's accounting and financial reporting system. It also plays a key role in protecting the interests of investors and monitoring the component parts of the audit and compliance processes.

SUMMARY OF BOARD MEETING ATTENDANCE FY 2006/2007

Name	July 2006	August 2006	October 2006	January 2007	February 2007	June 2007
J. N. Muguanyi (Chairman)	P	P	P	P	P	P
P. K. Mwangi (Managing)	P	P	P	P	P	P
I. B. Mogaka	P	P	P	P	P	P
C. J. Kirubi	P	P	A	P	P	P
I. O. Awuondo	P	P	P	P	P	A
K. Getao	P	P	A	P	P	A
H. C. Njoroge	P	P	P	P	P	P
P. M. Muriuki	A	P	P	A	P	A
M. Rotich*	P	A	P	P	A	NM
L. Ngaithe**	NM	NM	NM	NM	NM	A

* Stopped being an alternate to PS Ministry of Trade & Industry in May 2007.
 ** Appointed as alternate to PS Ministry of Trade & Industry in May 2007.

P: Present
 A: Absent
 NM: Not a Member

CORPORATE GOVERNANCE

BOARD COMMITTEE MEMBERSHIP

Name	Classification	Designation	ICDCI Board Committees				
			Investment Committee	Audit Committee	Nominations & Governance Committee	Branding Committee	Knowledge Committee
J. N .Muguiyi	Non-executive	Chairman	✓		✓		
P. K .Mwangi	Executive	Managing Director	✓			✓	✓
I. B. Mogaka	Non-executive	Alternate to ICDC	✓		✓		
H. C. Njoroge	Independent non-executive	Chairman Audit Committee	✓	✓		✓	✓
P. M. Muriuki	Independent non executive	Chairman Branding Committee		✓	✓	✓	
C. J. Kirubi	Non executive	Director	✓		✓	✓	
I. O. Awuondo	Non executive	Chairman Investment Committee	✓	✓		✓	
K. W. Getao	Independent non executive	Chairman Nomination & Governance Committee		✓	✓	✓	✓
L. N.Ngaithe	Non-executive Director	Alternate to the PS Ministry of Trade		✓			✓

Meeting

The committee held three meetings in the financial year 2006/07.

Nomination and Governance Committee

Composition

The Board through its Nominations and Governance Committee effectively monitors its corporate governance framework with the objective of maintaining and strengthening its contribution to market integrity and economic performance.

The committee comprises a healthy mix of independent and non-executive directors. The members are as shown above.

Role of Committee

The role of the committee is to recommend to the board strategic directions and set priorities in human resources, including policy formulation and the implementation of this policy, and to advise the board on staffing issues including but not limited to recruitment and selection, orientation and induction and performance management. It also looks more broadly at remuneration issues to determine that it establishes appropriate incentives for management and employees at all levels.

Meetings

The committee held four meetings in the financial year 2006/07.

Investment Committee

Composition

The committee comprises a mix of the executive, independent and non-executive directors. The members are as shown above.

Role of Committee

The role of the committee is to provide leadership in the achievement of attractive returns on the company's equity and fixed income capital by investing in local and regional opportunities, and identifying opportunities where the company is in a position to add significant value at board level and the creation of synergies with other investments in its portfolio.

Meetings

The committee held 2 meetings in the financial 2006/07.

Branding Committee

Composition

The committee consists of a mix of executive, independent and non-executive director. The members are as shown on this page.

Role of the Committee

This steering committee that has been tasked to develop a brand strategy and assess the need of the company to adopt a new corporate identity. They have the mandate to appoint an external consultant to advise on these objectives and implementation of the recommendations highlighted. In addition the Committee shall examine any other matters that may be referred to by the Board with regard to branding.

Meeting

The committee held two meetings in the financial year 2006/07.

Knowledge Management Committee

Composition

The committee consists of a mix of executive, independent and non-executive director. It was established in February 2007 and the members are as shown on this page.

Role of the Committee

In ensuring effective succession planning the Board formed the committee to assist it in developing a Knowledge Management strategy that will lead to the creation and adoption of a Knowledge Management System for the company. The committee has the power to appoint an external consultant to advise on these objectives and oversee the implementation of the recommendations highlighted.

Meeting

The committee held two meetings in the financial year 2006/07.

DIRECTORS REMUNERATION

The remuneration for non-executive directors consists of fees for their services in connection with board and committee meetings. They are not eligible for pension scheme membership and do not participate in any of the company's bonus or other incentive schemes. There were no loans advanced to directors at any time during the year.

Information and disclosures relating to the aggregate amount of emoluments and compensation received by the directors for their in the financial year to 30 June 2007 are contained in note 6 to the financial statements on page 42 in this Annual Report.

COMMUNICATION

The Board is satisfied that its decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times to ensure adequate disclosure and transparency. The Board relies on the external group auditors and the Audit Committee to raise any issues of financial concern.

The company places a great deal of importance on communication with its shareholders and the financial markets in general and issues notices in the press of its half yearly and yearly financial results. There are also investor and press briefing sessions after the release of the financial results. The group publishes a full Annual Report and Accounts and provides detailed explanation through notes in the financial statements.

The full Report and Accounts are distributed to all shareholders in compliance with the provisions of the Companies Act and on request to other parties who have an interest in the group's performance. Shareholders also have direct access to the company and management responds on an on-going basis to numerous letters from shareholders and interested parties on a wide range of issues. Regular communication with shareholders also takes place via the company's website.

BOARD SELF-EVALUATION

In line with the terms of the Board Charter, the company appointed the Centre for Corporate Governance (CCG) to facilitate a Board self evaluation exercise. The evaluation was based on four broad areas namely:

1. General operations of the board,
2. Board structure; selection, induction and development of directors,
3. Board effectiveness; strategic direction, stewardship of resources, and
4. Assessment of performance; risk management, legal compliance and accountability.

The Centre for Corporate Governance observed from the above criteria that the overall performance was good and encouraged the Board to engage in continual formal review of its performance and incorporate evaluation as an integral part of the Board culture.

COMPANY SECRETARY

All directors have access to the services of the company secretary who is responsible for ensuring that board procedures are followed and plays an active role in the facilitation of the induction of new directors and the improvement and monitoring of corporate governance processes. All directors are entitled to seek independent professional legal advice with respect to Company affairs at its expense.

The appointment, removal and appraisal of the performance of the company secretary is the responsibility of the board of directors.

BUSINESS CONDUCT

The company's business is conducted within a developed control framework, underpinned by policy statements, written procedures and control manuals. The board has established a management structure, which clearly defines roles, responsibilities and reporting lines. Delegated authorities are documented and communicated.

ICDCI believes in integrity and strong ethical values as a way of doing business. Matters relating to the conduct and core values are currently incorporated in the

company's personnel policies and procedures. Employees must refrain from taking part in or exerting influence in any transaction in which their own interest may conflict with the best interest of the group.

The Board through the investment committee has taken a keen interest in the long term environmental impact of its investment partners

PERFORMANCE REPORTING

The business performance of the company is reported regularly to its management and the board. Performance trends, forecasts as well as actual performance against budgets and prior periods are closely monitored. Financial information is prepared using appropriate accounting policies, which are applied consistently. During the financial year 2006/07 the company sought approval from Capital Markets Authority and Kenya Revenue Authority to change its reporting cycle to be 31 March from 30 June to harmonize the reporting period with that of associate companies. The approvals have been received and the current reporting period will cover only nine months and thereafter 12 months ending 31 March for each subsequent year.

GOING CONCERN

The directors confirm that they are satisfied that the group has adequate resources to continue in business for the foreseeable future. For this reason they continue to adopt the going concern basis when preparing the financial statements.

GROUP STRUCTURE

The holding company of the group is ICDC Investment Company Limited, which has a primary listing on the NSE. The main subsidiary is Kenya National Properties Limited, which is a registered company. The establishment of subsidiaries within the group is carefully managed to ensure compliance with both domestic and international regulatory requirements.

SHAREHOLDING INFORMATION

TOP 10 SHAREHOLDERS

No.	Name	FY2006/07		FY2005/06*	
		Number of Shares	% Holding	Number of Shares	% Holding
1	Industrial Commercial Development Corporation	129,304,130	23.51%	12,930,413	23.51%
2	Christopher Kirubi	89,528,070	16.28%	9,555,872	17.38%
3	Stanbic Nominees Kenya Ltd A/c R48701	37,926,590	6.9%	4,767,459	8.67%
4	Kiruma International Co. Ltd.	28,348,995	5.15%	3,217,909	5.85%
5	International House Limited	25,093,150	4.56%	2,759,560	5.02%
6	Barclays (Kenya) Nominees A/c 1853	4,632,050	0.84%	576,165	1.05%
7	Barclays (Kenya) Nominees A/c 1256	4,344,380	0.79%	588,048	1.07%
8	DSL Nominees Limited A/c Orchard Estate Ltd	3,238,006	0.59%	1,076	0.00%
9	Kenya Commercial Bank Nominees A/c 769G	2,794,040	0.51%	309,404	0.56%
10	Old Mutual Insurance Co. Ltd.	2,435,130	0.44%	593,513	1.08%
	TOTAL	355,993,536	59.58%	35,299,419	64.19%

There was a share split of 10: 1.

DISTRIBUTION OF SHAREHOLDING

	FY2006/07			FY2005/06		
	No. of Shareholders	No. of Shares held	% Holding	No. of Shareholders	No. of Shares held	% Holding
1 - 1000	17,111	8,672,579	0.30%	13,640	4,438,508	8.07%
1001 - 5000	14,414	33,873,572	3.26%	2,294	4,530,945	8.24%
5,001 - 10,000	3,406	25,685,645	2.57%	249	1,752,627	3.19%
10,001 - 50,000	2,764	56,296,123	5.82%	123	2,201,837	4.00%
50,001 - 100,000	335	23,737,990	2.22%	9	616,536	1.12%
Over 100,000	260	401,685,921	85.84%	15	41,454,730	75.38%
TOTAL	38,290	549,951,830	100.00%	16,330	54,995,183	100.00%

DIRECTORS SHAREHOLDING IN THE COMPANY

	Name	FY2006/07		FY2005/06*	
		Shares Held	%	Shares Held	%
1	James N. Muguji - Chairman	185,630	0.03%	18,563	0.03%
2	Peter K. Mwangi - Managing Director	124,960	0.02%	12,256	0.02%
3	Christopher J Kirubi - Director	117,877,065	21.43%	12,773,781	23.23%
4	Messrs I.C.D.C. - Director	129,304,130	23.51%	12,930,413	23.51%
5	Isaac B. Mogaka - Alternate to ICDCI	0	0.00%	0	0.00%
6	Henry C. Njoroge - Director	25,024	0.00%	3,036	0.01%
7	Isaac O. Awuondo - Director	0	0.00%	6,068	0.01%
8	Pauline M. Muriuki - Director	0	0.00%	0	0.00%
9	PS Ministry of Trade & Industry - Director	0	0.00%	0	0.00%
10	Leonard N. Ngaithe - Alternate to Permanent Secretary	4,600	0.00%	0	0.00%
11	Katherine W Getao - Director	50,240	0.01%	5,024	0.01%
	Shares held by directors	247,571,649	45.02%	25,741,485	46.81%
	Other shareholders	302,380,181	54.98%	29,253,698	53.19%
	Total Issued shares	549,951,830	100.00%	54,995,183	100.00%

* Not adjusted for share split of 10: 1 on January 22, 2007.

