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Group Information

BOARD OF DIRECTORS	Dr. Chris W. Obura - ***Chairman*** Hector Diniz Pinhas Moskovich * Kajal Thakker Davinder Singh Devgun ** Israeli*
CHIEF EXECUTIVE OFFICER	Hector Diniz
REGISTERED OFFICE	Airport Trade Centre Freight Road P O Box 40433 - 00100, Nairobi
PRINCIPAL PLACE OF BUSINESS	Express House Road A, Off Enterprise Road, Industrial Area P O Box 40436 - 00100, Nairobi Telephone: +254 20 300 2371-5 Cellphone: +254 722 204 102-3 Website: www.expresskenya.com
INDEPENDENT AUDITOR	PKF Kenya Certified Public Accountants P O Box 14077 - 00800, Nairobi
COMPANY SECRETARY	Equatorial Secretaries and Registrars Certified Public Secretaries P O Box 47323 – 00100, Nairobi
PRINCIPAL BANKERS	Diamond Trust Bank Kenya Limited, Nairobi
LEGAL ADVISOR	MMA Advocates, Nairobi
SHARE REGISTRAR	Custody and Registrars Services Limited Nairobi
SUBSIDIARIES	Express Mombasa Limited Container Services Limited Airporter Limited

Notice of Annual General Meeting

FOR THE YEAR ENDED DECEMBER 31, 2015

NOTICE IS HEREBY GIVEN that the Forty-Fifth Annual General Meeting of the Company will be held at Eka Hotel, along Mombasa Road, Nairobi on Thursday, 27 October 2016 at 11.00 a.m. to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To read the notice convening the meeting, table the proxies and to note the presence of a quorum.
2. To confirm the minutes of the Forty-Fourth Annual General Meeting of the Company held on 4 December 2015.
3. To receive, consider and adopt the Audited Financial Statements for the year ended 31 December 2015 together with the Chairman's Statement and the reports of the directors and Auditors thereon.
4. To note that the directors do not recommend payment of a dividend (2014: Nil) for the financial year ended 31 December 2015.
5. To approve the directors' remuneration as provided in the Audited Financial Statements for the year ended 31 December 2015.
6. To re-elect a director:-

a) In accordance with Article 113 of the Company's Articles of Association, Kajal Thakker retires by rotation and, being eligible, offers herself for re-election.

7. To note that PKF Kenya continue in office as Auditors to the Company by virtue of Section 717(1) of the Companies Act, 2015 and to authorise the directors to fix their remuneration for the ensuing financial year.

SPECIAL BUSINESS

8. To consider and, if thought fit, to pass the following Special Resolutions as recommended by the Directors:

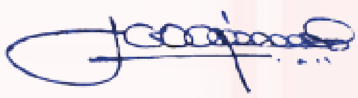
a) "That subject to obtaining the relevant regulatory approvals, the sum of Shs 60,000,000/- being the amount owed by the Company to related companies, Airport Trade Centre Limited (Kshs 42,000,000/-) and Diniz Holdings Limited (Kshs 18,000,000/-) being part of the loan balance standing in the loan account as at 31 December 2015 be and is hereby capitalised".

b) "That subject to the relevant regulatory approvals being obtained, the directors be and are hereby generally and unconditionally authorised to allot at par value 8,400,000 and 3,600,000 Ordinary shares of Shs 5/- each to Airport Trade Centre Limited and Diniz Holdings Limited respectively".

c) "That subject to approval by the shareholders, to dispose of the Company's land to partly finance the Company's project and to clear the outstanding loans which will improve the Company's working capital".

9. Any other business of which due notice has been received.

BY ORDER OF THE BOARD



Equatorial Secretaries and Registrars
Company Secretaries

Dated: **30th September 2016**

Note: A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote on his or her behalf. A proxy need not be a member. To be valid, a form of proxy which is attached to this notice must be duly completed and signed by the member and must either be lodged at the Registered office of the Company, Express House, Road A, off Enterprise Road, P O Box 40433-00100, Nairobi or with the Company Secretaries, Equatorial Secretaries and Registrars, Kalamu House, Grevillea Grove P O Box 47323, 00100-Nairobi, so as to reach not later than 11.00 a.m. on Tuesday, 25 October 2016.

Chairman's Statement

I am very pleased and honored to welcome you to the companys' 45th Annual General Meeting; a meeting that we all know is of utmost importance in the company's calendar. This meeting provides the opportunity for you to re-elect your directors, to reflect on the company's performance in the past year and to discuss our strategy going forward. Throughout the year we have welcomed shareholder comments and feedback, and today is a further opportunity for us to listen to your observations and respond to your questions.

In line with the above, I can confirm that last year was a notable year, both in terms of pace of activity and the progress we have made in becoming one of the pioneer publicly listed companies to venture into real estate on a massive scale. It has clearly been a transformational year for the group with the launch of a new business segment to supplement what the company already trades in, which gives us a considerably stronger underpinning. Of course it is important to generate a reasonable profit but the company could fail our members if our only measure of performance was profit. Several relevant member indicators are preferential customer pricing, diversification in product offering and better service.

Our Chief Executive Officer, Mr. Hector Diniz has advanced the Group under his leadership over a relatively short period of time and this has been impressive. During this time he has assembled a management team that is not only able to deliver good business performance, but who have a considerable potential for the future, some of whom have the potential to lead this company in times to come. Under his leadership Express Kenya Limited now has a clear purpose with strong momentum. It embraces new values around our people, our customers, our shareholders and the communities where we do business. And the company has a clear vision and strategy for the future.

There are calls for those within the transport and logistics sector to embrace innovation as the trains will ferry between 40% - 50% of port-bound cargo, reducing road damage, pollution and accidents. Players in road transport are getting increasingly jittery about their future, however, and with good reason. The Standard Gauge Railway will render thousands jobless and waste millions of shillings in investments, as the train replaces the bus and truck. Truck operators have dominated cargo ferrying from Mombasa to various inland destinations, with rail volumes dropping

As a responsible business we also strive to be a force for good across the markets in which we operate.

from about 70% in the 1970s and 80s, to a paltry 5% today. The full impact of Standard Gauge Railway will be felt when the line is extended to Kisumu and Malaba. This will definitely hurt business for operators who distribute cargo across the region considering the trains safety, cost efficiency and timeliness.

Nevertheless, there is still hope for the industry as the railway comes with its own unique set of problems, more so, those of moving the cargo severally – from the port to the Inland Container Depot and finally to its final destination. With the government already embarking on expanding the Mombasa-Nairobi road into a six lane super highway within the next two years, the transport bottlenecks and delays that have been occasioned will soon be a thing of the past. The narrow highway has sometimes suffered painful gridlocks lasting for days and deadly accidents, mainly from head-on collisions. The road will begin with a 12- lane highway on Mombasa Island before narrowing to a six-lane highway to Nairobi. The 485-kilometre highway is part of the Great North Road that moves more than 50 per cent of all goods traded in East Africa. More than 90 per cent of all goods landing at the Mombasa port are currently ferried by road, underlining the build-up of pressure on it as traffic volumes continue to grow.

LOOKING AHEAD

Now while the company's organic growth and return prospects present a compelling proposition, the setting up and breaking ground of the real estate division enabled us to consolidate our position in the country, and offers greater dividend capacity and balance sheet strength than otherwise would have been possible. It also expands our business interests into the corporate sector besides an infinite number of other sectors. As with the previous year we've seen considerable challenge and change for our people which they've embraced well and have managed professionally. Admirably led by the C.E.O., we are building a high performance and enlightened culture across the Group, and this is demonstrating tangible progress in making Express Kenya a place of opportunity and a great place to work.

As a responsible business we also strive to be a force for good across the markets in which we operate. We provide access to a range of transport and logistics products tailored to the needs of specialized income groups, and through the shareholders we work to integrate environmental, social and corporate governance issues into our investment decisions and analysis in order to create long term value. Of course no journey is ever complete, however, what I do know is that the foundation that we've built on has ability to deliver results, and the potential of this company are tremendous assets for the future.

In the last 15 years, the real estate sector has emerged as the sector of choice for any investor looking for both short and long term financial gains. The city government's rezoning of some areas in Nairobi saw rows upon rows of apartment's spring up overnight in areas where stand alone houses reigned supreme. Lavington, Kileleshwa and Kilimani took the lion's share in the new apartment boom. But then came the unsustainable land prices totally unprecedented in any African country south of the Sahara and north of the Limpopo. The ever shifting sands that is the real estate sector in Kenya has made some people wonder if the segment is as resilient as it is touted to be. Some investors, who would have looked for a bargain in land prices, have opted to buy complete units, rent them out in the short term and hope for a good sell in the future.

The government talks of a total demand of about 200,000 units annually, with only 50,000 being produced a year. In reality, the 50,000 houses include houses that are being built by self owners who tend to do so slowly and over a long period of time. Despite the growing number of developers, it is surprising to note that they are not doing more than 10,000 units a year. Very few developers can build anything close to 500 units per year. It is not easy. Neighboring countries like Ethiopia are doing projects of even 25,000 houses. Nobody here is doing anything close to that. Not even the National Housing Corporation. There is a misconception that it is an easy industry. It is a tough business and for you to make profit, you must produce efficiently and on time. There is correction that is happening, which stems more from speculator-developers who are going for a quick deal.

The search for secure neighborhoods, with adequate amenities, influenced the price movement dynamics during the quarter. Thus, houses in gated communities – often highly priced given the superior ambience associated with controlled development - security, privacy and scenic value – were key influencers of the overall price movements. Similarly, proximity to social amenities such as shopping malls, tarmacked roads, schools, hospitals and the presence of a parking lot, among others, significantly contributed to price rise in the quarter. The taste consistency is confirmed by comparing the estimates of the hedonic function in Quarter 2 of 2016 and the estimates of Quarter 1 of 2016 and Quarter 4 of 2015.

The notice of Annual General Meeting, which sets out the formal resolutions to be put to shareholders, was made available on the Daily Nation and Standard newspapers as per norm and can also be accessed or on the company's website, www.expresskenya.com. You will also find a copy of the resolutions in your copy of the Annual Report & Financial Statements booklet which you were given either by visiting Custody and Registrars, the Nairobi Securities Exchange or at the registration area.

APPRECIATION

We thank our shareholders for their continued support, our home buyers for their confidence in us, and our employees for their determination, diligence, and commitment. To our continuing transport and logistics clients, I can only say Asante Sana!

Dr. Chris W. Obura
CHAIRMAN

Chief Executive Officer's Statement

Dear shareholders, associates and members

I am delighted to present this year book which highlights the peaks of the yesteryears activities. Indeed, 2015 has proven to be the year where the long drawn impacts of the changes I have described in the past, has spread more broadly across the logistics industry. Many businesses are now experiencing the realities that we have recognized and have been addressing for years. To highlight a few, is the entry of multinational players, into the East African market, which mainly embark on cherry picking the heavy lifting, while the small parcels and letters are relegated to the local companies. If, I may digress, the latter, which were the norm a mere 50 years ago, have been replaced by emails, skype and phone calls. It thus goes to say that our local transport companies are under immense pressure to perform amid international competition and declining market share. The packaging and removals sector is also bearing a blunt edge as international relocations barely happen in today's world where people work from home via fast, broad-based 4G internet connections. Warehouses and container freight terminals, particularly those in Mombasa, will soon be rendered a thing of the past as more international firms open their own go-downs due to the rapidly growing economy and the fast rate of infrastructural development taking place further inland.

Companies are creating new business models or adapting old ones to adjust to fundamental shifts in technology, competitive landscapes, government policies and regulations, or macro trends to help serve their customers in new ways. While few people may have heard of Uber five years ago, now it has become a household name. It

has reportedly garnered over $10 billion in capital since it commenced operations and has progressively attained higher valuations, in some cases exceeding $50 billion. At the same time, it was recently reported that Uber is losing over $1 billion a year in China alone. In an environment where new companies like Uber can raise almost unlimited capital, what are the implications for older companies that are held to a very different standard when it comes to profitability and regulation?

Much in line with our core business, the authorities in place have issued statements confirming that already 440 kilometers of the standard gauge railway have been laid, translating to an over 90% completion rate. Test runs will begin in March next year, with commercial operations set for June when the first train is set snake its way from the Port of Mombasa to Nairobi. One train will pull 200 containers between the Mombasa port and the Inland Container Depot (ICD) in Nairobi. It is expected that four trains will haul containers daily, making the trip between the port and the capital in a record eight hours. Two passenger trains will move an estimated 1,000 people a day in just four and half hours. This will serve to remove

We will continue to take strong, difficult but necessary actions to reduce losses. We will have to think, work and move harder and faster.

over 800 trucks that shuttle goods to and from Mombasa a day, in addition to numerous long distance couches, a deal which though positive for the country, will be a major blow to the transport sector, more so, to the small hauliers who do not have the added benefit of the economies of scale.

MOVING FORWARD

To begin with, the approach to our transformation has been consistent, even though it is not without its risks. And, as we can all attest, transformation requires retooling of internal processes and expectations, as well as re-branding external expectations and capabilities, it is necessary and we are doing it. With this in mind the company initiated a new division 3 years ago with the aim of utilizing its resources to yield the highest return and in the year, the company completed a significant step in the redeployment of its land to real estate and broke ground.

The event was well attended by dominant players within the industry as well as different stakeholders.

Though the company has managed to kick-start the project, the process has not been an easy one. There have been twists and turns which have led to massive delays in implementation as well as a delay in the turnaround time for the companys cash-flow. This however is a position not unique to Express Kenya, but rather, is widespread across the entire real estate industry. Both big and small players are continuously bombarded by unforeseen distractions that force those which are not resilient to pack and go and from a real estate standpoint; they too, are significantly reducing the size and number of apartments and housing schemes.

Overall, as we look at our performance, it's clear that we need to accelerate our efforts. We are not going to continue to operate 'business as usual' with negative EBITDA, and we are not going to let operating losses erode the asset value of the company. We will continue to take strong, difficult but necessary actions to reduce losses. We will have to think, work and move harder and faster. This won't be easy, but the pace of change in the world we're working in is constantly increasing.

Shareholders are facing unprecedented uncertainty regarding the value of the Express Kenya Share, but I would like to assure them all that this is across the board. Many of the listed companies are having depressed stock values, and we can all attest to those we have seen experience significant swings in value during the past year - even from companies that others have long admired for their relative competitive advantage as is the case with bank stocks since the introduction of the Interest Rates Cap.