NAIROBI STOCKS EXCHANGE - ICDCI SHARE STATISTICS

Share Price	FY 2005/06	FY 2004/05
High for the year	80.00	9.95
Low for the year	10.00	6.50
June 30, 2007	26.50	9.95

* Adjusted for share split of 10:1

Shares traded	FY2006/07	FY2005/06
Number of shares	175,242,440	1,678,476
Value of shares traded (Kshs millions)	5,299	128
Turnover in shares traded as a % of issued share capital	32%	3%
Number of shares in issue	549,951,830	54,995,183
Market Capitalisation as at June 30 (Kshs millions)	14,574	5,472

The share split resulted in an increase in trading activity and increased market capitalisation.

We take a risk-based approach to internal control. The management team is responsible for implementing, operating and monitoring the system of internal control, which is designed to provide reasonable, but not absolute, assurance of achieving business objectives. Related requirements are set out in the Corporate Risk Management Manual, which describes the methodology to be followed to manage risks to objectives. Our control framework is supported by a set of risk-based standards; these establish rules and instructions on enterprise-wide risks that require common treatment.

We have a variety of processes for obtaining assurance on the adequacy of risks management and internal control, including:

- A structured process to identify and review risks to the achievement of corpo-

- Fluctuating prices on the Nairobi Stock Exchange, and on all organized securities exchanges in which the company owns and trades securities may erode the value of the company's investment holdings.
- Uncertainty in the business performance of the company's subsidiaries, associates and portfolio investments may affect the company's ability to deliver investment income.
- A perceived failure to meet ethical and governance principles regulating the company's conduct and activities may lead to a loss of business reputation, erosion of market confidence and an inability to close investment deals.
- Security breaches resulting from crime, social unrest, civil war and terrorism could harm both our staff and our

assets.

- Competitive rivalry within the investment industry and in the sectors in which the company's subsidiaries, associates and portfolio companies operate can significantly reduce the number of investment prospects and the returns from existing investments.
- Natural disasters and other operational hazards could harm our staff and assets.
- Changes in legislation, taxation, regulation and the expropriation of property including matters relating to land tenure, titles, securities, pricing, environmental protection, trade sanctions, cancellation of licenses and agreements, social impact, repatriation of profits, and foreign exchange controls can cause investment losses to the company.
- Currency, interest rate and inflation rate



- rate objectives;
- A risk-based audit of the company's operations and systems;
- A business control incident reporting and provisioning process;
- An ethics and compliance program.

These established mechanisms allow the Board, via its Audit Committee, to regularly consider the overall effectiveness of the internal control system and to perform a full annual review.

Risk Factors

The company's operations and earnings are subject to various risks relating to the changing competitive, economic, political, legal, social, industry, business and financial conditions. These risks to the company's objectives are highlighted below:

18th
September
1992
General Motors
East Africa
Limited

fluctuations can reduce the returns to the company and increase its financing costs.

- Resourcing inefficiencies, specifically lack of qualified investment professionals could lead to a loss of competitive advantage and intellectual edge.
- Information technology failures can lead to transaction failures, loss of business records and potential financial and legal exposures.
- Inability to control or influence the operations, behaviors and performance of our partners and ventures could cause negative publicity, loss of business reputation, diminished investor confidence and investment losses.

CORPORATE SOCIAL INVESTMENT

Our CSI projects are long-term

During the year, we continued supporting our long-term corporate social investment projects: Little Rock Educational Centre and Mukuru Art and Craft (MAC), which is part of Mukuru Slum Development Projects (MSDP). Little Rock Foundation is a center that was established to intervene in the learning, healthcare, nutrition and development of vulnerable and orphaned children while MSDP is an umbrella of various projects that target to train the unemployed youth from Mukuru slum in developing and selling creative and innovative art and craft products.

We believe in empowering the youth

During the year, we made contributions to Mukuru Art & Craft (MAC) to buy raw materials to develop quality artifacts. MAC is coordinating and mentoring youths from Mukuru Slum, with help of other professional artists, to create the innovative artworks. The youth will be given an opportunity to showcase and sell their art pieces in a major art exhibition that we are planning to hold in 2008.

The objective of holding the exhibition is to expose the talented youth to the competitive art market as well as to generate

income for MAC and the individual participants. This is in line with the project's aim which is to keep the youth away from idleness and antisocial behavior, as well as to empower and free them from poverty.



Our desire is to make the projects self-sustaining

We made monetary donations to purchase raw materials for the weaving project at Little Rock Foundation. The weaving project is run by mothers to the pupils at the centre.

The women make beautiful mats and quilts that are sold at the centre. Income generated from the project is divided between the centre and the women. Our staff also enjoyed some quality time, and shared snacks, with the children. Our aim has been to support revenue-generating projects with the long-term view of making the centre self-sustaining.



Our objective is to support self-sustaining projects that empower the youth.



*keeping the
fire burning...*



Our commitment to excellence in financial reporting and corporate governance has been recognised over the years.

PART TWO

24	Corporate Information
25	Board Committee Membership
26	Report of the Directors Ripoti ya Wakurugenzi
27	Statement of Directors' Responsibilities
28	Independent Auditors' Report
29	Consolidated Income Statement
30	Consolidated Balance Sheet
31	Company Balance Sheet
32	Consolidated Statement of Changes in Equity
33	Company Statement of Changes in Equity
34	Consolidated Cash Flow Statement
35 - 58	Notes to the Financial Statements

CORPORATE INFORMATION

BOARD OF DIRECTORS J N Muguiyi Chairman
P K Mwangi Managing
C J Kirubi
Industrial & Commercial Development Corporation (ICDC)
I B Mogaka (Alternate to ICDC)
I O Awuondo
K W Getao
P M Muriuki
H C Njoroge
The Permanent Secretary, Ministry of Trade and Industry
L N Ngaithe (Alternate to Permanent Secretary, Ministry of Trade and Industry)

COMPANY SECRETARY D Owino
P O Box 10518
00100 - Nairobi

REGISTERED OFFICE International House
Mama Ngina Street
P O Box 10518
00100 - Nairobi

AUDITORS Deloitte & Touche
“Kirungii” Ring Road, Westlands
P O Box 40092
00100 - Nairobi

BANKERS Commercial Bank of Africa Limited
P O Box 30437
00100 - Nairobi

Standard Chartered Bank Kenya Limited
P O Box 40310
00100 - Nairobi

LAWYERS Simba & Simba Advocates
P O Box 10312
00100 - Nairobi

Mboya & Wangong’u Advocates
P O Box 10818
00400 - Nairobi

BOARD COMMITTEE MEMBERSHIP

INVESTMENT COMMITTEE MEMBERS I O Awuondo Chairman
C J Kirubi
I B Mogaka
J N Muguiyi
H C Njoroge
P K Mwangi

AUDIT COMMITTEE MEMBERS H C Njoroge Chairman
L Ngaithe
K W Getao
I O Awuondo
P M Muriuki

**NOMINATION & GOVERNANCE
COMMITTEE MEMBERS** K W Getao Chairman
C J Kirubi
J N Muguiyi
I B Mogaka
P M Muriuki

BRANDING COMMITTEE MEMBERS P M Muriuki Chairman
H C Njoroge
I O Awuondo
C J Kirubi
K W Getao
P K Mwangi

**KNOWLEDGE MANAGEMENT
COMMITTEE MEMBERS** K W Getao Chairman
H C Njoroge
L N Ngaithe
P K Mwangi

REPORT OF THE DIRECTORS

RIPOTI YA WAKURUGENZI

The directors present their report together with the audited financial statements for the year ended 30 June 2007.

ACTIVITIES

The group's principal activity remains that of engagement in investment activities

RESULTS

	Ksh.'000
Profit before taxation	1,185,778
Taxation	(70,718)
Net profit after taxation	1,115,060
Retained profit for the year	867,582

DIVIDEND

The directors recommend the payment of a first and final dividend of Ksh.0.45 per share (2006 - Ksh. 0.40 per share). The retained profit for the year of Ksh.868 million is carried to the Group Revenue Reserves.

DIRECTORS

The current members of the board are shown on page 24.

In accordance with article 86 of the Articles of Association, Mr. I O Awuondo and The Permanent Secretary, Ministry of Trade and Industry retire by rotation and, being eligible, offer themselves for re-election.

AUDITORS

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

BY ORDER OF THE BOARD

Wakurugenzi wanawasilisha ripoti yao pamoja na taarifa ya kifedha iliyokaguliwa kwa mwaka uliomalizika 30 Juni 2007

SHUGHULI

Shughuli kuu ya kampuni ni katika biashara ya uwekezaji wa rasilimali

MATOKEO

	Ksh. '000
Faida kabla ya ushuru	1,185,778
Ushuru	(70,718)
Jumla ya faida baada ya ushuru	1,115,060
Faida iliyohifadhiwa kwa mwaka	867,582

MGAO

Wakurugenzi wanapendekeza malipo ya kwanza na wa mwisho wa Kshs 0.45 kwa kila hisa (2006- Kshs 0.40 kwa kila hisa). Faida iliyohifadhiwa kwa mwaka ya Ksh. 868 milioni imewekwa katika mapato ya kampuni yaliyohifadhiwa.

WAKURUGENZI

Wanachama wa halmashauri ya wakurugenzi waliohudumu wameorodheshwa ukurasa wa 24.

Kwa mujibu wa kifungu cha 86 ya kanuni za kampuni, Bwana I O Awuondo pamoja na Katibu wa kudumu ya Wizara ya Biashara na Viwanda wanastaafu kwa zamu, na kwa kuwa wanahitimize masharti, wanajitolea ili kuchaguliwa tena.

WAKAGUZI WA FEDHA

Deloitte & Touche, kwa kuonyesha nia yao ya kutaka kuendelea, wataendelea na huduma zao za ukaguzi wa fedha kulingana na kanuni ya kifungu cha 159(2) ya sheria za kampuni (sura 486).

KWA AMRI YA HALMASHAURI YA WAKURUGENZI



David O Owino
Company Secretary / Katibu wa Kampuni
Nairobi
26 September 2007

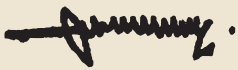
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Companies Act requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the company as at the end of the financial year and of the group's operating results for that year. It also requires the directors to ensure that the group and the company keep proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and the company. They are also responsible for safeguarding the assets of the group.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and of the company and of the group's operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company and its subsidiaries will not remain a going concern for at least the next twelve months from the date of this statement.



James N Muguiyi
Chairman



Peter K Mwangi
Managing Director

26 September 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ICDC INVESTMENT COMPANY LIMITED

Deloitte.

Deloitte & Touche
Certified Public Accountants (Kenya)

"Kirungi"
Ring Road, Westlands
P.O. Box 40092 - GPO 00100
Nairobi
Kenya

Tel : + (254-20) 444 1344/05-12
Fax : + (254-20) 444 8966
Dropping Zone No. 92
E-mail : admin@deloitte.co.ke

We have audited the financial statements of ICDC Investment Company Limited and its subsidiary set out on pages 29 to 58 which comprise the consolidated and company balance sheets as at 30 June 2007, and the consolidated income statement, consolidated and company statements of changes in equity and consolidated cash flow statement for the year then ended, together with the summary of significant accounting policies and other explanatory notes, and have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

Respective responsibilities of directors and auditors

The group's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the provisions of the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of opinion

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


An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment and include an assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered internal controls relevant to the group's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion

- (a) proper books of account have been kept by the company and the company's balance sheet is in agreement therewith;
- (b) the financial statements give a true and fair view of the state of affairs of the company and of the group at 30 June 2007 and of the profit and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and comply with the Kenyan Companies Act.



26 September 2007

Audit. Tax. Consulting. Financial Advisory.

A member firm of
Deloitte Touche Tohmatsu

Partners: D.M. Ndonye F.O. Aloo H. Gadhoke* D.C. Hodges* J.M. Kiarie M.M. Kisuu J. Nyang'aya S.O. Onyango J.W. Wangai

*British

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 KSh. '000	2006 KSh. '000
INCOME	4	804,888	403,742
EXPENSES			
Administrative expenses		(60,167)	(53,952)
Other operating expenses		(29,438)	(65,255)
Finance costs	5	(41,641)	(29,502)
Provision for diminution in value of unquoted investment		-	(9,526)
		(131,246)	(158,235)
SHARE OF PROFITS IN ASSOCIATED COMPANIES	17	512,136	450,982
PROFIT BEFORE TAXATION	6	1,185,778	696,489
TAXATION CHARGE	8	(70,718)	(89,891)
PROFIT FOR THE YEAR	10	1,115,060	606,598
EARNINGS PER SHARE - Basic & diluted	11	KSh 2.03	KSh 1.10
DIVIDENDS PER SHARE	12	KSh 0.45	KSh 0.40

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2007

	Notes	2007 KSh. '000	2006 KSh. '000
ASSETS			
Non current assets			
Motor vehicle and equipment	13	5,603	7,672
Prepaid operating lease rentals	14	37,645	38,264
Intangible assets	15	563	-
Investment in associates	17	2,425,019	1,906,866
Unquoted investments	18	2,386,080	1,587,688
Quoted investments	19	2,958,825	2,532,281
Due from a related party	20	83,760	-
Deferred tax asset	27	16,760	-
Term deposit	21	148,213	-
		8,062,468	6,072,771
Current assets			
Term deposit	21	73,069	-
Government securities	22	-	51,539
Receivables and prepayments	23	144,695	21,362
Taxation recoverable	8(c)	4,228	6,259
Fixed deposit	24	90,000	-
Bank balances		47,196	22,635
		359,188	101,795
Non current assets held for sale	25	-	254,718
		359,188	356,513
Total current assets		359,188	356,513
Total assets		8,421,656	6,429,284
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	26	274,976	274,976
Share premium		589,753	589,753
Investment revaluation reserve		4,590,882	3,326,029
Revenue reserve		2,892,819	1,997,740
		8,348,430	6,188,498
Shareholders' equity			
		8,348,430	6,188,498
Non current liabilities			
Deferred tax liability	27	-	48,604
Current liabilities			
Payables and accruals	28	27,640	19,939
Due to related parties	29	-	1,727
Borrowings	30	-	134,460
Unclaimed dividends		44,929	35,634
Taxation payable	8(c)	657	422
		73,226	192,182
Total equity and liabilities		8,421,656	6,429,284

The financial statements on pages 29 to 58 were approved by the board of directors on 26 September 2007 and were signed on its behalf by:



James N Muguiyi
Chairman



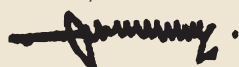
Peter K Mwangi
Managing Director

COMPANY BALANCE SHEET

AS AT 30 JUNE 2007

	Notes	2007 KSh. '000	2006 KSh. '000
ASSETS			
Non current assets			
Motor vehicle and equipment	13	5,603	7,672
Prepaid operating lease rentals	14	37,645	38,264
Intangible assets	15	563	-
Investment in subsidiary	16	114,735	114,735
Investment in associates	17	404,961	402,007
Unquoted investments	18	2,386,080	1,587,688
Quoted investments	19	2,958,825	2,532,281
Due from a related parties	20	83,760	-
Deferred tax asset	27	16,760	6,944
Term deposit	21	148,213	-
		6,157,145	4,689,591
Current assets			
Term deposit	21	73,069	-
Government securities	22	-	51,539
Receivables and prepayments	23	174,362	28,084
Taxation recoverable	8(c)	4,228	6,260
Fixed Deposits	24	90,000	-
Bank balances		46,922	19,875
		388,581	105,758
Non current assets held for sale	25	-	20,000
		388,581	125,758
Total current assets		388,581	125,758
Total assets		6,545,726	4,815,349
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	26	274,976	274,976
Share premium		589,753	589,753
Investment revaluation reserve		3,395,390	2,403,347
Revenue reserve		1,935,494	1,350,984
Shareholders' equity		6,195,613	4,619,060
Current liabilities			
Payables and accruals	28	17,077	6,070
Due to related parties	29	288,107	20,125
Borrowings	30	-	134,460
Unclaimed dividends		44,929	35,634
		350,113	196,289
Total equity and liabilities		6,545,726	4,815,349

The financial statements on pages 29 to 58 were approved by the board of directors on 26 September 2007 and were signed on its behalf by:



James N Muguiyi
Chairman



Peter K Mwangi
Managing Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2007

	Share Capital KSh. '000	Share Premium KSh. '000	Investment Revaluation Reserve KSh. '000	Revenue Reserve KSh. '000	Total KSh. '000
At 1 July 2005	274,976	589,753	2,271,093	1,556,128	4,691,950
Fair value gain	-	-	1,078,175	-	1,078,175
Share of movement in equity reserves of associates	-	-	46,971	-	46,971
Realised on disposal (note 9)	-	-	(70,210)	-	(70,210)
Dividends - 2005 paid	-	-	-	(164,986)	(164,986)
Profit for the year	-	-	-	606,598	606,598
At 30 June 2006	274,976	589,753	3,326,029	1,997,740	6,188,498
At 1 July 2006	274,976	589,753	3,326,029	1,997,740	6,188,498
Fair value gain					
- Investment in quoted companies	-	-	520,190	-	520,190
- Investment in unquoted companies	-	-	845,603	-	845,603
Share of movement in equity reserves of associates	-	-	272,877	-	272,877
Realised on disposal	-	-	(373,817)	-	(373,817)
Dividends - 2006 paid	-	-	-	(219,981)	(219,981)
Profit for the year	-	-	-	1,115,060	1,115,060
At 30 June 2007	274,976	589,753	4,590,882	2,892,819	8,348,430

The investment revaluation reserve is not distributable and represents the surplus arising from the revaluation of available for sale financial assets.

The other revenue reserve represents profit from the normal operations of the group.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2007

	Share Capital KSh. '000	Share Premium KSh. '000	Investment Revaluation Reserve KSh. '000	Revenue Reserve KSh. '000	Total KSh. '000
At 1 July 2005	274,976	589,753	1,425,309	1,159,597	3,449,635
Fair value gain	-	-	1,048,248	-	1,048,248
Realised on disposal	-	-	(70,210)	-	(70,210)
Dividends - 2006 paid	-	-	-	(164,986)	(164,986)
Profit for the year	-	-	-	356,373	356,373
At 30 June 2006	274,976	589,753	2,403,347	1,350,984	4,619,060
At 1 July 2006	274,976	589,753	2,403,347	1,350,984	4,619,060
Fair value gain					
- Investment in quoted companies	-	-	520,257	-	520,257
- Investment in unquoted companies	-	-	845,603	-	845,603
Realised on disposal	-	-	(373,817)	-	(373,817)
Dividends - 2006 paid	-	-	-	(219,981)	(219,981)
Profit for the year	-	-	-	804,491	804,491
At 30 June 2007	274,976	589,753	3,395,390	1,935,494	6,195,613

The investment revaluation reserve is not distributable and represents the surplus arising from the revaluation of available for sale financial assets.

The other revenue reserve represents profit from the normal operations of the company.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 KSh. '000	2006 KSh. '000
OPERATING ACTIVITIES			
Cash generated from operations	31(a)	59,177	123,636
Taxation paid		(5,330)	(13,374)
Dividends received from associated companies		141,328	124,531
Net cash generated from operating activities		195,175	234,793
INVESTING ACTIVITIES			
Purchase of shares in associates		(2,954)	(594)
Purchase of quoted equity investments		(329,531)	-
Purchase of other equity investments		(143,045)	(354,002)
Proceeds on disposal of quoted investments		780,088	386,306
Shareholder loan to Rift Valley Railways (Pty) Limited		(83,760)	-
Term deposit		(232,285)	-
Purchase of equipment		(422)	(317)
Purchase of intangible assets		(779)	-
Proceeds on disposal of equipment		10	-
Proceeds on disposal of non current assets held for sale		277,210	-
Net cash generated from investing activities		264,532	31,393
FINANCING ACTIVITIES			
Dividends paid		(210,686)	(158,443)
Loan repaid		-	(195,555)
Net cash used in from financing activities		(210,686)	(353,998)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		249,021	(87,812)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		(111,825)	(24,013)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	31(b)	137,196	(111,825)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

1 ACCOUNTING POLICIES

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards. The principal accounting policies used have been amended as shown below.

Adoption of new and revised international financial reporting standards

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IAS 1 Amendment, Capital Disclosures – The amendment introduces disclosures about the level of the company's capital and how it manages capital.
- IFRS 7 - Financial Instruments Disclosures
- IFRS 8 - Operating Segments
- IFRIC 10 - Interim Financial Reporting and Impairment
- IFRIC 12 - Service Concession Arrangements
- IFRIC 13 - IAS 18 Revenue: Customer Loyalty Programs
- IFRIC 14 – IAS 19 Employee Benefits: Effect of Minimum Funding Requirements on Asset Ceiling.