Our first priority is to reduce operational losses and our second is to ensure that our strategy of raising non-recourse debt from our assets is executed. This strategy will be employed on an accelerated basis to ensure maximum financial flexibility as opportunities from growth in the construction of the real estate sectors continue to present themselves. Thirdly, and most importantly, is the fact that we shall continue to monitor and minimize the overall costs to ensure that the companys profitability is enhanced.

Nevertheless, we have to appreciate the fact that as a result of the companys' longstanding history and cultural impact, we are targeted for criticism when our results are poor. But it is unfair to evaluate our approach through the rear view mirror without acknowledging the changing circumstances in our industry as well as our bold attempts to change the way we do business to meet this changing reality.

We have been tenacious and resilient, and we will continue to adjust and adapt with the goal of becoming a company fit to serve our members in the 21st century and to compete effectively against traditional and new competitors alike albeit in the diversified Real Estate Industry.

APPRECIATION

I want to take this opportunity to reassure every shareholder present that Express Kenya Limited will continue to deliver great results. This is in part due to my confidence in my staff, which despite the long hours they have to put in, have continued to propel the company to greater heights with each passing year, totally disregarding the adversity that may at times beset them in the performance of their duties. I also thank our clients for their commitment to this organization and for continuing to give us the opportunity to serve them.

In addition, I thank and congratulate my senior executive team for its leadership and high quality efforts over the financial year. This is in addition to thanking our Chairman, Dr. Chris Obura, for his leadership, his calm but experienced style and the immense time and effort that he invests in the support of the company. I am grateful all our Directors as well, for their professional stewardship and sustained support throughout the year.

Finally, I extend a warm thank you to all our business partners and say that it always good to be associated with you. We really appreciate the mutual relationship we have cultivated and look forward to many more years of co-operation.

Hector Diniz
CHIEF EXECUTIVE OFFICER

Corporate Governance

FOR THE YEAR ENDED DECEMBER 31, 2015

Kenya has one of the most vibrant capital markets in Africa and that the financial sector in its entirety is in the limelight is no secret. With the sector being nurtured as one of the key drivers of the economy, authorities are keen to ensure it has adequate regulations that will give confidence to investors. From placement of a few banks under receivership, improper dealings by companies dealing with the government and money laundering allegations. Regulators have not been left behind in trying to sanitize the financial sector generally and this is tough though laudable.

So on the 16th of March 2016, the Capital Markets Authority issued the Code of Corporate Governance Practices for Issuers of Securities to the public, 2015, for application by both listed and unlisted companies in Kenya. This was under gazette Notice Number 1420 and referenced Cap. 485A - The Capital Markets Act, as more proposals were made to strengthen the vetting process for chief executives, chief finance officers and directors who serve in the audit committees of publicly-listed companies. Once enacted, the Code of Corporate Governance superseded the Corporate Governance Guidelines issued in 2002. There are a number of changes that every company in Kenya was now expected to follow, as long as it has issued shares. This in essence implies that every company, whether private or public was now under the new law. The Code set out the principles and specific recommendations on structures and processes, which companies were to adopt in making good corporate governance an integral part of their business dealings and culture.

Hot on the heels of the Corporate Governance Act is the Anti-Money Laundering Act. Guidelines on Prevention of Money Laundering and Terrorism Financing in the Capital Markets came into effect vide Gazette notice Number 1421 in March 2016. They were issued by the Capital Markets Authority pursuant to powers vested in the Authority in Section 12A (1) of the Capital Markets Act. The Guidelines are drafted in the context of the Proceeds of Crime and Anti Money Laundering Act, 2009, and the recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering and the Combating financing of terrorism. The Guidelines lay out very detailed and extensive obligations for the boards of directors of all the licensed and approved persons relating to setting up Anti-Money Laundering (AML) compliance frameworks within their institutions, Know Your Customer (KYC) processes and procedures as well as requiring the institutionalization of the risk based approach to AML.

Gala dinner in recognition of long serving members of staff

In the Capital markets sector, attempts have been made to curb money laundering and financing of terrorism in Kenya. This is after realization that Money laundered into the country is 'refined' or 'cleaned' by investment and transfers in form of securities in the capital markets. These have taken the form of enactment of laws, regulations, and guidelines.

These guidelines in part seek to ensure that officers of listed companies are vetted to ensure their past records are clean so that if any was associated with a securities firm that was engaged in these vices, the CMA may deny that company a license to operate in the capital markets or may decline to renew their license. It is noteworthy that, in order to achieve ownership of the AML regime, the Guidelines have vested the ultimate compliance responsibility, not on the firm itself, nor to its management but upon the board of directors. This position is reiterated in the Code of Governance practices for issuers of securities to the public, 2015. Failure to comply with the obligations set out in the Guidelines will result in liability under the Capital Markets Act and its Regulations, as well as under the Proceeds of Crime and Anti Money Laundering Act, 2009.

The purpose of the Corporate Governance Code is to provide the minimum standards required from shareholders, directors, chief executive officers and management of a listed company or an unlisted company that issues securities to the public so as to promote high standards of conduct as well as ensure that they exercise their duties and responsibilities with clarity, assurance and effectiveness. The Code comprises seven chapters titled: Introduction, Board Operations and Control, Rights of Shareholders, Stakeholder Relations, Ethics and Social Responsibility, Accountability, Risk Management and Internal Controls, and lastly, Transparency and Disclosures. The Capital Markets Corporate Governance Steering Committee, which was responsible for the development of this Code, broadly reviewed corporate governance standards from all over the world all the while taking into account the special circumstances in Kenya to ensure this Code was highly localized and contextualized. Issuers are encouraged to implement the Code immediately but not later than one year after its publication in the Gazette. Where an issuer does not implement this Code one year after it has been published, the issuer shall disclose to the Capital Markets Authority the reasons for non-application, and clearly indicate the time frame required and the strategies to be put in place towards full application and at the end of every year, the board shall disclose in its annual report a statement of policy on good governance and the status of application of this Code.

Of note, is the provision that Board members owe their duty to the company and not to the nominating authority. In addition, the Code now requires that the remuneration of executive directors be not only structured in line with the remuneration for other directors in the same industry but also be tied to corporate performance. CEO's will now be on the spot as they will have a personal interest in ensuring that they improve the performance of the companies they head in a bid to justify and/or maintain their salaries.

This Code advocates for the adoption of standards that go beyond the minimum prescribed by legislation. The Code has moved away from the "Comply or Explain" approach to "Apply or Explain". This approach is principle-based rather than rule-based, and recognizes that a satisfactory explanation for any non-compliance will be acceptable in certain circumstances. The approach thus requires boards to fully disclose any non-compliance with the Code to relevant stakeholders including the Capital Markets Authority with a firm commitment to move towards full compliance.

However, there are mandatory provisions which are the minimum standards that issuers must now implement, and these are replicated in the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002. Where Mandatory provisions are imposed by this Code, it is stated that companies shall comply with the particular requirement. Reprieve is however offered to issuers of restricted offers of securities to sophisticated, institutional or professional investors who are exempted from strict compliance with the mandatory provisions and may adopt them as a matter of best practice.

The single most important institution in corporate governance is the Board of directors. Effective corporate governance requires a Board composed of qualified and competent members capable of exercising objective and independent judgment, and focused on guiding strategy development and monitoring management. A proper understanding of the role and responsibilities of the Board must be shared not only by members of the Board, but also by company executives and external stakeholders, to ensure that the Board has appropriate autonomy, authority, and accountability in exercising its functions and that it can be held accountable by stakeholders.
Throughout the years, Express Kenya Limited has strived to maintain a lean and effective board that adheres to the set framework and code of ethics as set out by the authority.

BOARD OPERATIONS AND CONTROL

The companys Board comprises a balance of executive and non-executive directors, with a majority of non-executive directors. Independent non-executive directors are at least one third of the total number of Board members. The companys board is also of a sufficient number, which enables the requirements of the company's business to be met. The size of the Board is not too large to undermine an interactive discussion during board meetings or too small such that the inclusion of wider expertise and skills to improve the effectiveness of the Board and the formation of its committees is compromised.

In the new Corporate Governance code, the boards directors are barred from holding similar positions in more than three publicly listed companies at a time. This is a shift from the previous position where a director was precluded from holding such a position in more than five (5) listed companies at any one time. This is to ensure effective participation by such directors in the Board. This has been reduced by one. Similarly, a chairperson of a public listed company is precluded from holding such a position in more than two public listed companies at any one time. Again, the significance of this, is to enable the individual occupants of the aforementioned offices devote sufficient time to the various boards they sit on. It is noteworthy that any executive director of a listed company shall now be restricted to one other directorship of another listed company. This requirement ought to be read in tandem with the provisions of the Companies Act, 2015 on directorships.

Another important highlight is the fact that the Code distinguishes the functions of the Chairperson and the Chief Executive Officer of a Company. The implication of this is that the functions of the Chairperson and those of the Chief Executive Officer cannot be exercised by the same individual; this is a mandatory requirement. Additionally, the boards of companies issuing any securities to members of the public will now be required to conduct a performance appraisal of all its board members, including the Chief Executive Officer and the Company Secretary. This is shift from the previous position where the board was only tasked with reporting requirements on the activities of the board in a given financial year.

The companys' board directors also do not have any alternate directors (nominated by the substantive director but subject to vetting by the nominations committee) in the company thus runs no risk of multiple directorship. Terms of office of the board members are also organized in such a manner that they end at different times. This ensures retention of institutional memory and makes it easier to induct new Board members. At no single time does a number greater that one third of the board members retire at the same time.

STRUCTURE OF THE BOARD

The companys board is also constituted to ensure effectiveness and value addition to the Company. The companys board and its committees have the appropriate balance of skills, experience, independence and knowledge of the company and its business, to enable them discharge their respective duties and responsibilities effectively. An effective Board is one that facilitates the effective discharge of the duties imposed by law and adds value in a way that is appropriate to the company's circumstances.

The Board is structured in such a way that it:

- has a proper understanding of, and competence to deal with, the current and emerging issues of the business;
- exercises independent judgment
- encourages enhanced performance of the Company
- can effectively review and challenge the performance of Management.

Already, the Express Kenya board has established relevant committees with written terms of reference, which set out their authority and duties. The Board has established committees to cover broad functions of the company such as: audit, Board nominations, risk management, remuneration, finance, investment and governance.

Though the law only requires a company to have the audit committee and the nominations committee, the company has gone a step further and over the years, established four different committees. These committees include the Management Advisory Committee (MAC), the Audit Committee, the Remunerations Committee as well as the Nominations Committee. These committees are appropriately constituted with members who have the necessary skills and expertise to handle the responsibilities allocated to them. Where some skills are not available in a particular committee, the Board has, from time to time, co-opted independent and external professionals to that committee. The Board however, reviews the mandate of the committees periodically to ensure that they remain relevant. The Board also ensures that each Board committee has its own Charter as well as a chairperson to head it.

THE NOMINATIONS COMMITTEE

The nomination committee is headed by an independent director and consists mainly of independent and non-executive Board members with the responsibility of proposing new nominees for appointment to the Board and for assessing the performance and effectiveness of the directors of the Company. The nomination committee, on an annual basis, reviews the required skills mix and expertise that the executive directors as well as independent and non-executive directors bring to the Board and make disclosure of the same in its annual report.

The nomination committee considers only persons of caliber, credibility and who have the necessary skills and expertise to exercise independent judgment on issues that are necessary to promote the company's objectives and performance in its area of business. This year, the nomination committee noted that Mrs. Kajal Thakker retires by nomination and being eligible, the board has proposed her nomination to the board. This of course is subject to the shareholders re-election of her bid. She brings with her innumerable years of expertise, more-so in the field of Finance, having held the financial dockets of several companies over the years.

THE AUDIT COMMITTEE

The Board has established an audit committee of at least three independent and non-executive directors. The chairperson of the audit committee is Mr. Pinhas Moskovich, who is an independent and non-executive director. At least one of the committee members holds a professional qualification in audit or accounting and is in good standing with his or her respective professional body. The important attributes of the current committee members include:

- broad business knowledge relevant to the company's business
- keen awareness of the interests of the investing public and familiarity with basic accounting principles
- objectivity in carrying out their mandate without any conflict of interest

An Audit Plan is prepared each year, following consultation with the Board, senior management and input from the Chair of Internal Audit. The Chairman of the Board approves the Plan and ensures that steps are taken concerning shortcomings and implementing the proposed actions that emerge from internal and external auditing. Whereas listed companies were previously required to have periodic legal and compliance audits, the Code now requires such companies to have annual governance audits in addition to the legal and compliance audits. The purpose of this is to ascertain that the company is operating on sound governance practices.

It is noteworthy that the reporting requirements of listed companies have been enhanced to include an element of independent reporting. This is captured from the chapters of the Code touching on Accountability, Risk Management and Transparency and Disclosure Requirements, which generally require the boards of such companies to rotate independent auditors every six to nine years. No listed company will be in a position to retain the services of an audit firm indefinitely. The significance of this is that it ensures the integrity of any data or audit reports issued. This is also in line with the International Financial Reporting Standards.

MANAGEMENT ADVISORY COMMITTEE (MAC)

The Management Advisory Committee, consisting of the Board and all Heads of Divisions, meets at least once a month to monitor performance across the organization. The committee reviews existing programs and priorities to ensure that they remain responsive to emerging and proposed developments, deals with business issues which have cross-divisional impacts and plays a key role in managing corporate risk.

REMUNERATIONS COMMITTEE

The Board of directors has set up an independent remuneration committee consisting mainly of independent and non-executive directors, to recommend to the Board the remuneration of the executive and non-executive directors and the structure of their compensation package. The directors' remuneration is sufficient to attract and retain directors to run the company effectively and has been over the years approved by shareholders in the Annual General Meeting.

The executive directors' remuneration is structured in line with remuneration for other directors in the same industry and is aligned with the business strategy and long-term objectives of the company. It also includes an element that is linked to corporate performance, including a share option scheme, so as to ensure the maximization of the shareholders' value.

The remuneration of non-executive directors is competitive and in line with remuneration for other non-executive directors in our industry. The remuneration package to directors is appropriately disclosed.

COMPARATIVE EXPERIENCES

In most countries the Regulator merely encourages the capital market intermediary to exercise high level diligence in hiring their officers and directors. The process does not require vetting by the Authority. In Singapore for instance, a similar Guideline provides that Capital markets Intermediaries (CMI) shall have in place screening procedures to ensure high standards when hiring employees, appointing officers and representatives. In Malaysia, the Securities Commission's Guidelines on Prevention of Money Laundering and Terrorism Financing for Capital Market Intermediaries provides that institution must ensure that its board of directors and employees are well versed and fully understand the policies and procedures. The Guideline does not require the officers to undergo vetting by the Commission.