The adoption of these standards and interpretations, when effective, will have no material impact on the financial statements of the group.

(a) Basis of preparation

The financial statements are prepared under the historical cost convention, as modified by the revaluation of equity investments.

(b) Revenue recognition

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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

(c) Consolidation

Subsidiary undertakings, being those companies in which the group either directly or indirectly has an interest of more than 50% of the voting rights or otherwise has power to exercise control over the operations, have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the group and are no longer consolidated as from the date of disposal. All inter company transactions balances and unrealised surpluses and deficits on transactions with the subsidiary company have been eliminated.

The group financial statements reflect the result of the consolidation of the financial statements of the company and its wholly owned subsidiary, details which are disclosed in note 16, and include the group's share of the results of the associated companies as disclosed in note 17.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

ACCOUNTING POLICIES (Continued)

(d) **Investment properties**

Investment properties are treated as long-term investments and are carried at market value determined, on a periodic basis, by external independent valuers. Changes in their carrying amounts are dealt with in the income statement. On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

(e) **Motor vehicle and equipment**

Motor vehicle and equipment are stated at cost less depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the motor vehicle and equipment in equal annual instalments over their estimated useful lives.

The annual rates in use are:

Motor vehicle and motor cycle	20%
Furniture, fittings and office equipment	10%
Computers	33.3%

(f) **Leasehold land**

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

(g) **Investment in subsidiary**

Investment in the subsidiary is accounted for at cost in the books of the company.

(h) **Investments in associated companies**

Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings in which the group has between 20% and 50% of the voting rights and over which the group exercises significant influence but which it does not control.

Equity accounting involves recognising in the income statement the group's share of the results of the associates for the year. The group's interest in the associates is carried in the balance sheet at an amount that reflects its share of the net assets of the associates. Provisions are recorded for long-term impairment in value. A listing of the group's associated undertakings is shown in note 17.

Investments in associates are accounted for at cost less any accumulated impairment losses in the books of the company.

(i) **Non-current assets held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Non-current assets classified as held for sale are measured at the lower of the assets'

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

ACCOUNTING POLICIES (Continued)

previous carrying amount and fair value less costs to sell.

(j) Taxation

Current taxation is provided for on the basis of the results for the year as shown in the financial statements, adjusted in accordance with tax legislation and gazetted tax concessions given to the group.

Deferred income tax is provided using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred income tax.

A deferred tax asset is recognised to the extent that it is probable that future taxable benefits will be available against which the unused tax credits can be utilised.

(k) Employee entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the liability for annual leave accrual but not taken at the balance sheet date.

(l) Retirement benefit obligations

The group operates a defined contribution pension scheme. The assets of the scheme are held in a separate trustee administered fund. The scheme is administered by independent fund managers and is funded from contributions from both the employer and the employees.

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

The group contributions in respect of retirement benefit schemes are charged to the income statement in the year to which they relate.

(m) Computer software development costs

Costs incurred on computer software are initially accounted for at cost as intangible assets and subsequently at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated on the straight line basis over the estimated useful lives not exceeding a period of 3 years.

(n) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the terms of the relevant leases.

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

ACCOUNTING POLICIES (Continued)

(o) Financial instruments

A financial asset or liability is recognised when the company becomes party to the contractual provisions of the instrument.

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

Financial assets at fair value through profit or loss

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

Loans, advances and receivables

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

Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity. Where a sale of other than an insignificant amount of held-to-maturity assets occurs, the entire category is classified as available for sale.

Available-for-sale financial assets

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

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

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans, advances and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of "financial assets at fair value through profit or loss" are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the group's right to receive payment is established.

Fair values of quoted investments in active markets are based on quoted bid prices. Equity securities for which fair values cannot be measured reliably are valued at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

ACCOUNTING POLICIES (Continued)

(o) Financial instruments (continued)

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period they arise.

Impairment and uncollectability of financial assets

At each balance sheet date, all financial assets are subject to review for impairment.

If it is probable that the group will not be able to collect all amounts due (principal and interest) according to the contractual terms of loans, receivables or held-to-maturity investments carried at amortised cost, an impairment or bad debt loss has occurred. The carrying amount of the asset is reduced to its estimated recoverable amount through use of an allowance account. The amount of the loss incurred is dealt with in the income statement for the year.

Government securities

Government securities comprise treasury bonds, which are debt securities issued by the Government of Kenya. Treasury bonds are held to maturity and are stated at amortised cost.

Investments

Quoted investments are classified as available for sale and are stated at the middle market value as at 30 June.

Unquoted investments are classified as available for sale and are stated at fair value. Where a significant amount of new investment into a company has been made within the financial year, the price at which the investment was made is considered the fair value. For all other investments, the earnings multiple method is employed. This method, which draws on market based measures of risk and return, involves the application of an earnings multiple to the earnings of the business being valued in order to derive a value for the business. The earnings multiple that is applied is derived from comparable companies or transactions with similar prospects from a return and growth perspective. Where fair value cannot be reliably measured, the unquoted investment is carried at cost.

The difference between valuation and cost is transferred to the investment revaluation reserve. Where valuation is below cost, the difference between valuation and cost is charged to the income statement if, in the opinion of the directors, the reduction in value is not considered temporary. On the disposal of an investment, the difference between the net disposal proceeds and the cost is charged or credited to the income statement.

(p) Foreign currencies

Assets and liabilities denominated in foreign currency are translated into Kenya shillings at the rates of exchange ruling at the balance sheet date. Transactions during the year are translated at the rates ruling on the transaction dates. Differences on exchange are dealt with in the income statement.

(q) Cash and cash equivalents

For the purposes of the cashflow statement, cash and cash equivalents comprise of bank balances and deposits at call with the banks net of bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

ACCOUNTING POLICIES (Continued)

(r) **Dividends**

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are not accrued for until they have been ratified at the Annual General Meeting.

(s) **Segmental reporting**

Segment income includes revenue directly attributable to a segment.

Segment investments comprise those investments that are directly attributable to the segment and can be allocated to the segment on a reasonable basis.

(t) **Comparatives**

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

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

In the process of applying the entity's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key areas of judgement in applying the entities accounting policies are dealt with below:

Impairment losses

At each balance sheet date, the company reviews the carrying amounts of its financial assets to determine whether there is any indication that those assets have suffered an impairment loss. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Valuation of unquoted investments

For equity instruments for which no active market exists, the group uses the price of a recent investment or the earnings multiple to estimate the fair value of these investments. Management uses estimates based historical data relating to earnings of the investee company and other market based multiples in arriving at the fair value. The primary assumption in employing the earnings multiple method is that the market has assigned an appropriate value to the benchmark company. The methodology and assumptions used for arriving at the market based multiples are reviewed and compared with other methodologies to ensure there are no material variances.

Held -to-maturity investments

The group follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the group evaluates its intention and ability to hold such investments to maturity. If the group fails to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class as available-for-sale. The investments would therefore be measured at fair value not amortised cost.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

3 SEGMENT INFORMATION

(a) Primary reporting format- Business segments

	Automotive		Beverage		Financial Agricultural		Industrial & Allied		Services		Retail		Property		Government Securities		2006 Total	
	Ksh. '000	Ksh. '000	Ksh. '000	Ksh. '000	Ksh. '000	Ksh. '000	Ksh. '000	Ksh. '000	Ksh. '000	Ksh. '000	Ksh. '000	Ksh. '000	Ksh. '000	Ksh. '000	Ksh. '000	Ksh. '000	Ksh. '000	Ksh. '000
INCOME																		
Dividend income																		
- unquoted investments	75,923	1,556	412	-	-	-	-	-	27,396	-	-	-	-	-	-	-	105,287	37,343
- quoted investments	5	23,555	57,063	1,189	1,189	11,207	11,207	31,306	3,910	-	-	-	-	-	-	-	96,929	66,106
Rent income	75,928	25,111	57,475	1,189	1,189	11,207	11,207	31,306	-	-	-	-	-	-	-	-	202,216	103,449
Interest income	-	1,447	-	-	-	-	-	-	-	-	-	-	17,517	-	-	-	17,517	25,539
Gain on disposal of investment	-	150,546	218,011	21,390	21,390	142,611	142,611	7,850	-	-	-	11,080	827	-	-	-	13,354	11,939
Other investment income	-	3,314	1,790	-	-	702	702	-	-	-	-	-	22,492	1,728	1,367	-	562,900	259,442
	75,928	180,418	277,276	22,579	22,579	154,520	154,520	39,156	-	-	-	12,808	42,203	-	-	-	804,888	403,742
Share of results of associated companies																		
Share of profit	-	268,943	242,768	-	-	-	-	425	-	-	-	-	-	-	-	-	512,136	450,982
Share of tax	-	(84,417)	(43,808)	-	-	-	-	(261)	-	-	-	-	-	-	-	-	(128,486)	(93,878)
		184,526	198,960					164									383,650	357,104
INVESTMENTS																		
Associates																		
Share of net assets	-	1,238,235	1,180,034	-	-	-	-	6,750	-	-	-	-	-	-	-	-	2,425,019	1,906,866
Unquoted investments																		
Fair value	1,590,243	161,765	137,398	-	-	38,390	38,390	458,284	-	-	-	-	-	-	-	-	2,386,080	1,587,688
Quoted investments																		
Market value	281	422,019	2,122,370	45,920	45,920	239,297	239,297	128,938	-	-	-	-	-	-	-	-	2,958,825	2,532,281

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

3 SEGMENT INFORMATION (Continued)

Expenditure and assets (other than investments) are not directly attributable and neither can they be allocated to a particular segment. Consequently, these have not been included in the segment information.

(b) Secondary reporting format- Geographical segments

The major part of the revenues of the company are derived from Kenya with income from other markets representing less than 5% of total income. Secondary segmental reporting is, therefore, not considered to be of any useful value.