OTHER DISCLOSURES

A schedule containing the names, number of shares, nationality and ownership percentage of the 30 largest shareholders has been provided on page 53.

Corporate Governance

FOR THE YEAR ENDED DECEMBER 31, 2015

Further, going by the large number of Unclaimed Dividends the company has had to send to the Unclaimed Financial Assets Authority, the company has taken the initiative to include a page where shareholders can include their CDS Account numbers, especially those with any changes in their details, and mail the same to C&R, our registrar. The same can also be mailed to the company or addressed to the Company Secretary, Equatorial Secretaries and Registrars.

Financial highlights, indicating the performance of the company for the investment savvy have been availed in the booklet as well.

The company can certify that a proper evaluation of the board, the Chairperson, the Chief Executive Officer as well as the Company Secretary has been undertaken. On the company's website, one can find details pertaining to the company's whistle blowing policy as well as the board charter and code of ethics and conduct.

All other material disclosures have been disclosed in the statements, reports, accounts or in the notes to the accounts.

CONCLUSION

From the foregoing, it would appear that directors of companies which are issuers of securities are subject to vetting before the company can be issued with a license or have their license renewed. This seems to have been the situation even before the enactment of the Guidelines. The only new thing in this regard is the fact that in the assessment of suitability of the persons by the Capital Markets Authority, regard will be had on compliance with the Guidelines on prevention of Money Laundering & Terrorism Financing, in addition to the Corporate Governance Act, any laws and regulations.

One significant highlight in the provisions touching on Stakeholder Relations, Ethics and Social Responsibility is the fact that the boards of listed or unlisted companies issuing securities to members of the public, are expected to constitute and put into effect a whistle blowing policy for such companies. Express Kenya Limited is in the process of finalizing on this procedure and will announce its progress during the next Annual General Meeting.

Report of the Directors

FOR THE YEAR ENDED DECEMBER 31, 2015

The Directors submit their report and the audited consolidated financial statements for the year ended December 31, 2015, which disclose the state of affairs of the Company and its subsidiaries (together, the 'group').

PRINCIPAL ACTIVITIES

The principal activities of the group are that of clearing and forwarding services for both air and sea as well as warehousing and logistics services. The group is in the process of venturing into real estate development.

	GROUP		COMPANY	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
RESULTS				
(Loss) before tax	(75,733,782)	(76,435,323)	(75,638,582)	(81,238,662)
Tax credit/(charge)	15,645,269	(917,083)	15,645,269	(917,083)
(Loss) for the year	(60,088,513)	(77,352,406)	(59,993,313)	(82,155,745)

DIVIDEND

The directors do not recommend the declaration of a dividend for the year (2014: Nil).

DIRECTORS

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

In accordance with the Company's Articles of Association, Kajal Thakker retires in accordance with Articles 113.

AUDITOR

The company's auditor, PKF Kenya, has indicated its willingness to continue in office in accordance with Section 159(2) of the Kenyan Companies Act.

By order of the Board

Equatorial Secretaries and Registrars
COMPANY SECRETARY
Nairobi

Dated: April 29, 2016

Statement of Directors' Responsibilities

FOR THE YEAR ENDED DECEMBER 31, 2015

The Kenyan Companies Act requires the directors to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the company and its subsidiaries (together the 'group') and of its profit or loss for that year. It also requires the directors to ensure that the group maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the company and its subsidiaries. The directors are also responsible for safeguarding the assets of the group.

The directors accept responsibility for the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

They also accept responsibility for:

i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;

ii. Selecting and applying appropriate accounting policies;

iii. Making accounting estimates and judgements that are reasonable in the circumstances.

The directors are of the opinion that the consolidated financial statements give a true and fair view of the financial position of the group as at December 31, 2015 and financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

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

Approved by the board of directors on April 29, 2016 and signed on its behalf by:

DIRECTOR

DIRECTOR

Report of The Independent Auditor

FOR THE YEAR ENDED DECEMBER 31, 2015

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Express Kenya Limited and its subsidiaries (collectively referred to as the 'group') set out on pages 16 to 52 which comprise the consolidated and company statement of financial position as at 31 December 2015 and the consolidated and company statement of profit or loss and other comprehensive income, consolidated and company statement of changes in equity, consolidated and company statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the group and the company as at December 31, 2015, and the group and company's financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Kenyan companies Act.

REPORT ON OTHER LEGAL REQUIREMENTS

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

(i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) In our opinion, proper books of account have been kept by the group, so far as appears from our examination of those books; and

(iii) The Group's statements of financial position and statements of profit or loss and other comprehensive income are in agreement with the books of account.

PKF Kenya

CERTIFIED PUBLIC ACCOUNTANTS
PIN NO. P051130467R
Nairobi

Dated: April 29, 2016

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Ritesh Haresh Mirchandani - P/No. 1631.
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Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2015

	Notes	2015 Shs	2014 Shs
Revenue	3	123,850,909	173,032,504
Direct costs		(96,722,721)	(141,185,250)
Gross profit		27,128,188	31,847,254
Other operating income	4	11,728,303	164,461
Administrative expenses		(42,308,133)	(53,008,498)
Other operating expenses		(55,466,288)	(41,279,737)
Operating (loss)	5	(58,917,930)	(62,276,520)
Finance costs	7	(16,815,852)	(14,158,803)
(Loss) before tax		(75,733,782)	(76,435,323)
Tax credit /(charge)	8	15,645,269	(917,083)
(Loss) for the year		**(60,088,513)**	**(77,352,406)**
Other comprehensive income:			
• Revaluation surplus on property, plant and equipment	11	-	84,348,403
• Deferred tax on revaluation surplus	11	-	(25,304,521)
		-	59,043,882
Total comprehensive (loss) for the year		**(60,088,513)**	**(18,308,524)**
(Loss) for the year is attributable to:			
• **Owners of the company**		**(60,088,513)**	**(18,308,524)**
(Loss) per share			
Basic and diluted (loss) per share	9	(1.70)	(2.18)

The notes on pages 24 to 52 form an integral part of these financial statements.

Report of the independent auditor - page 15.

Company Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2015

	Notes	2015 Shs	2014 Shs
Revenue	3	123,850,909	173,032,504
Direct costs		(96,722,721)	(141,185,250)
Gross profit		27,128,188	31,847,254
Other operating income	4	11,728,303	164,461
Administrative expenses		(42,212,933)	(57,811,837)
Other operating expenses		(55,466,288)	(41,279,737)
Operating (loss)	5	(58,822,730)	(67,079,859)
Finance costs	7	(16,815,852)	(14,158,803)
(Loss) before tax		(75,638,582)	(81,238,662)
Tax credit/(charge)	8	15,645,269	(917,083)
(Loss) for the year		**(59,993,313)**	**(82,155,745)**
Other comprehensive income:			
• Revaluation surplus on property, plant and equipment	11	-	84,348,403
• Deferred tax on revaluation surplus	11	-	(25,304,521)
		-	59,043,882
Total comprehensive (loss) for the year		**(59,993,313)**	**(23,111,863)**
(Loss) per share			
Basic and diluted (loss) per share	9	(1.69)	(2.32)

The notes on pages 24 to 52 form an integral part of these financial statements.

Report of the independent auditor - page 15.

Consolidated Statement of Financial Position

FOR THE YEAR ENDED DECEMBER 31, 2015

	Notes	2015 Shs	2014 Shs
		AS AT DECEMBER 31	
CAPITAL EMPLOYED			
Share capital	10	177,018,950	177,018,950
Share premium		10,501,719	10,501,719
Revaluation reserve	11	132,522,086	142,389,206
Retained (deficit)		(199,923,616)	(149,702,223)
Shareholders' funds		120,119,139	180,207,652
Non-current liabilities			
Borrowings	12	126,283,838	56,558,210
Deferred tax	13	98,919,791	114,565,060
		225,203,629	171,123,270
		345,322,768	**351,330,922**
REPRESENTED BY			
Property, plant and equipment	14	332,952,104	402,898,684
Intangible assets	16	244,800	-
		333,196,904	402,898,684
Current assets			
Inventories - work-in-progress	17	19,810,995	2,668,440
Trade and other receivables	18	53,754,087	42,202,058
Cash and cash equivalents	19	3,837,442	966,688
Tax recoverable		31,298,500	29,186,232
		108,701,024	75,023,418
Current liabilities			
Trade and other payables	20	23,008,049	54,349,479
Borrowings	12	59,167,111	57,691,701
Provision for legal claims	21	14,400,000	14,550,000
		96,575,160	126,591,180
Net current assets/(liabilities)		12,125,864	(51,567,762)
		345,322,768	**351,330,922**

The financial statements on pages 16 to 52 were approved and authorised for issue by the Board of Directors on 29 April, 2016 and were signed on its behalf by:

DIRECTOR **DIRECTOR**

The notes on pages 24 to 52 form an integral part of these financial statements.

Report of the independent auditor - page 15.

Company Statement of Financial Position

FOR THE YEAR ENDED DECEMBER 31, 2015

		AS AT DECEMBER 31	
		2015	2014
	Notes	Shs	Shs
CAPITAL EMPLOYED			
Share capital	10	177,018,950	177,018,950
Share premium		10,501,719	10,501,719
Revaluation reserve	11	132,522,086	142,389,206
Retained (deficit)		(199,878,678)	(149,752,485)
Shareholders' funds		120,164,077	180,157,390
Non-current liabilities			
Borrowings	12	126,283,838	56,558,210
Deferred tax	13	98,919,791	114,565,060
		225,203,629	171,123,270
		345,367,706	**351,280,660**
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	14	332,929,365	402,875,945
Investment in subsidiaries	15	2,557,160	2,557,160
Intangible assets	16	244,800	-
		335,731,325	405,433,105
Current assets			
Inventories - work-in-progress	17	19,810,995	2,668,440
Trade and other receivables	18	53,758,487	42,202,058
Cash and cash equivalents	19	3,837,442	966,688
Tax recoverable		31,298,500	29,186,232
		108,705,424	75,023,418
Current liabilities			
Trade and other payables	20	25,501,932	56,934,162
Borrowings	12	59,167,111	57,691,701
Provision for legal claims	21	14,400,000	14,550,000
		99,069,043	129,175,863
Net current assets/(liabilities)		9,636,381	(54,152,445)
		345,367,706	**351,280,660**

The financial statements on pages 16 to 52 were approved and authorised for issue by the Board of Directors on 29 April, 2016 and were signed on its behalf by:

DIRECTOR **DIRECTOR**

The notes on pages 24 to 52 form an integral part of these financial statements.

Report of the independent auditor - page 15.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2015

	Notes	Share capital Shs	Share premium Shs	Revaluation reserve Shs	Retained (deficit) Shs	Total shareholders funds Shs
Year ended December 31, 2014						
At start of year		177,018,950	10,501,719	85,060,857	(74,065,350)	198,516,176
Other comprehensive income for the year:						
• (Loss) for the year		-	-	-	(77,352,406)	(77,352,406)
• Revaluation surplus on property, plant and equipment	11	-	-	84,348,403	-	84,348,403
• Deferred tax on revaluation surplus	13	-	-	(25,304,521)	-	(25,304,521)
Total comprehensive income/(loss) for the year		-	-	59,043,882	(77,352,406)	(18,308,524)
Transfer of excess depreciation	11	-	-	(2,450,761)	2,450,761	-
Deferred tax on excess depreciation transfer	13	-	-	735,228	(735,228)	-
At end of year		**177,018,950**	**10,501,719**	**142,389,206**	**(149,702,223)**	**180,207,652**
Year ended December 31, 2015						
At start of year		177,018,950	10,501,719	142,389,206	(149,702,223)	180,207,652
(Loss) for the year	-	-	-	(60,088,513)	(60,088,513)	
Transfer of excess depreciation	11	-	-	(14,095,886)	14,095,886	-
Deferred tax on excess depreciation transfer	13	-	-	4,228,766	(4,228,766)	-
At end of year		**177,018,950**	**10,501,719**	**132,522,086**	**(199,923,616)**	**120,119,139**

The notes on pages 24 to 52 form an integral part of these financial statements.

Report of the independent auditor - page 15.

Company Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2015

	Notes	Share capital Shs	Share premium Shs	Revaluation reserve Shs	Retained (deficit) Shs	Total Shs
Year ended December 31, 2014						
At start of year		177,018,950	10,501,719	85,060,857	(69,312,273)	203,269,253
Other comprehensive income for the year:						
• (Loss) for the year		-	-	-	(82,155,745)	(82,155,745)
• Revaluation surplus on property, plant and equipment	11	-	-	84,348,403	-	84,348,403
• Deferred tax on revaluation surplus	13	-	-	(25,304,521)	-	(25,304,521)
Total comprehensive income/(loss) for the year		-	-	59,043,882	(82,155,745)	(23,111,863)
Transfer of excess depreciation	11	-	-	(2,450,761)	2,450,761	-
Deferred tax on excess depreciation transfer	13	-	-	735,228	(735,228)	-
At end of year		**177,018,950**	**10,501,719**	**142,389,206**	**(149,752,485)**	**180,157,390**
Year ended December 31, 2015						
At start of year		177,018,950	10,501,719	142,389,206	(149,752,485)	180,157,390
(Loss) for the year		-	-	-	(59,993,313)	(59,993,313)
Transfer of excess depreciation	11	-	-	(14,095,886)	14,095,886	-
Deferred tax on excess depreciation transfer	13	-	-	4,228,766	(4,228,766)	-
At end of year		**177,018,950**	**10,501,719**	**132,522,086**	**(199,878,678)**	**120,164,077**

The notes on pages 24 to 52 form an integral part of these financial statements.