	2007 KSh. '000	2006 KSh. '000
4 INCOME		
Dividends receivable	202,216	103,449
Interest receivable	13,354	11,939
Rent receivable	17,517	25,539
Gain on disposal of investments (note 9)	562,900	259,442
Other income	8,901	3,373
	804,888	403,742
5 FINANCE COSTS		
Interest on borrowings	25,023	29,502
Commitment fees	1,000	-
Exchange loss - realised	4,615	-
Exchange loss - unrealised	11,003	-
	41,641	29,502
6 PROFIT BEFORE TAXATION		
The profit before taxation is arrived at after charging:		
Directors' emoluments:		
Non-executive - fees	1,838	1,230
- other	2,592	2,592
Executive remuneration	11,858	10,314
Auditors' remuneration (including VAT)	1,535	1,864
Depreciation	2,474	2,934
Amortisation of leasehold land	619	620
Amortisation of intangible assets	216	40
Loss on disposal of equipment	6	5
Provision for bad and doubtful debts	1,992	41,986
Staff costs (Note 7)	38,832	36,368
and after crediting:		
Dividend income (gross)- quoted investments	(96,947)	(66,106)
- unquoted investments	(105,268)	(37,343)
Rent receivable	(17,517)	(25,539)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

		2007 KSh. '000	2006 KSh. '000
7	STAFF COSTS		
	Salaries	34,079	32,988
	National Social Security Fund contributions (NSSF)	27	29
	Retirement benefit scheme contributions	1,954	2,106
	Staff medical expenses	1,467	624
	Staff welfare and training expenses	885	1,205
	Leave pay provision	420	(584)
		38,832	36,368
8	TAXATION CHARGE		
	(a)Current taxation based on adjusted profit for the year at 30%	7,596	7,196
	Prior year under provision	-	189
		7,596	7,385
	Deferred tax credit (note 27)	(65,364)	(11,372)
		(57,768)	(3,987)
	Share of associated companies' taxation:		
	Current taxation based on adjusted profit for the year	113,626	66,145
	Deferred tax (credit)/charge	(268)	38,778
	Prior year (under)/over provision	15,128	(11,045)
		14,860	27,733
	Share of tax of associates (note 17)	128,486	93,878
		70,718	89,891

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

	GROUP		COMPANY	
	2007 KSh. '000	2006 KSh. '000	2007 KSh. '000	2006 KSh. '000
8 TAXATION CHARGE (Continued)				
(b) Reconciliation of taxation charge to expected tax based on accounting profit:				
Accounting profit before taxation	1,185,778	696,489	798,267	347,617
Tax at the applicable rate of 30%	355,733	208,947	239,480	104,285
Tax effect of dividend income not taxable	(107,834)	(67,040)	(107,834)	(67,040)
Tax effect of income not taxable	(224,532)	(77,833)	(168,566)	(77,038)
Tax effect of expenses not deductible for tax purposes	32,223	37,673	30,696	31,038
Adjustments in respect of prior year (net)	15,128	(11,856)	-	-
	70,718	89,891	(6,224)	(8,755)
(c) Taxation recoverable				
At beginning of the year:				
Payable	422	1,492	-	-
Recoverable	(6,259)	(1,340)	(6,260)	(1,340)
	(5,837)	152	(6,260)	(1,340)
Charge for the year	7,596	7,385	3,592	2,748
Payments during the year	(5,330)	(13,374)	(1,560)	(7,668)
	(3,571)	(5,837)	(4,228)	(6,260)
Comprising:				
Payable	657	422	-	-
Recoverable	(4,228)	(6,259)	(4,228)	(6,260)
	(3,571)	(5,837)	(4,228)	(6,260)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

9 GAIN ON DISPOSAL OF INVESTMENTS

Investment	2007			2006		
	Cost/NBV KSh'000	Proceeds KSh'000	Gain on disposal KSh'000	Cost KSh'000	Proceeds KSh'000	Gain on disposal KSh'000
Unquoted investment	239,680	780,088	540,408	126,864	386,306	259,442
Non current assets held for sale	254,718	277,210	22,492	-	-	-
	494,398	1,057,298	562,900	126,864	386,306	259,442
Comprising:						
Transfer from investment revaluation reserve			373,817			70,210
Gain during the year			189,083			189,232
			562,900			259,442

10 NET PROFIT FOR THE YEAR

A profit after taxation of Ksh. 804,491,000 (2006 - Ksh. 356,373,000) has been dealt with in the books of ICDC Investment Company Limited.

11 EARNINGS PER SHARE

Earnings per share are calculated by dividing the net profit attributable to shareholders by the number of ordinary shares in issue during the year. They were no potentially dilutive shares at 30 June 2007 (2006 - nil).

	2007	2006 Restated
Earnings (Ksh.)	1,115,060,000	606,598,000
Number of shares in issue	549,951,830	549,951,830
Earnings per share (Ksh.)		
- Basic	2.03	1.10
- Diluted	2.03	1.10

The prior year earnings per share has been restated due to the share split of 10:1 effected during the year.

12 PROPOSED DIVIDEND

At the annual general meeting, a dividend in respect of 2007 of Ksh. 0.45 per share (2006 - Ksh. 0.40 per share) amounting to a total of Ksh. 247,478,000 (2006 - Ksh. 219,981,000) will be proposed.

Payment of dividends is subject to withholding tax at a rate of 10% for non-resident shareholders and 5% for resident shareholders.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

13 MOTOR VEHICLE AND EQUIPMENT

GROUP & COMPANY

	Motor Vehicle and Motorcycle KSh. '000	Furniture and Fittings KSh. '000	Computers KSh. '000	Office Equipment KSh. '000	Total KSh. '000
COST					
At 1 July 2005	5,881	6,005	2,453	1,778	16,117
Additions	-	69	248	-	317
Disposals	-	(43)	-	(63)	(106)
At 30 June 2006	5,881	6,031	2,701	1,715	16,328
At 1 July 2006	5,881	6,031	2,701	1,715	16,328
Additions	-	-	422	-	422
Disposals	-	(32)	(88)	-	(120)
At 30 June 2007	5,881	5,999	3,035	1,715	16,630
DEPRECIATION					
At 1 July 2005	1,666	2,280	1,757	658	6,361
Charge for the year	1,176	605	391	172	2,344
Eliminated on disposals	-	(28)	-	(21)	(49)
At 30 June 2006	2,842	2,857	2,148	809	8,656
At 1 July 2006	2,842	2,857	2,148	809	8,656
Charge for the year	1,176	603	524	171	2,474
Eliminated on disposals	-	(15)	(88)	-	(103)
At 30 June 2007	4,018	3,445	2,584	980	11,027
NET BOOK VALUE					
At 30 June 2007	1,863	2,554	451	735	5,603
At 30 June 2006	3,039	3,174	553	906	7,672

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

14 PREPAID OPERATING LEASE RENTALS

GROUP AND COMPANY

	2007 KSh. '000	2006 KSh. '000
COST		
At 1 July and 30 June	59,487	59,487
AMORTISATION		
At 1 July	21,223	20,603
Charge for the year	619	620
At 30 June	21,842	21,223
NET BOOK VALUE		
At 30 June	37,645	38,264

15 INTANGIBLE ASSETS

	Computer Software 2007 KSh. '000	Computer Software 2006 KSh. '000
GROUP AND COMPANY		
COST		
At 1 July and 30 June	2,631	2,631
Additions	779	-
At 30 June	3,410	2,631
AMORTISATION		
At 1 July	2,631	2,591
Charge for the year	216	40
At 30 June	2,847	2,631
NET BOOK VALUE		
At 30 June	563	-

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

		COMPANY	
		2007	2006
		KSh. '000	KSh. '000
16	INVESTMENT IN SUBSIDIARY (UNQUOTED AT COST)		
	Kenya National Properties Limited 100% owned	114,735	114,735

The principal activities of the subsidiary company are the ownership and development of property for rental purposes.

17 INVESTMENT IN ASSOCIATES

		GROUP	
		2007	2006
		KSh. '000	KSh. '000
	At 1 July	1,906,866	1,596,805
	Share of results before tax	512,136	450,982
	Share of tax (note 8)	(128,486)	(93,878)
		383,650	357,104
	Share of movements in equity reserves	272,877	46,971
	Dividends received	(141,328)	(102,019)
	Acquisitions during the year	2,954	8,005
	At 30 June	2,425,019	1,906,866

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

17 INVESTMENT IN ASSOCIATES (Continued)

	Number of Shares Held		(% Owned)		GROUP		COMPANY	
	30.6.07	30.6.06	30.6.07	30.6.06	Share of Net Assets	At Cost	30.6.07	30.6.06
					KSh. '000	KSh. '000	KSh. '000	KSh. '000
UNQUOTED								
Aon Minet Insurance Brokers Ltd*	332,330	332,330	21.50	21.50	115,099	97,135	12,298	12,298
KWA Holdings Ltd**	25,373,936	25,373,936	26.43	26.43	193,533	227,059	17,235	17,235
Mather & Platt (Kenya) Ltd**	220,278	220,278	29.77	29.77	6,750	7,546	7,118	7,118
Mt Kenya Bottlers Ltd**	1,250,695	1,250,695	28.51	28.51	188,001	168,580	10,006	10,006
Nairobi Bottlers Ltd*	981,971	981,971	27.62	27.62	580,677	510,080	133,020	133,020
Rift Valley Bottlers Ltd**	2,695,820	2,695,820	45.48	46.79	276,024	209,440	63,815	63,815
UAP Provincial Insurance Co Ltd *	29,025,804	14,440,682	24.19	24.18	1,064,935	687,026	161,469	158,515
					2,425,019	1,906,866	404,961	402,007

The share of the results and net assets of the associates at 30 June 2007 were based on signed accounts to 31 December 2006 (*) and draft accounts at 30 June 2007 (**).

There was a share split during the year in UAP Provincial Insurance Co. Ltd which resulted in the increase in the number of shares held.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

18 UNQUOTED INVESTMENTS

GROUP AND COMPANY	Number of shares at 01.7.06	Number of shares at 30.6.07	Additions/ (disposals) in the year	Number of shares at 30.6.07	%	owned	Cost at 1.7.06 Ksh.'000	Additions in the year Ksh.'000	Disposals in the year Ksh.'000	Cost at 30.6.07 Ksh.'000	Valuation 30.6.07 Ksh.'000	Valuation 30.6.06 Ksh.'000
Capital Markets Challenge Fund Ltd*	50,000	-	(250,000)	-	10.0	-	5,000	-	-	5,000	5,000	5,000
Dawa Pharmaceuticals Ltd	250,000	-	(250,000)	-	-	-	5,000	-	(5,000)	-	-	-
Eveready Batteries (Kenya) Ltd**	21,259	-	(21,259)	-	10.1	-	4,030	-	(4,030)	-	-	190,256
General Motors Kenya Ltd***	279,300	-	-	279,300	17.8	-	184,536	-	-	184,536	1,590,243	925,489
Heritage Woollen Mills (K) Ltd	72,249	-	(72,249)	-	-	-	6,387	-	(6,387)	-	-	-
Kisii Bottlers Ltd****	777,774	-	3,488,518	4,266,292	23.9	-	9,222	104,655	-	113,877	161,765	117,459
NAS Airport Services Ltd****	73,056	-	-	73,056	9.1	-	7,397	-	-	7,397	458,284	310,160
K-Rep Bank Limited****	37,801	-	-	37,801	3.8	-	39,324	-	-	39,324	132,398	39,324
Rift Valley Railways (Pty) Ltd**	-	-	15,000	15,000	10.0	-	-	38,390	-	38,390	38,390	-
Total							260,896	143,045	(15,417)	388,524	2,386,080	1,587,688

OFFSHORE INVESTMENTS

Wildlife Works Inc (USA) preferred stock - net

	52,632	-	-	52,632	-	-	19,713	-	-	19,713	-	-
Total							280,609	143,045	(15,417)	408,237	2,386,080	1,587,688

The fair value of unquoted investments has been determined using the price of a recent investment (***) or the earnings multiple method (****). Where fair value could not be reliably measured, the investment is carried at cost (*).