Report of the independent auditor - page 15.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2015

	Notes	2015 Shs	2014 Shs
Operating activities			
Cash (used in) operations	22	(64,021,234)	(68,508,037)
Interest paid		(16,843,136)	(13,881,411)
Tax paid		(2,112,268)	(2,162,213)
Net cash (used in) operating activities		(82,976,638)	(84,551,661)
Investing activities			
Purchase of property, plant and equipment	14	(5,326,297)	(26,121,000)
Addition to intangible assets	16	(306,000)	-
Addition to inventories - work-in-progress	17	(17,142,555)	(180,000)
Proceeds from disposal of property, plant and equipment		37,393,922	47,756,714
Net cash from investing activities		14,619,070	21,455,714
Financing activities			
Net (repayment of)/proceeds from bank borrowings		(6,385,321)	49,455,979
Net repayment of finance leases		-	(7,836,478)
Net proceeds from/ (repayment of) borrowings from related parties		65,315,777	(18,340,000)
Net change in borrowings from directors		12,067,520	-
Net cash from financing activities		70,997,976	23,279,501
Increase/(decrease) in cash and cash equivalents		**2,640,408**	**(39,816,446)**
Movement in cash and cash equivalents			
At start of year		(49,687,610)	(9,593,772)
Increase/(decrease)		2,640,408	(39,816,446)
Effect of exchange rate changes		27,284	(277,392)
At end of year	**19**	**(47,019,918)**	**(49,687,610)**

The notes on pages 24 to 52 form an integral part of these financial statements.

Report of the independent auditor - page 15.

Company Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2015

	Notes	2015 Shs	2014 Shs
Operating activities			
Cash (used in) operations	22	(64,021,234)	(68,508,037)
Interest paid		(16,843,136)	(13,881,411)
Tax paid		(2,112,268)	(2,162,213)
Net cash (used in) operating activities		(82,976,638)	(84,551,661)
Investing activities			
Purchase of property, plant and equipment	15	(5,326,297)	(26,121,000)
Addition to intangible assets	16	(306,000)	
Addition to inventories - work-in-progress	17	(17,142,555)	(180,000)
Proceeds from disposal of property, plant and equipment		37,393,922	47,756,714
Net cash from investing activities		14,619,070	21,455,714
Financing activities			
Net (repayment of)/ proceeds from bank borrowings		(6,385,321)	49,455,979
Net repayment of finance leases		-	(7,836,478)
Net proceeds/(repayment of) from borrowings from related parties		65,315,777	(18,340,000)
Net change in borrowings from directors		12,067,520	-
Net cash from financing activities		70,997,976	23,279,501
Increase/(decrease) in cash and cash equivalents		**2,640,408**	**(39,816,446)**
Movement in cash and cash equivalents			
At start of year		(49,687,610)	(9,593,772)
Increase/(decrease)		2,640,408	(39,816,446)
Effect of exchange rate changes		27,284	(277,392)
At end of year	**19**	**(47,019,918)**	**(49,687,610)**

The notes on pages 24 to 52 form an integral part of these financial statements.

Report of the independent auditor - page 15.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The consolidated financial statements are prepared on the historical cost basis in accordance with International Financial Reporting Standard (IFRS), as modified by the revaluation of certain items of property, plant and equipment in line with the requirements of International Accounting Standard 16 (IAS 16) on Property, Plant and Equipment.

The historical cost convention is generally based on the fair value of the consideration given in exchange of assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into consideration when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as 'net realisable value' or 'value in use'.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The financial performance of the group is set out in the report of the directors and in the statement of profit or loss and the other comprehensive income. The financial position of the group is set out in the statement of financial position. Disclosures in respect of risk management and capital management are set out in Note 25 and 26 to the financial statements.

Going concern

During the year ended 31 December 2015, the group recognised a net loss of Shs. 60,088,513 (2014: Shs. 77,352,406). The statement of financial position of the group had accumulated losses of Shs. 199,923,616 (2014: Shs. 149,702,223).

The directors have commenced plans to diversify the business of the group to include real estate development. The real estate project will be carried out in four phases with the first phase expected to start in April 2016.

During the year the following project milestones were achieved with regards to the first phase of the real estate development:

- The group obtained approval from the National Environment Management Authority (NEMA) who are satisfied with the environmental related aspects of the development. This together with other various approvals from authorities are significant requirement for the group to be able to commence work on the proposed development.

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

a) Basis of preparation *continued*

Going concern (continued)

- The group undertook a tendering process so as to be able to compare construction costs from the various tender applicants. The contract has been awarded to a tender applicant the the respective contracts have been signed.
- A team of support professionals including architects, quantity surveyors and civil engineers has been contracted in addition to the above.
- Ground breaking ceremony was held on 28 April 2016 to kickstart the development process.
- Management are in advanced discussions for project finance with a large tier 1 bank who is looking at financing both the group's project finance requirement as well as providing mortgage finance to potential purchasers of the apartments being constructed. An indicative term sheet was signed in April 2016 to lock down the facility parameters pending further negotiation and approvals with the bank.

The group's current logistics and warehousing operations are not likely to generate adequate cash flows, therefore, the real estate development plan is expected to generate surplus cash flows from pre-sales, booking deposits and bank finance to be able to assist the group in settling liabilities that have arisen out of the current operations. This in turn will assist in reducing the finance costs the group incurs on an annual basis.

In assessing the company's ability to continue as a going concern, the directors have prepared projected cash flows covering a period of not less than 12 months from the date of approval of these financial statements incorporating the effects from the above initiatives.

On the basis of this cash flow information, the directors are of the opinion that the company has realistic positive future business prospects and therefore consider it appropriate to prepare the financial statements on a going concern basis which assumes that the company will be in operational existence for the foreseeable future.

New and amended standards adopted by the group

A number of new and revised Standards and Interpretations have been adopted in the current year. Their adoption has had no material impact on the amounts reported in these financial statements.

(ii) New standards, amendments and interpretations issued but not effective

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective for the year presented:

- Amendments issued in December 2014 to IAS 1 'Presentation of Financial Statements' which will be effective for annual accounting periods beginning on or after 1 January 2016 clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

- Amendments issued in June 2014 to IAS 16 'Property, Plant and Equipment' and IAS 41 'Agriculture' which will be effective for annual periods beginning on or after 1 January 2016 define bearer plants and include them within IAS 16's scope while the produce growing on bearer plants remain within the scope of IAS 41.

- Amendments issued in May 2014 to IAS 16 and IAS 38 'Intangible Assets' which will be effective for annual periods beginning on or after 1 January 2016 add guidance and clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate; however, this presumption can be rebutted in certain limited circumstances.

- Amendment (Annual improvements to IFRSs 2012- 2014 Cycle, issued in September 2014) to IAS 19 'Employee Benefits' which will be effective for annual periods beginning on after 1 January 2016, clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

a) Basis of preparation *continued*

New standards, amendments and interpretations issued but not effective (continued)

- Amendments issued in August 2014 to IAS 27 'Separate Financial Statements' which will be effective for annual periods beginning on or after 1 January 2016 reinstate the equity method option to account for investments in subsidiaries, joint venture and associates in separate financial statements.

- Amendment (Annual Improvements to IFRSs 2012-2014 Cycle, issued in September 2014) to IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' which will be effective for annual periods beginning on or after 1 January 2016 adds specific guidance when an entity reclassifies an asset (or group) from held for sale to held for distribution to owners, or vice versa, and for cases where held-for-distribution accounting is discontinued.

- Amendment (Annual Improvements to IFRSs 2012-2014 Cycle, issued in September 2014) to IFRS 7 'Financial Instruments: Disclosures' which will be effective for annual periods beginning on or after 1 January 2016, adds guidance to clarify whether a servicing contract is continuing involvement in a transferred asset.

- IFRS 9 'Financial Instruments'(Issued in July 2014) will replace IAS 39 and will be effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and de-recognition.

- IFRS 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

- In respect of financial liabilities, the most significant effect of IFRS 9 where the fair value option is taken will be in respect of the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is at is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.

- In respect of impairment of financial assets, IFRS 9 introduces an "expected credit loss" model based on the concept of providing for expected losses at inception of a contract.

- In respect of hedge accounting, IFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risks.

- Amendments issued in September 2014 to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associated and Joint Ventures' which will be effective for annual periods beginning on or after 1 January 2016 address a current conflict between the two standards and clarify that gain or loss should be recognised fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

- Amendments issued in December 2014 to IFRS 10, IFRS 12 'Disclosure of Interests on Other Entities' and IAS 28 which will be effective for annual periods beginning on or after 1 January 2016, clarify guidance the application of the consolidation exception for investment entities and their subsidiaries.

- Amendments issued in May 2014 to IFRS 11 'Joint Arrangements' which will be effective for annual periods beginning on or after 1 January 2016, require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 'Business Combinations') to apply all of the business combinations accounting principles and disclosures in IFRS 3 and other IFRSs, except for those principles that conflict with guidance in IFRS 11.

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

a) Basis of preparation *continued*

New standards, amendments and interpretations issued but not effective (continued)

- IFRS 14 'Regulatory Deferral Accounts' (issued in January 2014) which will be effective for annual periods beginning on or after 1 January 2016 defines a regulatory deferral account balance and allows entities continue apply their existing policy for regulatory deferral account balances, but requires certain disclosures.

- IFRS 15 'Revenue from Contracts with Customers' (issued in May 2014) effective for annual periods beginning on or after 1 January 2018, replaces IAS 11 'Construction Contracts', IAS 18 'Revenue' and their interpretations (SIC-31 and IFRIC 13,15 and 18). It establishes a single and comprehensive framework for revenue recognition based on a five-step model to be applied to all contracts with customers, enhanced disclosures, and new or improved guidance.

- IFRS 16 'Leases' (issued in January 2016) effective for annual periods beginning on or after 1 January 2019, replaces IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement Contains a Lease' and their interpretations (SIC-15 and SIC-27). IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions.

- The directors expect that the future adoption of IFRS 9, IFRS 15 and IFRS 16 may have a material impact on the amounts reported. However, it is not practicable to provide a reliable estimate of the effects of the above until a detailed review has been completed. The directors do not expect that adoption of the other Standards and Interpretations will have a material impact on the financial statements in future periods. The entity plans to apply the changes above from their effective dates noted above.

b) Key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make the judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The directors have made the following significant accounting estimates and assumptions:

- ***Useful lives of property, plant and equipment and intangible assets*** - Management reviews the useful lives and residual values of the items of property, plant and equipment and intangible assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values.

- ***Fair value measurement and valuation process*** - In estimating the fair value of an asset or a liability, the group uses market-observable data to the extent it is available. Where level 1 inputs are not available, the group makes use of financial models or engages third party qualified valuers to perform the valuation techniques and inputs to the model.

c) Significant judgements made by management in applying the group's accounting policies

Directors have made the following judgements that are considered to have the most significant effect on the amounts recognised in the financial statements:

- ***Impairment of trade receivables*** - the group reviews their portfolio of trade receivables on an annual basis. In determining whether receivables are impaired, the management makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected.

- ***Tax losses*** -The group has not recognised deferred tax assets on tax losses. In determining whether these tax losses will be utilised, the management makes judgement as to whether these will be utilised before they are forfeited based on the requirement of the Income Tax Act.

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

c) Significant judgements made by management in applying the group's accounting policies *continued*

- ***Control of subsidiaries*** - The directors assess whether or not the group has control over any entity based on whether or not the group has the practical ability to direct the relevant activities of the entity unilaterally. In making their judgement, the directors considered the group's absolute size of holding in the entity and the relative size of dispersion of the shareholdings owned by the other shareholders.

- ***Leasehold land*** - Land that is held under lease from the Government of Kenya has been classified as a finance lease. In forming this judgement, the directors have considered the fact that while the title to the land does not pass to the group and that the term of the current lease does not represent a major part of the economic useful life of the land, the group is expected to continually seek renewal of the lease on expiry and that such renewal will be forthcoming from the Government resulting in the risks and rewards incidental to ownership of the land to accrue to the group. In addition the directors considered the prepaid lease rentals and incentives including rental commitments over the lease term to represent substantially all of the fair value of the land at the inception of the lease with any residual value accruing to the lessor being negligible thereby meeting the criteria for classification as a finance lease under International Accounting Standard 17 on Leases.

d) Segmental reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components, whose operating results are reviewed regularly by the chief operating decision maker to make decisions about resources allocated to each segment and assess its performance, and for which discrete financial information is available.

e) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the performance of services, in the ordinary course of business and is stated net of Value Added Tax (VAT), rebates and discounts, after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the group's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

- Sales of services are recognised upon performance of the services rendered.

f) Investment in subsidiaries/consolidation

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies. Control is achieved when the company; has power over the trustee; is exposed or has right to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The group also assesses the existence of control where it does not have a majority of the voting rights power but is able to govern the financial and operating policies of a subsidiary. Control may arise in certain circumstances such as where the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies, where potential voting rights are held by the company and rights from other contractual arrangements etc.

When the company has assessed and has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

f) Investment in subsidiaries/consolidation *continued*

The company reassesses whether or not it controls an investee. If facts and circumstances indicate that there are changes to one or more of the three elements of controls listed above.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss and other comprehensive income from the date the company gains control until the date the company ceases to control the subsidiary.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss from the effective date of acquisition and up to the effective date of disposal as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of the company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Intra-group balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary adjustments are made to financial statements of the subsidiaries to bring their accounting policies into line with the groups accounting policy.

- ***Changes in ownership interests in subsidiaries without change of control***

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

- ***Disposal of subsidiaries***

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

- ***Business combinations***

The group applies the acquisition method to account for business combinations. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred to/by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interests issued by the group in exchange for control of the acquiree. Acquisition related costs are generally recognised in profit or loss as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 'Financial Instruments: Recognition and Measurement' in profit or loss income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

f) Investment in subsidiaries/consolidation *continued*

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

g) Property, plant and equipment

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Buildings are subsequently shown at market value, based on periodic, but at least triennial valuations by external independent valuers, less subsequent depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Management classify the fair values of non-financial assets based on the qualitative characteristics of the fair valuation as at the financial year end. The three hierarchy levels used by management are:

- ***Level 1:*** where fair values are based on unadjusted quoted prices in active markets for identical assets.
- ***Level 2:*** where fair values are based on adjusted quoted prices and observable prices of similar assets.
- ***Level 3:*** where fair values are not based on observable market data and inputs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income. Decreases that offset previous increases of the same asset are charged to other comprehensive income; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation on all other assets is calculated on a straight line basis to write down the cost of each asset, or the revalued amount, to its residual value over their estimated useful life as follows:

Buildings	Over the remaining lease period
Plant and machinery	8 years
Furniture, fittings and equipment	8 years
Motor vehicles	5 years
Computer, faxes and copiers	3 1/3 years
Beer containers	4 years

Freehold and leasehold land are not depreciated.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating (loss). On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

h) Translation of foreign currencies

Transactions in foreign currencies during the year are converted into Kenya Shillings (the functional currency), at the rates ruling at the transaction dates.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The resulting differences from conversion and translation are dealt with in profit or loss in the year in which they arise.

i) Financial instruments

Financial assets and liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. Management determines the classification of financial instruments at the time of initial recognition.