A provision of 100% for impairment has been recognised with respect to the investment in Wildlife Works Inc (USA). The amount of provision charged to the income statement was nil (2006 - Sh 9,526,000).

Eveready Batteries (Kenya) Limited was transferred to quoted investments on its listing at the Nairobi Stock Exchange. A share split of 1:1000 was effected before the listing.

The company has taken up its rights in Kisii Bottlers Limited at 30 June 2007 which has resulted in the company being an associate. No share of profits has been recognised in these financial statements as the rights issue was effective on 30 June 2007.

The investments in Dawa Pharmaceuticals Ltd and Heritage Woollen Mills (K) Ltd were written off during the year as nothing was realised by the shareholders from the liquidation of the companies which were in receivership.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

19 QUOTED INVESTMENTS

QUOTED INVESTMENTS	At 01.07.06		At 30.06.07		At 01.07.06		At 30.06.07		Disposals		Valuation	
	Units	At 01.07.06	Units	At 30.06.07	KSh '000'	At 01.07.06	KSh '000'	At 30.06.07	KSh '000'	At 30.06.07	KSh '000'	At 30.06.06
Athi River Mining Ltd	6,500	24,000	24,000	24,000	130	2,045	(130)	2,045	1,776	436	436	
Barclays Bank of Kenya Ltd.	15,805	163,060	105,365	105,365	1,580	25,416	(22,218)	4,778	7,639	4,267		
Bamburi Cement Ltd	35,000	-	35,000	35,000	1,593	-	-	1,593	6,650	5,110		
British American Tobacco Kenya Ltd	8,000	60,600	68,600	68,600	1,638	11,668	-	13,306	12,622	1,520		
Carbacid Investment Company Ltd	92,059	-	92,059	92,059	3,291	-	-	3,291	12,612	12,612		
Crown Berger Kenya Ltd	500	-	(500)	-	14	-	(14)	-	-	18		
CMC Holdings Ltd	193,435	25,315	(198,700)	20,050	9,972	1,680	(11,094)	558	281	13,540		
East African Cables Ltd.	45,000	405,000	(450,000)	-	154	-	(154)	-	-	12,150		
East African Breweries Ltd	4,049,183	-	(1,308,800)	2,740,383	104,118	-	(33,654)	70,464	422,019	562,836		
Eveready Batteries (East Africa) Ltd*	-	21,259,000	(9,489,677)	11,769,323	-	4,030	(1,799)	2,231	92,978	-		
Equity Bank Limited	-	128,000	(8,000)	120,000	-	13,613	(1,644)	11,969	17,400	-		
Housing Finance Company Ltd	122,291	-	(50,000)	72,291	1,625	-	(664)	961	2,783	3,394		
Jubilee Insurance Company Ltd	37,232	8	(37,200)	40	3,684	-	(3,681)	3	8	4,654		
Kenya Power & Lighting Company Ltd	272,583	327,586	(129,000)	471,169	31,505	79,992	(20,142)	91,355	98,474	46,067		
Kenya Commercial Bank Ltd	10,067,574	85,240,166	(6,178,419)	89,129,321	429,903	723	(49,509)	381,117	2,094,539	1,661,150		
Kenya Airways Ltd	927,376	562,600	(27,100)	1,462,876	96,618	67,901	(3,574)	160,945	112,642	107,576		
Kenya Electricity Generating Company Ltd	141,992	-	-	141,992	5,182	-	-	5,182	3,692	5,573		
Kenya Oil Company Ltd	23,000	200,000	(150,000)	73,000	3,080	20,893	(16,391)	7,582	7,227	2,898		
Mumias Sugar Company Ltd	997,611	1,786,000	(1,496,715)	1,286,896	40,630	91,209	(67,222)	64,617	37,320	61,852		
Nation Media Group Ltd	87,714	-	(22,000)	65,714	2,900	-	(727)	2,173	16,297	17,806		
Rea Vipingo Plantations Ltd.	-	346,500	(50,000)	296,500	-	8,787	(1,268)	7,519	5,856	-		
Sasini Tea & Coffee Ltd	123,974	366	(123,900)	440	503	-	(503)	-	8	3,378		
Scangroup Limited	-	444,800	(444,800)	-	-	5,292	(5,292)	-	-	-		
Unilever Tea Kenya Ltd	28,827	-	-	28,827	5,428	-	-	5,428	2,133	2,306		
Williamson Tea Kenya Ltd	4,675	-	-	4,675	1,308	-	-	1,308	603	330		
REGIONAL INVESTMENTS				744,856		333,249	(239,680)	838,425	2,955,559	2,529,473		
British American Tobacco Uganda Ltd	140,000	-	-	140,000	7,000	-	-	7,000	2,649	2,808		
Stambic Uganda Ltd	-	109,500	-	109,500	-	312	-	312	617	-		
TOTAL INVESTMENTS				751,856		333,561	(239,680)	845,737	2,958,825	2,532,281		

Quoted investments with a market value of Sh 496,077,147 (2006-Sh 900,112,170) have been pledged as security to secure banking facilities granted to the group (see note 30).

* Eveready Batteries (East Africa) Limited was transferred from unquoted investments on its listing at the Nairobi Stock Exchange. A share split of 1000:1 was effected before the listing.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

	GROUP		COMPANY	
	2007 KSh. '000	2006 KSh. '000	2007 KSh. '000	2006 KSh. '000
20 DUE FROM A RELATED PARTY				
Shareholder loan to Rift Valley Railways (Pty) Ltd	83,760	-	83,760	-

This is a non interest bearing USD 1,151,667 loan payable subject to the provisions of the finance document.

	GROUP		COMPANY	
	2007 KSh. '000	2006 KSh. '000	2007 KSh. '000	2006 KSh. '000
21 TERM DEPOSIT				
USD 3,250,000	227,338	-	227,338	-
Interest receivable	4,947	-	4,947	-
Exchange loss	(11,003)	-	(11,003)	-
	221,282	-	221,282	-
Maturity analysis:				
Interest receivable	4,947	-	4,947	-
- maturing within one year	68,122	-	68,122	-
	73,069	-	73,069	-
- maturing between two and five years	148,213	-	148,213	-
	221,282	-	221,282	-

The company paid USD 1,750,000 for 15,000 shares (10% equity stake) in Rift Valley Railways (Pty) Limited. This amount is broken down as USD 598,333 as equity and USD 1,151,667 as a shareholder loan advance (See Note 20). Under the share subscription agreement and International Finance Corporation loan agreement, the company is required to pay USD 3,250,000 for an additional 15,000 shares. The payments will be made in four annual draw downs ending in 2010. These draw downs are guaranteed by an irrevocable Letter of credit for USD 3,250,000 supported by this term deposit.

	GROUP		COMPANY	
	2007 KSh. '000	2006 KSh. '000	2007 KSh. '000	2006 KSh. '000
22 GOVERNMENT SECURITIES				
Held to maturity:				
Treasury bonds - at amortised cost				
- maturing within one year	-	51,539	-	51,539

The weighted average effective interest rate on treasury bonds at 30 June 2006 was 12.15%. A lien had been placed on treasury bonds worth Sh 20 million in favour of Commercial Bank of Africa for advancing credit facilities to the group.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

	GROUP		COMPANY	
	2007 KSh. '000	2006 KSh. '000	2007 KSh. '000	2006 KSh. '000
23 RECEIVABLES AND PREPAYMENTS				
Dividends receivable	129,422	7,070	162,514	24,190
Sundry receivables and prepayments	15,273	4,441	11,848	2,970
Rental debtors	-	-	-	900
Recoverable expenses (service charges)	-	9,851	-	24
	144,695	21,362	174,362	28,084
24 FIXED DEPOSITS				
Call deposits – Commercial Bank of Africa Ltd	90,000	-	90,000	-

The effective interest rate on call deposits was 5.35% per annum.

	GROUP		COMPANY	
	2007 KSh. '000	2006 KSh. '000	2007 KSh. '000	2006 KSh. '000
25 NON CURRENT ASSETS HELD FOR SALE				
At 1 June 2006	254,718	-	20,000	-
Transfer from investment properties	-	250,000	-	20,000
Transfer from motor vehicle and equipment	-	4,718	-	-
Disposals	(254,718)	-	(20,000)	-
	-	254,718	-	20,000

The investment properties for the group were disposed off during the year.

	COMPANY	
	2007 KSh. '000	2006 KSh. '000
26 SHARE CAPITAL		
GROUP AND COMPANY		
Authorised:		
800,000,000 Ordinary shares of Ksh. 0.5 each (2006 - 80,000,000 Ordinary shares of Ksh. 5 each)	400,000	400,000
Issued and fully paid:		
549,951,830 ordinary shares of Ksh. 0.5 each (2006 - 54,995,183 Ordinary shares of Ksh. 5 each)	274,976	274,976

A share split of 10:1 was effected during the year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

27 DEFERRED TAX LIABILITY

Deferred income taxes are calculated on all temporary differences under the liability method using the currently enacted tax rate of 30%.

The net deferred tax liability is attributable to the following items:

	GROUP		COMPANY	
	2007 KSh. '000	2006 KSh. '000	2007 KSh. '000	2006 KSh. '000
Deferred tax liabilities:				
Accelerated capital allowances	4	1,462	4	500
Revaluation surplus	-	60,370	-	5,784
	4	61,832	4	6,284
Deferred tax assets:				
Exchange losses	(3,301)	-	(3,301)	-
Leave pay provision	(494)	(368)	(494)	(368)
Tax losses	(848)	(739)	(848)	(739)
General provision for doubtful debts	(12,121)	(12,121)	(12,121)	(12,121)
	(16,764)	(13,228)	(16,764)	(13,228)
Net deferred tax liability	(16,760)	48,604	(16,760)	(6,944)
The movement on the deferred tax account is as follows:				
At 1 July	48,604	59,976	(6,944)	4,559
Income statement credit - note 8(a)	(65,364)	(11,372)	(9,816)	(11,503)
At 30 June	(16,760)	48,604	(16,760)	(6,944)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

	GROUP		COMPANY	
	2007 KSh. '000	2006 KSh. '000	2007 KSh. '000	2006 KSh. '000
28 PAYABLES AND ACCRUALS				
Rent deposits	8,885	9,136	-	439
Sundry payables and accruals	17,108	9,575	15,430	4,403
Leave pay provision	1,647	1,228	1,647	1,228
	27,640	19,939	17,077	6,070
29 DUE TO RELATED PARTIES				
Industrial and Commercial Development Corporation (ICDC)	-	1,727	-	119
Kenya National Properties Ltd (KNP)	-	-	288,107	20,006
	-	1,727	288,107	20,125
30 BORROWINGS				
Bank overdraft	-	64,460	-	64,460
Short term loans	-	70,000	-	70,000
	-	134,460	-	134,460
Analysis of borrowings by maturity				
Bank overdraft	-	64,460	-	64,460
Short term loans	-	70,000	-	70,000
	-	134,460	-	134,460

The group has undrawn committed borrowing facilities amounting to Ksh. 500,000,000 (2006 - Ksh. 65,540,400).