Financial assets

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

The group's financial assets which include trade and other receivables, cash and bank balances and tax recoverable fall into the following category:

- ***Loans and receivables:*** financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are classified as current assets where maturities are within 12 months of the reporting date. All assets with maturities greater than 12 months after the reporting date are classified as non-current assets. Such assets are carried at amortised cost using the effective interest rate method. Changes in the carrying amount are recognised in profit or loss.

Purchases and sales of financial assets are recognised on the trade date i.e. the date on which the group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Impairment of financial assets is recognised in profit or loss under administrative expenses when there is objective evidence that the group will not be able to collect all amounts due per the original terms of the contract. Significant financial difficulties of the issuer, probability that the issuer will enter bankruptcy or financial reorganisation, default in payments and a prolonged decline in the fair value of the asset are considered indicators that the asset is impaired.

The amount of the impairment loss is calculated at the difference between the assets carrying amount and the present values of expected future cash flows, discounted at the financial asset's effective interest rate.

Subsequent recoveries of amounts previously written off/impaired are credited to profit or loss in the year in which they occur.

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

i) Financial instruments *continued*

Financial liabilities

The group's financial liabilities which include borrowings, trade and other payables and provision for legal claims fall into the following category:

- ***Financial liabilities measured at amortised cost:*** These are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.

All financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised as interest expense in profit or loss under finance costs.

Fees associated with the acquisition of borrowing facilities are recognised as transaction costs of the borrowing to the extent that it is probable that some or all of the facilities will be acquired. In this case the fees are deferred until the drawn down occurs. If it is not probable that some or all of the facilities will be acquired the fees are accounted for as prepayments under trade and other receivables and amortised over the period of the facility.

Financial liabilities are derecognised when, and only when, the group's obligations are discharged, cancelled or expired.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

j) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks, net of bank overdrafts. In the statement of financial position, bank overdrafts are included within borrowings in current liabilities.

k) Intangible assets - computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be five years.

l) Inventories - work-in-progress

Inventories - work-in-progress comprise leasehold land and work in progress. These are stated at the lower of cost and net realisable value. The cost of work-in-progress comprises all costs attributable the real estate project.

m) Share capital

Ordinary shares are classified as equity.

n) Dividends

Proposed dividends are disclosed as a separate component of equity until declared.

Dividends are recognised as a liability in the period in which they are approved by the group's shareholders.

1. SIGNIFICANT ACCOUNTING POLICIES *continued*

o) Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss.

Current tax

Current tax is provided on the results for the year, adjusted in accordance with tax legislation.

Deferred tax

Deferred 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 tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

p) Accounting for leases

The company as a lessee:

Leases of assets under which a significant portion of the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Leases of property, plant and equipment, where the group assumes substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at cost. Each lease payment is allocated between the liability and finance charges. The interest element is charged to profit or loss over the lease period and is included under finance costs. Such property, plant and equipment is depreciated over its useful life.

The company as lessor:

Assets leased to third parties under operating leases are included in property, plant and equipment in the statement of financial position.

Leased assets are recorded at historical cost less depreciation.

Depreciation is calculated on the straight line basis to write down the cost of leased assets to their residual values over their estimated useful life using annual rates consistent with the normal depreciation policies for similar assets under property, plant and equipment.

Gains and losses on disposal of leased assets are determined by reference to their carrying amount and are taken into account in determining operating (loss).

q) Retirement benefit obligations

The group operates a defined contribution staff retirement benefit scheme for its permanent and pensionable employees. The scheme is administered by an insurance company. The group's contributions to the defined contribution retirement benefit scheme are charged to profit or loss in the year to which they relate.

The group and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The group's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

r) Comparatives

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

2. Segment Information

The group has three reportable segments which are the strategic business units offering different services and managed jointly. The operations of each reportable segment are as follows:

- ***Clearing and forwarding:*** includes distribution of products to various parts of the country on behalf of customers and handling of customers' goods in and out of the country.
- ***Warehousing:*** includes storage of customers' goods in the group's warehousing facility.
- ***Real estate:*** includes the real estate development arm of the group.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The group evaluates performance based on each segment's gross profit and (loss) before tax.

For each of the strategic business units, the Managing Director (who is also the chief operating decision maker) reviews internal management reports. Information regarding the results of each reportable segment is described below. Performance is measured based on each segment's gross margin contribution as indicated in the internal management reports that are reviewed by the Managing Director.

As its geographic operations are confined to a single country, no disclosures by geography are applicable. All revenue, costs, assets and liabilities arise and are held in Kenya.

During the year, the group made sales of Shs. 79,407,049 to a single customer that represents 64% of total turnover.

The group does not allocate tax expense to reportable segments.

The segment results are as follows:

	Clearing and forwarding Shs	Warehousing Shs	Total Shs
Year ended December 31, 2015			
Revenue (Note 3)	76,852,735	46,998,174	123,850,909
Direct costs	(76,309,374)	(20,413,347)	(96,722,721)
Gross profit	**543,361**	**26,584,827**	**27,128,188**
Other operating income (Note 4)	11,728,303	-	11,728,303
Operating and administrative expenses	(60,671,591)	(37,102,830)	(97,774,421)
Finance costs (Note 7)	(16,815,852)	-	(16,815,852)
(Loss) before tax	**(65,215,778)**	**(10,518,004)**	**(75,733,782)**
Tax credit (Note 8)	15,645,269	-	15,645,269
(Loss) for the year	**(49,570,509)**	**(10,518,004)**	**(60,088,513)**

	Clearing and forwarding Shs	Warehousing Shs	Total Shs
Year ended December 31, 2014			
Revenue (Note 3)	131,560,773	41,471,731	173,032,504
Direct costs	(126,541,478)	(14,643,772)	(141,185,250)
Gross profit	**5,019,295**	**26,827,959**	**31,847,254**
Other operating income (Note 4)	164,461	-	164,461
Operating and administrative expenses	(71,689,612)	(22,598,623)	(94,288,235)
Finance costs (Note 7)	(14,158,803)	-	(14,158,803)
(Loss)/profit before tax	**(80,664,659)**	**4,229,336**	**(76,435,323)**
Tax credit (Note 8)	(917,083)	-	(917,083)
(Loss)/profit for the year	**(81,581,742)**	**4,229,336**	**(77,352,406)**

2. Segment Information *continued*

Other segment items included in profit or loss are:

	Clearing and forwarding Shs	Warehousing Shs	Total Shs
Year ended December 31, 2015			
Depreciation on property, plant & equipment	6,478,427	16,927,018	23,405,445
Year ended December 31, 2014			
Depreciation on property, plant & equipment	23,958,217	3,260,870	27,219,087

The segment assets, liabilities and capital expenditure for the period then ended are as follows:

	Clearing and forwarding Shs	Warehousing Shs	Real estate Shs	Total Shs
Year ended December 31, 2015				
Assets	217,617,697	173,170,736	19,810,995	410,599,428
Liabilities	182,744,378	40,114,620	-	222,858,998
Capital expenditure:				
• additions to property, plant and equipment	141,379	-	5,184,918	5,326,297
Year ended December 31, 2014				
Assets	237,830,011	208,237,419	2,668,440	448,735,870
Liabilities	150,182,500	32,966,890	-	183,149,390
Capital expenditure:				
• additions to property, plant and equipment	1,508,000	24,613,000	-	26,121,000

Segment assets comprise primarily property, plant and equipment, trade and other receivables, inventories and operating cash and bank balances. They exclude deferred tax and tax recoverable.

Segment liabilities comprise operating liabilities, corporate borrowings and provision for legal claims.

Capital expenditure comprises additions to property, plant and equipment.

3. Sales

	Group		Company	
	2015 Shs	2014 Shs	2015 Shs	2014 Shs
Income	123,850,909	173,032,504	123,850,909	173,032,504

4. Other operating (loss)

Gain on disposal of property, plant and equipment	9,909,698	-	9,909,698	-
Bad debts recovered	194,150	-	194,150	-
Miscellaneous income	1,624,455	164,461	1,624,455	164,461
	11,728,303	**164,461**	**11,728,303**	**164,461**

5. Operating (loss)

The following items have been charged/(credited) in arriving at operating profit:

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
Depreciation on property, plant and equipment (Note 14)	23,405,445	27,219,087	23,405,445	27,219,087
Amortisation of intangible assets (Note 16)	61,200	-	61,200	-
(Gain)/loss on disposal of property, plant and equipment (Note 4)	(9,909,698)	1,240,125	(9,909,698)	1,240,125
Auditors' remuneration				
• current year	1,915,000	1,984,600	1,915,000	1,915,000
• (over)provision in prior years	(54,960)	(60,000)	(54,960)	(60,000)
Directors remuneration	18,000,000	18,200,000	18,000,000	18,200,000
Operating lease rentals	32,904,823	28,316,896	32,904,823	28,316,896
Repairs and maintenance	1,995,493	689,767	1,995,493	689,767
Bad debts recovered (Note 4)	(194,150)	-	(194,150)	-
Bad debts	-	388,733	-	388,733
Bad debt provisions (Note 18)	-	2,149,710	-	2,149,710
Bad debt provisions - staff receivables	-	-	-	2,480,012
Impairment on property, plant and equipment (Note 14)	13,683,208	6,193,615	13,683,208	6,193,615
Impairment of investment in subsidiaries (Note 15)	-	-	-	4,933,840
Staff costs (Note 6)	27,973,823	30,116,548	27,973,823	30,116,548

6. Staff Costs

Salaries and wages:				
• direct costs	14,786,706	17,250,864	14,786,706	17,250,864
• administrative	11,205,922	11,532,964	11,205,922	11,532,964
Staff welfare and other costs	1,380,189	781,034	1,380,189	781,034
Pension costs:				
• National Social Security Fund	258,934	140,170	258,934	140,170
• Defined Contribution Scheme	342,072	411,516	342,072	411,516
	27,973,823	**30,116,548**	**27,973,823**	**30,116,548**

7. Finance Costs

Foreign exchange (gain)/ loss	(27,284)	277,392	(27,284)	277,392
Interest expense:				
• bank overdraft	8,302,204	7,473,273	8,302,204	7,473,273
• bank loan	8,232,192	1,182,303	8,232,192	1,182,303
• finance leases	308,740	661,734	308,740	661,734
• related party borrowings	-	4,564,101	-	4,564,101
	16,815,852	**14,158,803**	**16,815,852**	**14,158,803**

8. Tax

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
Current tax	-	-	-	-
Deferred tax (credit)/ charge (Note 13)	(15,645,269)	917,083	(15,645,269)	917,083
	(15,645,269)	917,083	(15,645,269)	917,083
The tax on the groups's (loss) before tax differs from the theoretical amount that would arise using the basic rate as follows:				
(Loss) before tax	(75,733,782)	(76,435,323)	(75,638,582)	(81,238,662)
Tax calculated at tax rate of 30% (2014: 30%)	(22,720,135)	(22,930,597)	(22,691,575)	(24,371,599)
Tax effect of:				
• expenses not deductible for tax purposes	3,161,782	8,867,106	3,133,222	10,308,108
• (over) provision of deferred tax in prior years	(4,365,000)	-	(4,365,000)	-
• tax loss brought forward	(92,871,233)	(77,890,659)	(92,871,233)	(77,890,659)
• tax loss carried forward	101,149,317	92,871,233	101,149,317	92,871,233
Tax (credit)/charge	**15,645,269)**	**917,083**	**(15,645,269)**	**917,083**

9. Basic and diluted (loss) per share

The basic and diluted (loss) per share is calculated by dividing the net (loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
Net (loss)/profit attributable to shareholders (Shs)	(60,088,513)	(77,352,406)	(59,993,313)	(82,155,745)
Number of ordinary shares (Number)	35,403,790	35,403,790	35,403,790	35,403,790
Basic and diluted (loss)/earnings per share (Shs)	(1.70)	(2.18)	(1.69)	(2.32)

10. Share capital

	Group & Company	
	2015	2014
Authorised:		
250,000,000 (2014: 250,000,000) ordinary shares of Shs. 5 each	1,250,000,000	1,250,000,000
Issued and fully paid:		
35,403,790 (2014: 35,403,790) ordinary shares of Shs. 5 each	177,018,950	177,018,950

11. Revaluation reserve

At start of year	142,389,206	85,060,857
Revaluation surplus	-	84,348,403
Deferred tax on revaluation surplus (Note 13)	-	(25,304,521)
Transfer of excess depreciation	(14,095,886)	(2,450,761)
Deferred tax on excess depreciation transfer (Note 13)	4,228,766	735,228
At end of year	**132,522,086**	**142,389,206**

The revaluation reserve arose upon the revaluation of buildings. The reserve is not distributable.

12. Borrowings

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
Non-current				
Bank loan	34,760,907	42,418,576	34,760,907	42,418,576
Borrowings from related parties (Note 23)	79,455,411	14,139,634	79,455,411	14,139,634
Borrowings from directors (Note 23)	12,067,520	-	12,067,520	-
	126,283,838	56,558,210	126,283,838	56,558,210
Current				
Bank loan	8,309,751	7,037,403	8,309,751	7,037,403
Bank overdraft (Note 19)	50,857,360	50,654,298	50,857,360	50,654,298
	59,167,111	57,691,701	59,167,111	57,691,701
Total borrowings	**185,450,949**	**114,249,911**	**185,450,949**	**114,249,911**

The bank borrowings, overdraft and finance leases are secured by the following:

a) Legal charge over L.R. No. 12596/1.

b) Joint, several and personal guarantees of the directors of the company.

c) Insurance tripartite.

Borrowings from related parties are unsecured and with no fixed repayment terms.

Weighted average effective interest rates at the year end were:

	Group		Company	
	2015	2014	2015	2014
	%	%	%	%
• related party borrowings	Nil	12	Nil	12
• term loan	20.33%	17	20.33%	17
• bank overdraft	17.00%	17	17.00%	17

The borrowing facilities expiring within one year are subject to review at various dates during the next financial year.

In the opinion of the directors, the carrying amounts of borrowings approximate to their fair value.

The carrying amounts of borrowings are denominated in Kenya Shillings.