The overdraft, term loans and other facilities are secured by 3,201,784 shares in Kenya Commercial Bank Limited, 2,576,400 shares in East African Breweries Limited, 15,805 shares in Barclays Bank of Kenya Limited, 35,000 shares in Bamburi Cement Limited, 65,620 shares in Nation Media Group Ltd and a Ksh. 20 million deposit. The market value of the shares held as security at 30 June 2007 was Ksh. 496,077,147.

The maturity period of the short term loans was 30 days.

The effective interest rates on borrowings at 30 June 2007 were:

	2007	2006
Bank overdrafts	7.49%	7.97%
Short term loans	-	7.84%

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

	2007 KSh. '000	2006 KSh. '000
31 NOTES TO THE CASH FLOW STATEMENT		
(a) Reconciliation of profit before tax to cash generated from operations		
Profit before tax	1,185,778	696,489
Adjustments for:		
Depreciation	2,474	2,934
Amortisation of intangible assets	216	40
Amortisation of leasehold land	619	620
Exchange loss on term deposit	11,003	-
(Gain)/loss on disposal of equipment	(7)	58
Provision for diminution in value of unquoted investments	-	9,526
Gain on disposal of quoted investments (note 9)	(540,458)	(259,442)
Gain on disposal of non current assets held for sale (note 9)	(22,492)	-
Share of profits from associated companies	(512,136)	(450,982)
Operating profit/(loss) before working capital changes:	124,997	(757)
Decrease/(increase)/ in treasury bonds	51,539	(9)
Movement in related party balances	(1,727)	93,455
(Increase)/decrease in receivables and prepayments	(123,333)	25,558
Increase in payables and accruals	7,701	5,389
Cash generated from operations	59,177	123,636
(b) Analysis of balances of cash and cash equivalents		
Bank balances	47,196	22,635
Fixed deposits	90,000	-
Overdrafts	-	(64,460)
Short term borrowings	-	(70,000)
	137,196	(111,825)

For the purposes of the cash flow statement, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity at the balance sheet date and borrowings.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

	2007	2006
	KSh. '000	KSh. '000
32 CAPITAL COMMITMENTS		
GROUP & COMPANY		
Authorised but not contracted for	4,150	1,132
Authorised and contracted for	300	1,256

33 RELATED PARTIES

The group transacts with companies related to it by virtue of common shareholding and also by virtue of common directors. Amounts not settled as at balance sheet date are disclosed in note 28.

During the year the following transactions were entered into with the related parties:

	2007	2006
	KSh. '000	KSh. '000
Income received		
Interest charged on loans advanced to related parties	-	4,932
Purchase of goods/services		
Rent and service charge paid	1,115	1,155
Share registration services	2,505	2,209
Insurance paid	2,107	1,266

The remuneration of executive directors and other key management during the period is as follows:

	2007	2006
	KSh. '000	KSh. '000
Salaries and other benefits	26,098	25,401
Fees as directors	-	474
	26,098	25,875

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 30 JUNE 2007

34 OPERATING LEASE ARRANGEMENTS

The group as a lessor

Property rental income earned during the year was Ksh. 17,517,000 (2006 - Ksh. 25,539,000). The group had no future lease receivables as it disposed the group's rental property.

The group as a lessee

At the balance sheet date, the company had outstanding commitments under operating leases, which fall due as follows:

	2007 KSh. '000	2006 KSh. '000
Within one year	4,131	-
In the second to fifth year inclusive	8,678	-
	12,809	-

Operating lease payments represent rentals payable by the group for its office premises. Leases are negotiated for an average term of 5 years. The group's leases were negotiated during the year.

35 COUNTRY OF INCORPORATION

The company is incorporated and domiciled in Kenya under the Companies Act.

36 CURRENCY

The financial statements are presented in Kenya Shillings thousands (KSh'000).

60	Notice of the Annual General Meeting Ilani ya Mkutano Mkuu
61	Historical Performance
62	Financial Highlights
63	Proxy Form Fomu ya Mwakilishi



The concessioning of the Kenya-Uganda Railway to RVR was awarded the African Rail Transport Deal of the Year 2006 award by ProjectFinance.

NOTICE OF THE ANNUAL GENERAL MEETING

ILANI YA MKUTANO MKUU

NOTICE IS HEREBY GIVEN that the 40th Annual General Meeting of the Company will be held on thursday 21st February 2008 at the Safari Park Hotel, Nairobi at 11.00a.m. for the following purposes: -

ORDINARY BUSINESS

1. The Secretary to read the notice convening the meeting.
2. To confirm the minutes of the 39th Annual General Meeting held on Friday, 12th January 2007.
3. To receive and consider the Audited Accounts for the financial year ended 30th June 2007 together with the Directors' and Auditors' report thereon.
4. To declare a First and Final Dividend of Shilling 0.45 per share in respect of the year ended 30th June 2007.
5. To approve the Directors' remuneration for the year ended 30th June 2007.
6. (a) To re-elect Mr. I. O. Awuondo a director retiring by rotation, who being eligible, offers himself for re-election.
(b) To re-elect the Permanent Secretary, Ministry of Trade and Industry, a director retiring by rotation, who being eligible, offers himself for re-election.
7. To note that M/S Deloitte & Touché, Auditors of the company, having expressed their willingness; continue in office in accordance with the provisions of section 159(2) of the Companies Act (Cap 486) and to authorize the Directors to fix their remuneration.

SPECIAL BUSINESS

8. To consider and if thought fit, pass the following resolution as a special resolution:

"That in accordance with Section 20 (1) of the Companies Act, and approval having been obtained from the Registrar of Companies, the name of the company be changed from ICDC Investment Company Limited to Centum Investment Company Limited."

ANY OTHER BUSINESS

9. To transact any other business, which may be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD



David O Owino
Company Secretary / Katibu wa Kampuni
21 December 2007

PLEASE NOTE:

A member entitled to attend and vote at this meeting is entitled to appoint a proxy who need not be a member of the company.

ILANI INATOLEWA KWAMBA Mkutano Mkuu wa 40 wa kila mwaka wa kampuni hii utafanywa siku ya alhamisi, tarehe 21 Februari, 2008 katika Hoteli ya Safari Park, Nairobi saa tano za asubuhi kwa madhumuni ya kutekeleza shughuli zifuatazo:-

SHUGHULI ZA KAWAIDA

1. Katibu kusoma ilani ya mkutano.
2. Kuthibitisha kumbukumbu za mkutano Mkuu wa Mwaka wa 39 uliofanywa siku ya Ijumaa tarehe 12 Januari 2007.
3. Kupokea na kujadili taarifa za fedha zilizokaguliwa za mwaka uliomalizika tarehe 30 Juni, 2007 pamoja na ripoti ya Wakurugenzi na Wakaguzi wa Hesabu.
4. Kuamua malipo ya Mgao wa kwanza na wa mwisho wa Shilingi 0.45 kwa kila hisa wa mwaka uliomalizika tarehe 30 June, 2007.
5. Kuidhinisha malipo ya Wakurugenzi kwa mwaka uliomalizika tarehe 30 Juni, 2007.
6. (a) Kuchagua tena Bw. I. O. Awuondo, mkurugenzi anayestaafu kwa zamu, na kwa vile anaweza kuchaguliwa tena anajitolea kuchaguliwa
(b) Kuchagua tena Katibu wa kudumu wa wizara ya biashara na viwanda anayestaafu kwa zamu, na kwa vile anaweza kuchaguliwa tena anajitolea kuchaguliwa.
7. Kufahamishwa kwamba kwa kuwa Deloitte & Touch wakaguzi wa hesabu, walidhihirisha hiari yao, wataendelea na kazi hiyo kufatia kifungu nambari 159(2) cha sheria za Makampuni (Sehemu ya 486) vilevile; kuidhinisha Wakurugenzi waweke kipimo cha ada ya Wakaguzi wa Hesabu.

SHUGULI MAALUM

8. Kujadili na kama ni sawa, kupitisha azimio lifuatalo kama azimio maalum.

"Kwamba kulingana na kifungu cha 20(1) cha kanuni za kampuni, na baada ya idhini kutolewa na Msajili wa Makampuni, jina la Kampuni libadilishwe liwe Centum Investment Company Limited badala ya ICDC Investment Company Limited."

SHUGULI ZINGINE

9. Kutekeleza shughuli zingine zozote ambazo zaweza kutekelezwa kwenye Mkutano Mkuu wa kila Mwaka.

KWA AMRI YA HALMASHAURI

KUMBUSHO:

Mwanachama anayestahili kuhudhuria na kupiga kura kwenye mkutano mkuu ana haki ya kumteua wakilishi kuhudhuria na kupiga kura kwa niaba yake. Mwakilishi huyo si lazima awe mwanachama wa kampuni hii.