Maturity based on the repayment structure of non-current borrowings is as follows:

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
Between 1 and 2 years	46,828,427	42,418,576	46,828,427	42,418,576
No fixed maturity period	79,455,411	14,139,634	79,455,411	14,139,634
	126,283,838	**56,558,210**	**126,283,838**	**56,558,210**

13. Defferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using principal tax rates of 30% (2014: 30%). The movement on the deferred tax account is as follows:

	Group & Company	
	2015	**2014**
	Shs	Shs
At start of year	114,565,060	88,343,456
(Credit)/charge to profit or loss (Note 8)	(15,645,269)	917,083
Charge to other comprehensive income (Note 11)	-	25,304,521
At end of year	**98,919,791**	**114,565,060**

Deferred tax liabilities/(assets) and deferred tax (credit)/charge in profit or loss and other comprehensive income are attributable to the following items:

	Group & Company		
	At start of year Shs	**(Credit)/charge to profit or loss Shs**	**At end of year Shs**
Deferred tax liabilities			
Property, plant and equipment	58,365,746	(11,821,597)	46,544,149
Revaluation - buildings	61,023,947	(4,228,766)	56,795,181
	119,389,693	(16,050,363)	103,339,330
Deferred tax (assets)			
Other provisions	(4,742,983)	422,983	(4,320,000)
Foreign exchange differences	(81,650)	(17,889)	(99,539)
	(4,824,633)	405,094	(4,419,539)
Net deferred tax liability	**114,565,060**	**(15,645,269)**	**98,919,791**

Deferred tax assets on tax losses carried forward are only recognised to the extent of certainty of availability of sufficient future taxable profits to utilise such losses against. Deferred tax assets amounting to Shs. 101.15 million (2014: Shs. 92.87 million) in respect of tax losses carried forward amounting to Shs. 337.16 million (2014: Shs. 309.57 million) that can be carried forward against future taxable profits have not been recognised.

14. Property, plant and equipment - Group

Year ended December 31, 2015

	Freehold land Shs	Leasehold land Shs	Buildings Shs	Plant and machinery Shs	Furniture, fittings and equipment Shs	Motor vehicles Shs	Computers, faxes and copiers Shs	Beer containers Shs	TOTAL Shs
Cost or valuation									
At start of year	30,300	6,734,985	300,000,000	15,500,991	30,412,505	494,195,502	37,543,187	14,837,469	899,254,939
Additions	-	-	-	-	5,184,918	-	141,379	-	5,326,297
Disposal	-	-	-	-	-	(136,726,847)	-	-	(136,726,847)
Scrapped assets	-	-	-	-	-	(54,004,483)	-	-	(54,004,483)
At end of year	30,300	6,734,985	300,000,000	15,500,991	35,597,423	303,464,172	37,684,566	14,837,469	713,849,906
Comprising									
Cost	30,300	6,734,985	83,619,742	15,500,991	35,597,423	303,464,172	37,684,566	14,837,469	497,469,648
Valuation	-	-	216,380,258	-	-	-	-	-	216,380,258
	30,300	6,734,985	300,000,000	15,500,991	35,597,423	303,464,172	37,684,566	14,837,469	713,849,906
Depreciation									
At start of year	-	-	3,260,870	15,455,043	28,261,869	408,151,668	37,279,307	3,947,498	496,356,255
Disposals	-	-	-	-	-	(109,242,623)	-	-	(109,242,623)
Scrapped assets	-	-	-	-	-	(43,304,483)	-	-	(43,304,483)
Impairment adjustment	-	-	-	-	-	10,316,164	-	3,367,044	13,683,208
Charge for the year	-	-	16,927,018	-	792,230	5,220,464	123,410	342,323	23,405,445
At end of year	-	-	20,187,888	15,455,043	29,054,099	271,141,190	37,402,717	7,656,865	380,897,802
Net book value	**30,300**	**6,734,985**	**279,812,112**	**45,948**	**6,543,324**	**32,322,982**	**281,849**	**7,180,604**	**332,952,104**

Buildings were professionally valued on 5 September 2014 by Tysons Limited independent professional valuers on the basis of open market value. The book values of the buildings were adjusted to the revaluation and the resultant surplus, net of deferred tax, was credited to the revaluation reserve.

Leasehold land was professionally valued on 5 September 2014 by Tysons Limited independent professional valuers on the basis of open market value of Shs. 728.2 million (excluding the value of the leasehold land transferred to inventories which has an open market value of Shs. 171.8 million). Both these valuations amount to Shs. 900 million and have not been incorporated in these financial statements.

The fair valuation is categorised under level 3 based on the information set out in accounting policy (iii).

14. Property, plant and equipment - Company

Year ended December 31, 2015

	Freehold land Shs	Leasehold land Shs	Buildings Shs	Plant and machinery Shs	Furniture, fittings and equipment Shs	Motor vehicles Shs	Computers, faxes and copiers Shs	Beer containers Shs	TOTAL Shs
Cost or valuation									
At start of year	30,300	6,734,985	300,000,000	15,500,991	30,376,961	494,195,502	37,543,187	14,837,469	899,219,395
Additions	-	-	-	-	5,184,918	-	141,379	-	5,326,297
Assets scrapped	-	-	-	-	-	(136,726,847)	-	-	(136,726,847)
Disposals	-	-	-	-	-	(54,004,483)	-	-	(54,004,483)
At end of year	30,300	6,734,985	300,000,000	15,500,991	35,561,879	303,464,172	37,684,566	14,837,469	713,814,362
Comprising									
Cost	30,300	6,734,985	83,619,742	15,500,991	35,561,879	303,464,172	37,684,566	14,837,469	497,434,104
Valuation	-	-	216,380,258	-	-	-	-	-	-
	30,300	6,734,985	300,000,000	15,500,991	35,561,879	303,464,172	37,684,566	14,837,469	713,814,362
Depreciation									
At start of year	-	-	3,260,870	15,455,043	28,249,064	408,151,668	37,279,307	3,947,498	496,343,450
Assets scrapped	-	-	-	-	-	(109,242,623)	-	-	(109,242,623)
Disposals	-	-	-	-	-	(43,304,483)	-	-	(43,304,483)
Impairment adjustment	-	-	-	-	-	10,316,164	-	3,367,044	13,683,208
Charge for the year	-	-	16,927,018	-	792,230	5,220,464	123,410	342,323	23,405,445
At end of year	-	-	20,187,888	15,455,043	29,041,294	271,141,190	37,402,717	7,656,865	380,884,997
Net book value	**30,300**	**6,734,985**	**279,812,112**	**45,948**	**6,520,585**	**32,322,982**	**281,849**	**7,180,604**	**332,929,365**

14. Property, plant and equipment - Group

Year ended December 31, 2014

	Freehold land Shs	Leasehold land Shs	Buildings Shs	Plant and machinery Shs	Furniture, fittings and equipment Shs	Motor vehicles Shs	Computers, faxes and copiers Shs	Beer containers Shs	Capital work-in-progress Shs	TOTAL Shs
Cost or valuation										
At start of year	30,300	8,323,425	208,735,098	29,044,489	30,412,505	634,304,631	37,543,187	14,837,469	15,572,344	978,803,448
Additions	-	-	-	24,613,000	-	1,508,000	-	-	-	26,121,000
Transfer	-	-	14,672,344	-	-	-	-	-	(14,672,344)	-
Transfer to inventories (Note 17)	-	(1,588,440)	-	-	-	-	-	-	(900,000)	(2,488,440)
Surplus on revaluation	-	-	76,592,558	-	-	-	-	-	-	76,592,558
Disposals	-	-	-	(38,156,498)	-	(141,617,129)	-	-	-	(179,773,627)
At end of year	30,300	6,734,985	300,000,000	15,500,991	30,412,505	494,195,502	37,543,187	14,837,469	-	899,254,939
Comprising										
Cost	30,300	6,734,985	83,619,742	15,500,991	30,412,505	494,195,502	37,543,187	14,837,469	-	682,874,681
Valuation	-	-	216,380,258	-	-	-	-	-	-	216,380,258
	30,300	6,734,985	300,000,000	15,500,991	30,412,505	494,195,502	37,543,187	14,837,469	-	899,254,939
Depreciation										
At start of year	-	-	7,755,845	28,998,541	28,117,753	495,800,561	37,198,311	3,605,175	-	601,476,186
Reversal on valuation	-	-	(7,755,845)	-	-	-	-	-	-	(7,755,845)
Disposals	-	-	-	(13,543,498)	-	(117,233,290)	-	-	-	(130,776,788)
Impairment adjustment	-	-	-	-	-	6,193,615	-	-	-	6,193,615
Charge for the year	-	-	3,260,870	-	144,116	23,390,782	80,996	342,323	-	27,219,087
At end of year	-	-	3,260,870	15,455,043	28,261,869	408,151,668	37,279,307	3,947,498	-	496,356,255
Net book value	**30,300**	**6,734,985**	**296,739,130**	**45,948**	**2,150,636**	**86,043,834**	**263,880**	**10,889,971**	**-**	**402,898,684**

14. Property, plant and equipment -Company

Year ended December 31, 2014

	Freehold land Shs	Leasehold land Shs	Buildings Shs	Plant and machinery Shs	Furniture, fittings and equipment Shs	Motor vehicles Shs	Computers, faxes and copiers Shs	Beer containers Shs	Capital work-in-progress Shs	TOTAL Shs
Cost or valuation										
At start of year	30,300	8,323,425	208,735,098	29,044,489	30,376,961	634,304,631	37,543,187	14,837,469	15,572,344	978,767,904
Additions	-	-	-	24,613,000	-	1,508,000	-	-	-	26,121,000
Transfer	-	-	14,672,344	-	-	-	-	-	(14,672,344)	-
Transfer to inventories (Note 17)	-	(1,588,440)	-	-	-	-	-	-	(900,000)	(2,488,440)
Surplus on revaluation	-	-	76,592,558	-	-	-	-	-	-	76,592,558
Disposals	-	-	-	(38,156,498)	-	(141,617,129)	-	-	-	(179,773,627)
At end of year	30,300	6,734,985	300,000,000	15,500,991	30,376,961	494,195,502	37,543,187	14,837,469	-	899,219,395
Comprising										
Cost	30,300	6,734,985	83,619,742	15,500,991	30,376,961	494,195,502	37,543,187	14,837,469	-	682,839,137
Valuation	-	-	216,380,258	-	-	-	-	-	-	216,380,258
	30,300	6,734,985	300,000,000	15,500,991	30,376,961	494,195,502	37,543,187	14,837,469	-	899,219,395
Depreciation										
At start of year	-	-	7,755,845	28,998,541	28,104,948	495,800,561	37,198,311	3,605,175	-	601,463,381
Reversal on valuation	-	-	(7,755,845)	-	-	-	-	-	-	(7,755,845)
Disposals	-	-	-	(13,543,498)	-	(117,233,290)	-	-	-	(130,776,788)
Impairment adjustment	-	-	-	-	-	6,193,615	-	-	-	6,193,615
Charge for the year	-	-	3,260,870	-	144,116	23,390,782	80,996	342,323	-	27,219,087
At end of year	-	-	3,260,870	15,455,043	28,249,064	408,151,668	37,279,307	3,947,498	-	496,343,450
Net book value	**30,300**	**6,734,985**	**296,739,130**	**45,948**	**2,127,897**	**86,043,834**	**263,880**	**10,889,971**	**-**	**402,875,945**

14. Property, plant and equipment (Group and Company) *continued*

All the additions made during the year were made through cash payments.

Impairment losses amounting to Shs. 13,683,208 (2014: Shs. 6,193,615) have been recognized in profit or loss under direct costs.

If the buildings were stated on the historical cost basis, the amounts would be as follows:

	Buildings Group & Company	
	2015	**2014**
	Shs	**Shs**
Cost	141,556,623	141,556,623
Accumulated depreciation	(51,061,777)	(48,230,645)
Net book value	**90,494,846**	**93,325,979**

15. Investment in subsidiaries

			Company	
	Country of Incorporation	**Holding**	**2015 Shs**	**2014 Shs**
Express Mombasa Limited	Kenya	100%	2,810,000	2,810,000
Container Services Limited	Kenya	100%	2,150,000	2,150,000
Airporter Limited	Kenya	79%	2,531,000	2,531,000
Impairment provision			(4,933,840)	(4,933,840)
			2,557,160	2,557,160

Express Mombasa Limited, Container Services Limited and Airporter Limited are dormant companies.

16. Intangible assets - computer software

	Group & Company	
	2015	**2014**
	Shs	**Shs**
Cost		
At start of year	-	-
Additions	306,000	-
At end of year	**306,000**	**-**
Amortisation		
At start of year	**-**	-
Charge for the year	61,200	-
At end of year	61,200	**-**
Net book value	**244,800**	**-**

The amortisation charge on intangible assets is included in other operating expenses in profit or loss.

17. Inventories - work-in-progress

	Group		Company	
	2015	**2014**	**2015**	**2014**
	Shs	**Shs**	**Shs**	**Shs**
At start of year	2,668,440	-	2,668,440	-
Additions	17,142,555	180,000	17,142,555	180,000
Transfer for property, plant and equipment (Note 14)	-	2,488,440	-	2,488,440
At end of year	**19,810,995**	**2,668,440**	**19,810,995**	**2,668,440**

18. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
Trade receivables	94,461,946	85,993,391	94,461,946	85,993,391
Less: impairment provisions	(54,886,062)	(55,080,212)	(54,886,062)	(55,080,212)
Net trade receivables	39,575,884	30,913,179	39,575,884	30,913,179
Prepayments and deposits	7,095,471	5,859,161	7,095,471	5,859,161
Other receivables	3,770,918	3,090,537	3,770,918	3,090,537
Receivable from related parties (Note 23)	3,311,814	2,339,180	3,316,214	2,339,180
	53,754,087	**42,202,058**	**53,758,487**	**42,202,058**
Movement in impairment provisions				
At start of year	55,080,212	52,930,502	55,080,212	52,930,502
Additions	-	2,149,710	-	2,149,710
Reversals	(194,150)	-	(194,150)	-
At end of year	**54,886,062**	**55,080,212**	**54,886,062**	**55,080,212**

The carrying amounts of trade and other receivables are denominated in the following currencies:

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
Kenyan Shilling	53,265,330	31,418,117	53,269,730	31,418,117
United States Dollar	488,757	10,783,941	488,757	10,783,941
	53,754,087	**42,202,058**	**53,758,487**	**42,202,058**

In the opinion of the directors, the carrying amounts of trade and other receivables approximate to their fair value.

The group's credit risk arises primarily from trade receivables. The directors are of the opinion that the group's exposure is limited because the debt is widely held. There is no significant concentration of credit risk.

Trade receivables that are over three months due are considered past due.

As of 31 December 2015, trade receivables amounting to Shs. 10,627,396 (2014: Shs. 10,124,403) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is as follows:

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
4 to 12 months	10,627,396	10,124,403	10,627,396	10,124,403

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The group does not hold any collateral as security.

19. Cash and cash equivalents

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
Cash at bank and in hand	3,837,442	966,688	3,837,442	966,688
For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:				
Cash and bank balances	3,837,442	966,688	3,837,442	966,688
Bank overdraft (Note 12)	(50,857,360)	(50,654,298)	(50,857,360)	(50,654,298)
	(47,019,918)	**(49,687,610)**	**(47,019,918)**	**(49,687,610)**
The carrying amounts of cash and cash equivalents are denominated in the following currencies:				
Kenya Shillings	2,647,318	449,017	2,647,318	449,017
United States Dollar	1,190,124	517,671	1,190,124	517,671
	3,837,442	**966,688**	**3,837,442**	**966,688**

20. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
Trade payables	10,261,225	6,641,518	10,261,225	6,593,518
Accruals	1,935,704	2,023,258	1,935,704	2,023,258
Other payables	10,782,754	14,435,390	10,782,754	13,900,960
Payable to related parties (Note 23)	28,366	27,521,793	2,522,249	30,688,906
Amount due to Directors (Note 23)	-	3,727,520	-	3,727,520
	23,008,049	**54,349,479**	**25,501,932**	**56,934,162**

In the opinion of the directors, the carrying amounts of trade and other payables approximate to their fair value.
The carrying amounts of the group's trade and other payables are denominated in the following currencies:

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
Kenya Shillings	21,851,902	52,302,323	24,297,785	54,887,006
United States Dollar	1,069,965	1,403,540	1,069,965	1,403,540
Euro	82,353	408,697	82,353	408,697
Danish Kroner	51,828	191,742	51,828	191,742
Canadian Dollar	-	43,176	-	43,176
	23,008,049	**54,349,479**	**25,501,932**	**56,934,162**

20. Trade and other payables *continued*

The maturity analysis of trade and other payables is as follows:

	0-3 months	4-12 months	TOTAL
	Shs	Shs	Shs
Year ended December 31, 2015 - Group			
Trade payables	1,175,275	9,085,950	10,261,225
Accruals	479,993	1,455,711	1,935,704
Other payables	2,973,544	7,809,210	10,782,754
Payable to related parties	-	28,366	28,366
	4,628,812	**18,379,237**	**23,008,049**
Year ended December 31, 2015 - Company			
Trade payables	1,175,275	9,085,950	10,261,225
Accruals	479,993	1,455,711	1,935,704
Other payables	2,973,544	7,809,210	10,782,754
Payable to related parties	-	2,522,249	2,522,249
	4,628,812	**20,873,120**	**25,501,932**

	0-3 months	4-12 months	TOTAL
	Shs	Shs	Shs
Year ended December 31, 2014 - Group			
Trade payables	5,805,242	836,276	6,641,518
Accruals	1,896,775	126,483	2,023,258
Other payables	6,500,323	7,935,067	14,435,390
Payable to related parties	-	27,521,793	27,521,793
Amount due to directors	-	3,727,520	3,727,520
	14,202,340	**40,147,139**	**54,349,479**
Year ended December 31, 2014 - Company			
Trade payables	4,919,004	1,674,515	6,593,518
Accruals	567,547	1,455,711	2,023,258
Other payables	3,265,678	10,635,282	13,900,960
Payable to related parties	-	30,688,906	30,688,906
Amount due to directors	-	3,727,520	3,727,520
	8,752,229	**48,181,934**	**56,934,162**

21. Provision for legal claims

	Group & Company	
	2015	2014
	Shs	Shs
At start of year	14,550,000	15,809,942
Decrease	(150,000)	(1,259,942)
At end of year	**14,400,000**	**14,550,000**

The provisions for legal claims arose due to current litigations being handled by the company lawyers and are expected to be paid out. In the opinion of the directors, it is not possible to estimate the maturity profile of the same.

22. Cash (used in) operations

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
Reconciliation of (loss) before tax to cash (used in) operations				
(Loss) before tax	(75,733,782)	(76,435,323)	(75,638,582)	(81,238,662)
Adjustments for:				
Depreciation on property, plant and equipment (Note 14)	23,405,445	27,219,087	23,405,445	27,219,087
Impairment on property, plant and equipment (Note 14)	13,683,208	6,193,615	13,683,208	6,193,615
Amortisation of intangible assets (Note 16)	61,200	-	61,200	-
(Gain)/loss on disposal of property, plant and equipment (Note 4)	(9,909,698)	1,240,125	(9,909,698)	1,240,125
Scrapped assets	10,700,000	-	10,700,000	-
Interest expense	16,843,136	13,881,411	16,843,136	13,881,411
Net foreign exchange (gain)/loss	(27,284)	277,392	(27,284)	277,392
Impairment of investment in subsidiaries (Note 15)	-	-	-	4,933,840
Provision for charges and liabilities (Note 21)	(150,000)	(1,259,942)	(150,000)	(1,259,942)
Changes in working capital:				
• trade and other receivables	(11,552,029)	21,163,954	(11,556,429)	21,163,954
• trade and other payables	(31,341,429)	(60,788,356)	(31,432,229)	(60,918,857)
Cash (used in)/from operations	**(64,021,234)**	**(68,508,037)**	**(64,021,234)**	**(68,508,037)**

23. Related party transactions and balances

The company is controlled by Etcoville Holdings Limited incorporated in Kenya, which owns 60% of the company's shares. The remaining 40% of the shares are widely held. The ultimate parent company is Etcoville Investments Limited.

The following transactions were carried out with related parties:

	Group & Company	
	2015	2014
	Shs	Shs
i) Sale of services to related parties		
Other related parties	2,110,476	45,211
ii) Purchase of goods and services		
Other related parties	32,610,644	25,580,382
iii) Key management compensation		
Directors remuneration - short term employment benefits	18,000,000	18,000,000
Directors fees - short term employment benefits	-	200,000
	18,000,000	**18,200,000**

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
iv) Outstanding balances arising from sale of services				
Receivable from related parties (Note 18)				
Other related parties	1,640,823	710,139	1,645,223	710,139
Parent	1,670,991	1,629,041	1,670,991	1,629,041
	3,311,814	**2,339,180**	**3,316,214**	**2,339,180**

23. Related party transactions and balances *continued*

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
v) Outstanding balances arising from purchase of goods and services				
Payable to related parties (Note 20)				
Other related parties	28,366	27,521,793	28,366	27,968,223
Subsidiaries	-	-	2,493,883	2,720,683
	28,366	**27,521,793**	**2,522,249**	**30,688,906**
vi) Amount due to related parties				
Loans due to related parties (Note 12)				
• other related parties	79,455,411	14,139,634	79,455,411	14,139,634
• directors (Note 12)	12,067,520	-	12,067,520	-
	91,522,931	14,139, 634	91,522,931	14,139, 634
Amount due to directors (Note 20)	**-**	**3,727,520**	**-**	**3,727,520**

The advances from directors are unsecured, interest free and have no specific dates of repayment.

24. Commitments

Operating lease commitments - Group and Company as a lessee

The future minimum lease payments payable under non-cancellable operating leases are as follows:

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
Not later than 1 year	21,666,269	22,131,372	21,666,269	22,131,372
Later than 1 year and not later than 5 years	20,587,350	42,253,619	20,587,350	42,253,619
	42,253,619	**64,384,991**	**42,253,619**	**64,384,991**

The Group leased a property under non-cancellable operating lease agreements. The lease term is for 6 years and is generally renewable at the end of the tenure of the lease.

25. Risk management objectives and policies

Financial Risk Management

The group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Risk management is carried out by the management under policies approved by the board of directors.

(a) Market Risk

- ***Foreign exchange risk*** - The group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar. The risk arises from future transactions, assets and liabilities in the statement of financial position.

25. Risk management objectives and policies *continued*

The table below summarises the effect on post-tax (loss) had the Kenya Shilling weakened by 10% against the United States Dollar, with all other variables held constant. If the Kenya Shilling strengthened against each currency, the effect would have been the opposite.

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
Effect on (loss) - increase	33,231	647,812	33,231	647,812

A 10% sensitivity rate is being used when reporting foreign exchange risk internally to key management personnel and represents managements assessment of the reasonably possible change in foreign exchange rates.

- ***Interest rate risk*** - The group's exposure to interest rate risk arises from borrowings.

The table below summarises the effect on post-tax (loss) had interest rates been 1% higher, with all other variables held constant. If the interest rates were lower by 1%, the effect would have been the opposite.

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
Effect on (loss) - increase	625,305	453,468	625,305	453,468

(b) Credit Risk

Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

None of the financial assets that are fully performing has been renegotiated in the last year.

Exposure to this risk has been quantified in each financial asset note in the financial statements along with any concentration of risk.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the group's management maintains flexibility in funding by maintaining availability under committed credit lines.

Notes 12 and 20 disclose the maturity analysis of borrowings and trade and other payables respectively.

The following table details the group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay.

The key assumptions made in the maturity profile are:

- changes in interest rates have not been accounted for as these cannot be predicted;
- changes in foreign exchange rates have not been accounted for as these cannot be predicted; and
- the borrowings will be repaid based on the repayment schedule agreed with the lenders.

25. Risk management objectives and policies *continued*

(c) Liquidity Risk *continued*

	Interest rate %	Less than 1 year Shs	1-5 years Shs	No fixed maturity period Shs	TOTAL Shs
Year ended December 31, 2015 - Group					
Interest bearing liabilities:					
• Bank overdraft	17%	50,857,360	-	-	50,857,360
• Bank loan	20.33%	9,722,409	48,681,154	-	58,403,563
Non-interest bearing liabilities:					
• Borrowings from related parties	-	-	-	79,455,411	79,455,411
• Borrowings from directors	-	-		12,067,520	12,067,520
• Trade and other payables	-	23,008,049	-	-	23,008,049
• Provision for legal claims	-	14,400,000	-	-	14,400,000
		97,987,817	**48,681,154**	**91,522,931**	**238,191,903**
Year ended December 31, 2015 - Company					
Interest bearing liabilities:					
• Bank overdraft	17%	50,857,360	-	-	50,857,360
• Bank loan	20.33%	9,722,409	48,681,154	-	58,403,563
Non-interest bearing liabilities:					
• Borrowings from related parties	-	-	-	79,455,411	79,455,411
• Borrowings from directors	-	-	-	12,067,520	12,067,520
• Trade and other payables	-	25,501,932	-	-	25,501,932
• Provision for legal claims	-	14,400,000	-	-	14,400,000
		100,481,700	**48,681,154**	**91,522,931**	**240,685,786**
Year ended December 31, 2014 - Group					
Interest bearing liabilities:					
• Bank overdraft	17%	50,654,298	-	-	50,654,298
• Bank loan	17%	8,233,762	65,779,957	-	74,013,719
• Borrowings from related parties	12%	-	-	15,836,390	15,836,390
Non-interest bearing liabilities:					
• Trade and other payables	-	54,349,479	-	-	54,349,479
• Provision for legal claims	-	14,550,000	-	-	14,550,000
		127,787,539	65,779,957	**15,836,390**	**209,403,886**
Year ended December 31, 2014 - Company					
Interest bearing liabilities:					
• Bank overdraft	17%	50,654,298	-	-	50,654,298
• Bank loan	17%	8,233,762	65,779,957	-	74,013,719
• Borrowings from related parties	12%	-	-	15,836,390	15,836,390
Non-interest bearing liabilities:					
• Trade and other payables	-	54,349,479	-	-	54,349,479
• Provision for legal claims	-	14,550,000	-	-	14,550,000
		127,787,539	**65,779,957**	**15,836,390**	**209,403,886**

26. Capital management

The group's objectives when managing capital are:

- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk;
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain a strong asset base to support the development of business; and
- to maintain an optimal capital structure to reduce the cost of capital.

The group sets the amount of capital in proportion to risk. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, bonuses paid to directors or issue new shares. Consistently with others in the industry, the group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt : capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity.

The gearing ratios at December 31, 2015 and 2014 were as follows:

	Group		Company	
	2015 Shs	2014 Shs	2015 Shs	2014 Shs
Total borrowings (Note 12)	185,450,949	114,249,911	185,450,949	114,249,911
Less cash and cash equivalents (Note 19)	(3,837,442)	(966,688)	(3,837,442)	(966,688)
Net debt	181,613,507	113,283,223	181,613,507	113,283,223
Total equity	120,119,139	180,207,652	120,164,077	180,157,390
Gearing ratio (%)	**151.19**	**62.86**	**151.14**	**62.88**

The decrease in the gearing ratio is primarily due to the repayment of borrowings during the year.

27. Contingent liabilities

The company is a defendant in various legal actions. After seeking appropriate legal advice, the directors are of the opinion that the outcomes of such actions are not expected to give rise to any significant losses.

The company has an ongoing in-depth examination by the Kenya Revenue Authority. The examination has not been concluded as at the reporting date. As a result, the directors are unable to quantify liabilities (if any) arising from the examination.

28. Commitments - capital commitments

	Group & Company	
	2015 Shs	2014 Shs
Inventories - work-in-progress	**1,495,659,355**	**-**

The construction contract has been signed and is in the process of being registered.

29. Incorporation

Express Kenya Limited is incorporated in Kenya under the Companies Act as a public liability company and is domiciled in Kenya.

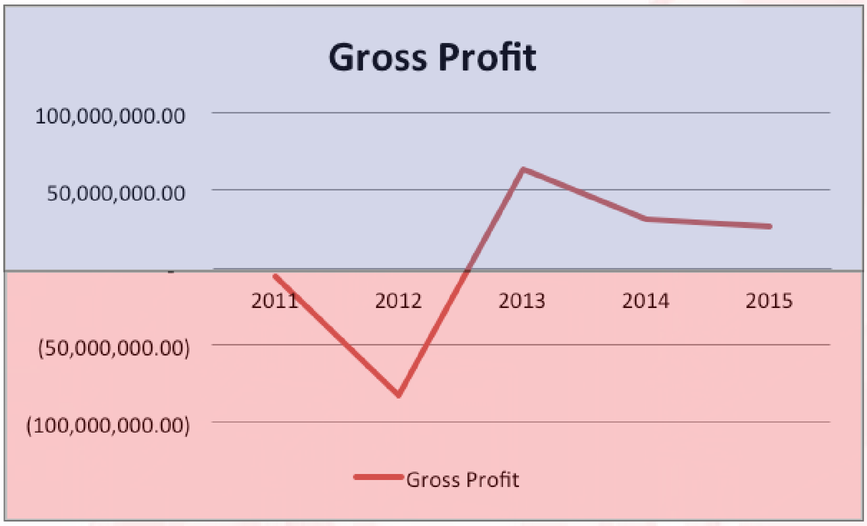
30. Presentation currency

The financial statements are presented in Kenya Shillings (Shs).