HISTORICAL PERFORMANCE

GROUP INCOME STATEMENTS

KSh. '000	2007	2006	2005	2004	2003	2002	2001	2000	1999
Investment income	804,888	403,742	239,786	354,570	221,028	153,975	124,375	178,650	173,541
Finance costs	(41,641)	(29,502)	(21,241)	(6,281)	(8,172)	(10,263)	(12,269)	-	(6,906)
Administration and other Operating Costs	(89,605)	(119,207)	(80,165)	(80,303)	(80,434)	(64,478)	(73,398)	(41,387)	(25,424)
Share of profits In Associated companies	512,136	450,982	245,145	71,527	70,526	228,291	188,452	205,367	215,572
PROFIT BEFORE TAXATION	1,185,778	696,489	373,999	348,451	202,948	307,525	227,160	321,767	356,783
TAXATION	(70,718)	(89,981)	(78,765)	(107,101)	(43,799)	(60,089)	(72,826)	(94,620)	(84,801)
PROFIT AFTER TAX	1,115,060	606,508	295,234	241,350	159,149	247,436	154,334	227,147	271,982
EARNINGS PER SHARE (Kshs.) Basic	2.03	11.03	5.37	4.39	2.89	4.85	3.35	4.93	7.67
Diluted	2.03	1.10	0.54	0.44	0.29	0.48	0.34	0.49	0.77
Dividend per share (Kshs.)	0.45	0.40	0.30	0.30	0.22	0.22	0.20	0.30	0.25
Weighted average no. of shares	549,950	549,950	549,950	549,950	549,950	510,180	460,310	460,310	354,640
Issued and fully paid up shares	549,950	549,950	549,950	549,950	549,950	549,950	460,310	383,640	376,780

SUMMARY GROUP BALANCE SHEETS

KSh. '000	2007	2006	2005	2004	2003	2002	2001	2000	1999
ASSETS									
Non current assets									
Investment properties	-	-	250,000	250,000	239,356	159,975	325,000	380,000	380,000
Unquoted investments	4,811,099	3,494,554	3,078,781	1,907,259	1,637,011	1,491,011	1,466,149	1,311,861	1,257,246
Quoted investments	2,958,825	2,532,281	1,442,340	796,910	792,462	477,635	502,621	376,602	604,179
Fixed Income Securities	-	51,539	51,530	129,982	151,713	131,688	4,500	11,634	53,423
Term Deposit	148,213	-	-	-	-	-	-	-	-
Other Non current Assets	144,331	45,936	53,988	55,771	47,296	58,496	8,362	8,212	-
	8,062,468	6,124,310	4,876,639	3,139,922	2,867,838	2,318,805	2,306,632	2,088,309	2,294,848
Current assets									
Receivables and prepayments	148,923	282,339	143,056	24,131	52,732	80,403	54,386	92,451	118,734
Cash and cash equivalents	210,265	22,635	13,251	90,123	906	15,572	26,705	23,093	44,776
Total assets	8,421,656	6,429,284	5,032,946	3,254,176	2,921,476	2,414,780	2,387,723	2,203,853	2,458,358
EQUITY AND LIABILITIES									
Capital and reserves									
Share capital	274,976	274,976	274,976	274,976	274,976	274,976	230,156	191,820	188,389
Share premium & Reserves	8,073,454	5,913,522	4,416,974	2,721,562	2,427,574	2,028,155	1,919,648	1,879,069	2,132,927
	8,348,430	6,188,498	4,691,950	2,996,538	2,702,550	2,303,131	2,149,804	2,070,889	2,321,316
Non current liabilities	-	48,604	182,198	60,496	56,926	37,791	69,901	84,268	86,344
Current liabilities	73,226	192,182	158,798	197,142	162,000	73,858	168,018	48,696	50,698
Total equity and liabilities	8,421,656	6,429,284	5,032,946	3,254,176	2,921,476	2,414,780	2,387,723	2,203,853	2,458,358

Key Performance Ratios

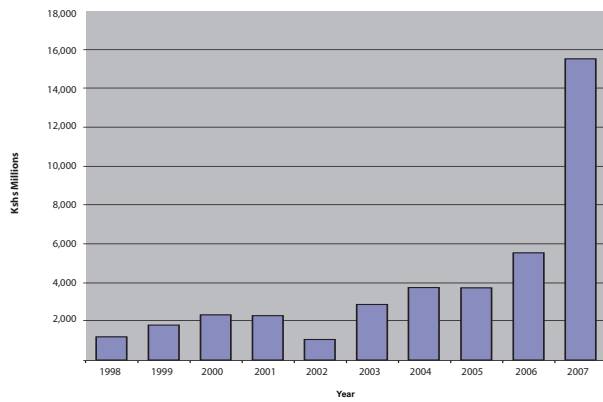
	2007	2006	2005	2004	2003	2002	2001	2000	1999
Return on assets	13%	9%	6%	7%	5%	10%	6%	10%	11%
Return on equity	13%	10%	6%	8%	6%	11%	7%	11%	12%
Cost-to-income ratio	16%	37%	42%	24%	40%	49%	69%	23%	19%
Basic earning power ratio	14%	11%	7%	11%	7%	13%	10%	15%	15%
Current ratio	4.91	1.86	1.13	0.58	0.33	1.30	0.48	2.37	3.23

Investor Performance Ratios

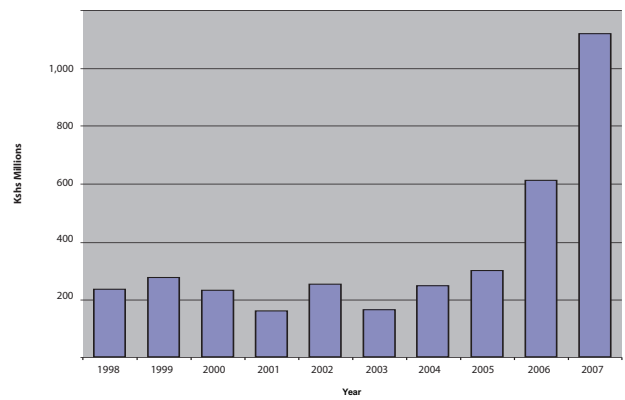
Market price as at 30th June (Kshs)	28.00	9.95	6.65	6.70	5.10	1.90	4.78	4.95	4.80
Market capitalisation (Kshs 000)	15,398,600	5,472,003	3,657,168	3,684,665	2,804,745	969,342	2,197,980	2,278,535	1,702,272
Net asset value per share (Kshs)	15.18	11.25	8.53	5.45	4.91	4.51	4.67	4.50	6.55
Price to book ratio	1.84	0.88	0.78	1.23	1.04	0.42	1.02	1.10	0.73
Market Value Added (Kshs)	12.82	(13.03)	(18.82)	12.51	1.86	(26.14)	1.05	4.51	(17.46)
Earnings per share (Kshs)	2.03	1.10	0.54	0.44	0.29	0.48	0.34	0.49	0.77
P/E ratio	13.81	9.02	12.39	15.27	17.62	3.92	14.24	10.03	6.26
Dividend per share (Kshs)	0.45	0.40	0.30	0.30	0.22	0.22	0.20	0.30	0.25
Dividend yield -%	2%	4%	5%	4%	4%	12%	4%	6%	5%

FINANCIAL HIGHLIGHTS

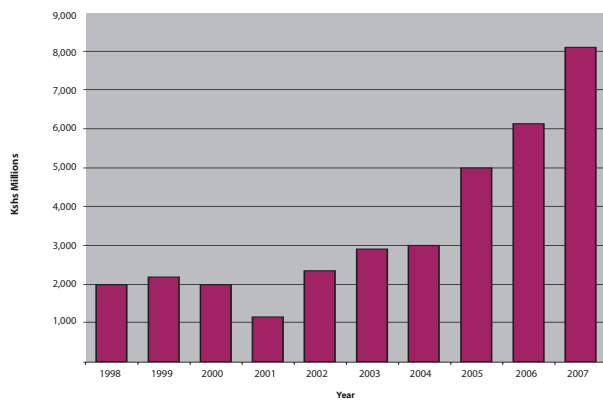
Market Capitalization



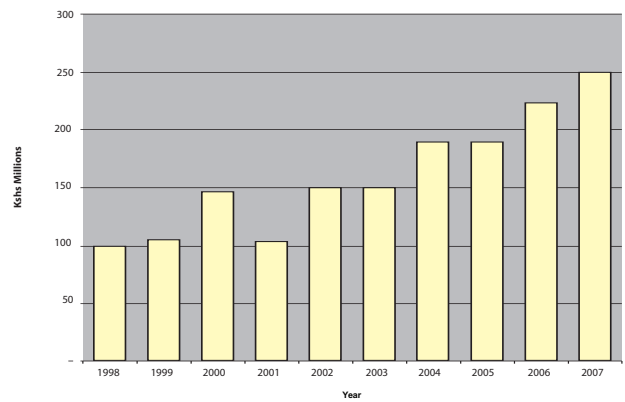
Profits After Tax



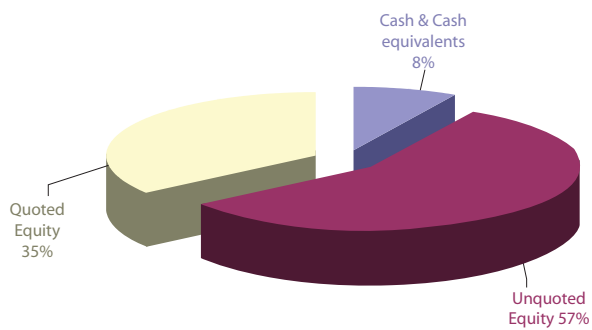
Shareholders Funds



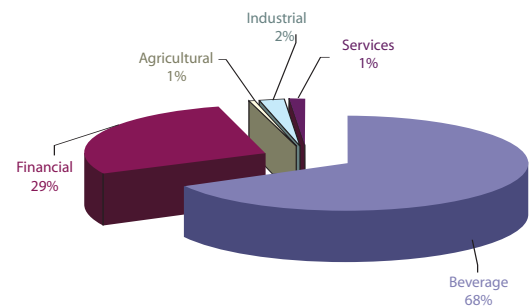
Dividend Payout



Portfolio Asset Allocation 30 June 2007



Equity Sectoral Allocation 30 June 2007



PROXY FORM FOMU YA MWAKILISHI

I/We.....

of.....

being member(s) of ICDC Investment Company Limited, hereby appoint.....

of.....

or failing him/her the duly appointed Chairman of the meeting to be my/our proxy, to vote for me/us and on my/our behalf at the 40th Annual General Meeting of the Company, to be held on Thursday, February 21, 2008 at 11:00am at Safari Park Hotel or at any adjournment thereof.

As witness I/We lay my/our hand(s) this.....day of.....2008

Signature.....

Notes:

1. This proxy form is to be delivered to the Secretary's office not later than 11:00 a.m. on **Wednesday, February 20, 2008**.
2. In the case of a Corporation the proxy must be under the Common Seal or under the hand of an Officer or Attorney duly authorized.

Mimi/Sisi.....

wa.....

nikiwa mwanachama/wanachama wa Kampuni ya ICDC Investment Company Limited,

namteua/tunamteua.....

wa.....

na akikosekana, namteua Mwenyekiti wa mkutano kuwa mwakilishi/wawakilishi wangu, kupiga kura kwa niaba yangu/yetu, katika mkutano mkuu wa 40 wa Kila Mwaka, ambao utafanyika Alhamisi, Februari 21, 2008, saa tano asubuhi (11:00am) katika Hoteli ya Safari Park au katika tarehe yoyote, endapo utaahirishwa.

Kama ilivyoshuhudiwa natia/tunatia sahihi yangu/yetu siku hii ya.....mwezi.....2008

Sahihi.....

Kumbuka:

1. Hii fomu ya mwakilishi inapaswa kufikishwa katika afisi ya Katibu mapema, kabla ya saa tano asubuhi (11:00am), **Jumatano, Februari 20, 2008**.
2. Ikiwa shirika linawakilishwa, fomu ya uwakilishi haina budi kupigwa muhuri rasmi wa shirika au iwe na sahihi rasmi ya Afisa au Wakili aliyeidhinishwa.

19



20