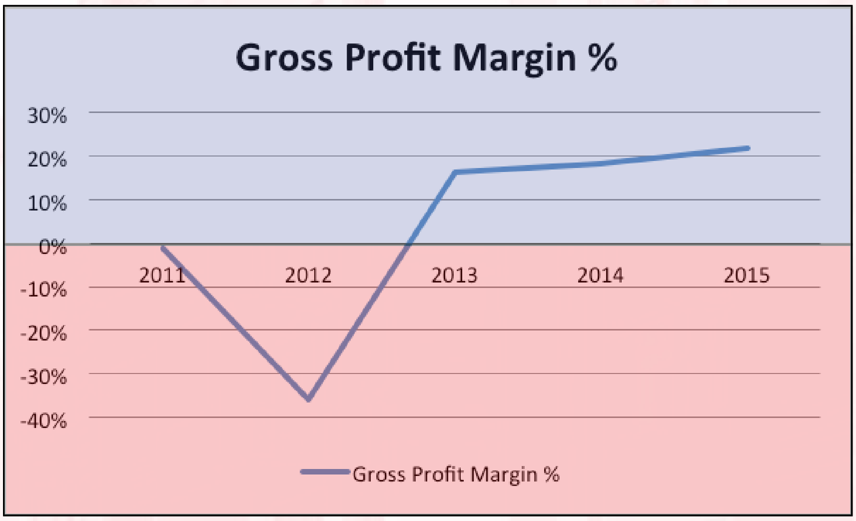
Company's Top 30 Shareholders

FOR THE YEAR ENDED DECEMBER 31, 2015

	NAME	NATIONALITY	SHARES	%
1	ETCOVILLE HOLDINGS LIMITED	Kenyan Company	21,392,898	60.43%
2	PAUL WANDERI NDUNGU	Kenyan Individual	1,912,090	5.40%
3	DANIEL KARANJA NDUNGU	Kenyan Individual	602,956	1.70%
4	STANDARD CHARTERED NOMINEES A/C 9397	Kenyan Company	457,054	1.29%
5	HECTOR ROBERT DINIZ	Kenyan Individual	428,300	1.21%
6	SARAJ PROPERTIES LIMITED	Kenyan Individual	296,700	1.61%
7	HENRY NZIOKA IVUTI	Kenyan Company	410,500	0.92%
8	YASIN ESMAIL AHMED	Kenyan Individual	237,600	0.84%
9	VISHAL SUDHIRKUMAR SHAH	Foreign Individual	196,600	0.56%
10	DAVINDAR SINGH DEVGUN	Kenyan Individual	189,000	0.53%
11	THE JUBILEE INSURANCE COMPANY OF KENYA LIMITED	Kenyan Company	158,600	0.45%
12	PATRICK KARIUKI & AGNES NDUNG'U KARINGE	Kenyan Individual	157,300	0.44%
13	ANDREW MUKITE MUSANGI	Kenyan Individual	153,100	0.43%
14	ELEGANT HOLDINGS LIMITED	Kenyan Company	150,800	0.43%
15	EKTA BIMAL & KUNAL KAMLESH SHAH	Kenyan Individual	136,700	0.39%
16	KOLLIYOOR BAHULAYAN/DALAVOI RAMAPPA SATHYA GOPAKULIMAR/VADANA	Kenyan Individual	126,800	0.36%
17	LAVINGTON SECURITY GUARDS LIMITED	Kenyan Company	125,400	0.35%
18	MACHARIA MIGWI	Kenyan Individual	110,000	0.31%
19	SUPINDER SINGH SOIN	Kenyan Individual	106,000	0.30%
20	MANSUKHLAL KESHAVJI SHAH & MITAL MANSUKHLAL SHAH	Kenyan Individual	99,600	0.28%
21	AJAY KISHORCHANDRA & KARSANDAS KOTECHA	Kenyan Individual	99,597	0.28%
22	ROBINSON NGIGI GOCO	Kenyan Individual	98,007	0.28%
23	JOSEPHAT KIMATA WA MUKUI	Kenyan Individual	92,331	0.26%
24	CYPRIAN MAMBO WAMBUGU	Kenyan Individual	83,400	0.21%
25	AFRICAN ALLIANCE KENYA NOMINEES A/C 2020	Kenyan Company	70,100	0.20%
26	NOMURA NOMINEES LTD A/C RANGECHEM LTD	Kenyan Company	62,900	0.18%
27	HASMITA AJITKUMAR & AJITKUMAR RATILAL HARIA	Kenyan Individual	62,300	0.18%
28	ALPA NISHIT CHHEDA & NISHIT SURENDRAKUMAR CHHEDA	Kenyan Individual	60,000	0.18%
29	JAMES EDWIN ZALO OWINO	Kenyan Individual	59,000	0.17%
30	FRANCIS P NGILLAH	Kenyan Individual	55,027	0.16%
	SHARES SELECTED		**28,282,509**	**79.89%**
	SHARES NOT SELECTED [4,183 Shareholders]		77,121,281	20.11%
	SHARES ISSUED		**35,403,790**	**100.00%**
	TOTAL SHAREHOLDERS		**4,213**	
	CDSC IMMOBILISATION:			
	NO. OF SHAREHOLDERS AT THE CDSC		3,166	
	NO. OF SHARES HELD AT CDSC		34,240,360	



Gross Profit
100,000,000.00
50,000,000.00
-
(50,000,000.00)
(100,000,000.00)
2011
2012
2013
2014
2015
Gross Profit



Gross Profit Margin %
30%
20%
10%
0%
-10%
-20%
-30%
-40%
2011
2012
2013
2014
2015
Gross Profit Margin %

Earnings (Loss) Per Share
1.00
-
(1.00)
(2.00)
(3.00)
(4.00)
(5.00)
(6.00)
(7.00)
2011
2012
2013
2014
2015
Earnings (Loss) per Share

REGISTRAR FORM

EXPRESS KENYA LTD

CHANGE OF ADDRESS AND PAYMENT MANDATE FORM FOR EXPRESS KENYA LIMITED

Completed dividend mandate forms should be posted to Custody and Registrars Services Limited, P O Box 8484, 00100 GPO, Nairobi, Kenya or delivered by hand to 6th Floor, Bruce House, Standard Street, Nairobi, Kenya.
Email Address: info@candrgroup.co.ke Telephone: Tel: 2230518, 2230493, 2230488, 0726971599, 0737095124
(for EXPRESS updates only)

I / We, the undersigned, hereby authorise and instruct **EXPRESS KENYA LIMITED** and Custody and Registrars Services Limited to maintain or update our details for payment of all dividends that may hereafter and from time to time, become due and payable to me/us by the Issuer with the payment details below. I/We, the undersigned, note that shareholders with certificated dividend mandates are maintained by the Registrar but that postal and bank mandate details for CDSC accounts can only be done through my/our brokers and not the Registrar

(TICK PREFERRED METHOD OF PAYMENT):

☐ Depositing the same at any branch of the bank mentioned below for the credit of my/our account detailed below·

☐ By cheque to the new address stated below

I / We understand and agree that any such deposit shall constitute a full and sufficient discharge of the Issuer's and Custody and Registrars Services Limited's obligations to make such payments to me/us and neither the Issuer nor Custody and Registrars Services Limited shall be responsible in anyway for any loss which I/we may suffer consequent to such deposits being made pursuant to this authority and instruction.

I / We confirm that the details set out below are true and correct. In the event that the details set out below change in any way, I/we agree to cancel this authority and instruction forthwith and notify the Registrar and/or my/our broker as necessary.

SHAREHOLDER'S FULL NAME/(S): ______________________________

IDENTIFICATION NO (ID /Passport/ Company registration no______________________________

SHARES OR CDSC A/C No

CURRENT POSTAL ADDRESS (INCLUDE POSTAL CODE AND POST OFFICE NAME)	Telephone No: (Compulsory) Email Address:	SIGNATURE**

** For joint account holders, all holders to sign. For Corporate shareholder provide introductory letter of two directors to sign, introduced by the Company Secretary or another director who is not signing.

**BANK ACCOUNT NAME: ______________________________

**Name of Bank and Branch ______________________________

** Bank & Branch Postal Address ______________________________

****Verification by the bank official:** Name______________Signature____________Stamp______________

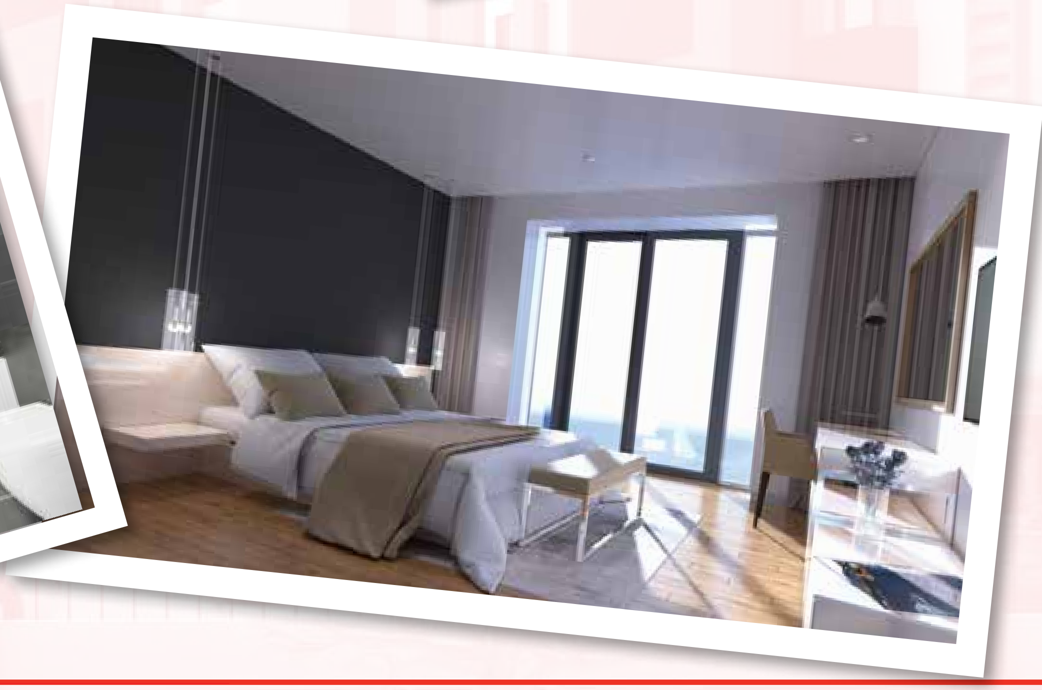
**Account number:														
**Bank Code:														
**Branch Code:														
**Swift Code:														

All normal charges by banks for processing Electronic Funds Transfers are applicable. Please enquire with your bank.
Important: For verification please attach

1. A certified copy of your identification document/(s) (Kenya ID or Valid passport as per account) (for all individual or joint holders)
2. An original CR12 dated and stamped within past 6 months by the Companies Registry (for Corporate shareholders)
3. A certified copy of either a dividend notice OR CDSC statement OR shares certificate
4. A copy of your bank statement, which must be certified by the bank.

All the above copies should be certified by a magistrate, lawyer or at our offices upon presentation of originals. Any copies certified outside of Kenya must be done by a Notary Public. These instructions will supersede any previous instructions.

A Sneek Peek...



Proxy Form

FOR THE FORTY-FIFTH ANNUAL GENERAL MEETING

I/We ____

of ____

being a member(s) of the above Company hereby appoint ______________________________

of____

or failing him/her ____

__________of ____

as my/our proxy to attend and on a poll vote for me/us/ on my /our behalf at the 45th Annual General Meeting of the Company to be held at 11.00 a.m. on Thursday, the 27th of October 2016 at Eka Hotel, along Mombasa Road, Nairobi and at any adjournment thereof.

Signed this ______________ day of ____________________________ 2016.

Signature____

NOTE:

1. 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.
2. In the case a member being a Limited Company, this form must be completed under its common seal or under the hand of an officer or attorney duly authorised in writing.
3. This proxy form must be completed and deposited either at the Registered office of the Company, Express House, Road A, off Enterprise Road, P O Box 40433-00100 Nairobi or with the Company Secretaries, Equatorial Secretaries and Registrars, Kalamu House, Grevillea Grove, P O Box 47323-00100 Nairobi so as to reach not later than 48 hours before the meeting.

This Proxy Form is also available on the Companys website: www.expresskenya.com

This Proxy Form is available on the Company's website: **www.expresskenya.com**

Fomu ya Uwakilishi

Mimi/Sisi____

wa____

nikiwa/tukiwa mwanachama/wanachama wa **Express Kenya Limited,** namchagua/tunachagua

____

wa____

au akikosa yeye/wakikosa wao

____

wa____

kupiga kura badala ya mimi/sisi kwa niaba yangu/yetu katika **Mkutano Mkuu wa Mwaka wa 45** wa Kampuni hii utakaofanywa **saa tano asubuhi** tarehe **Alhamisi Okotoba 27, 2016** katika **Eka Hotel** iliyo Mombasa Road, Nairobi, na katika mkutano wowote utakaoahirishwa.

Imetiwa sahihi leo ______________ siku ya ____________________________ 2016

Sahihi ____

TAZAMA:

1. Mwanachama mwenye haki ya kuhudhuria na kupiga kura katika mkutano huu ana haki ya kumchagua mwakilishi au waakilishi ambaye/ambao si lazima kuwa Mshiriki au Washiriki wa Kampuni.

2. Fomu hii ya uwakilishi lazima kufikishwa katika Ofisi ya Kampuni Iliyosajiliwa, **Express House, Road A, off Enterprise Road,** Sanduku la Posta 40433 - 00100, Nairobi **AU** kwa Katibu wa Kampuni, Equatorial Secretaries and Registrars, Kalamu House, Grevillea Grove, P O Box 47323-00100, Nairobi katika muda usiopungua masaa 48 kabla ya mkutano kufanyika.

STAMP

The Company Secretary
EXPRESS KENYA LIMITED
P O Box 40433 - 00100 GPO
Nairobi, Kenya

Comments

Comments