2013 Annual Report & Financial Statements

HOME AFRIKA

Creating spaces for the activities you enjoy

2013 at a glance

405,255,320
shares

the number of shares listed on the NSE in June 2013

12/-

the listing price of shares on GEMS on the NSE in July 2013

Top 100

real estate Companies in Africa to go regional with a reach beyond East Africa.

893.5
acres

the number of acres under development

3,494

number of shareholders Home Afrika Ltd has on its share registry as at April 2014

the 1st

real estate company to list on the NSE

Growth

The company's organization structure was transformed in 2013 to create a firm basis for growth and effciency

NSE

Home Afrika Ltd was the very first company to list in the Growth Enterprise market Segment (GEMS) on the NSE in July 2003.

5.5%

increase in the building and construction sector due to rapid population growth in urban areas.

46%

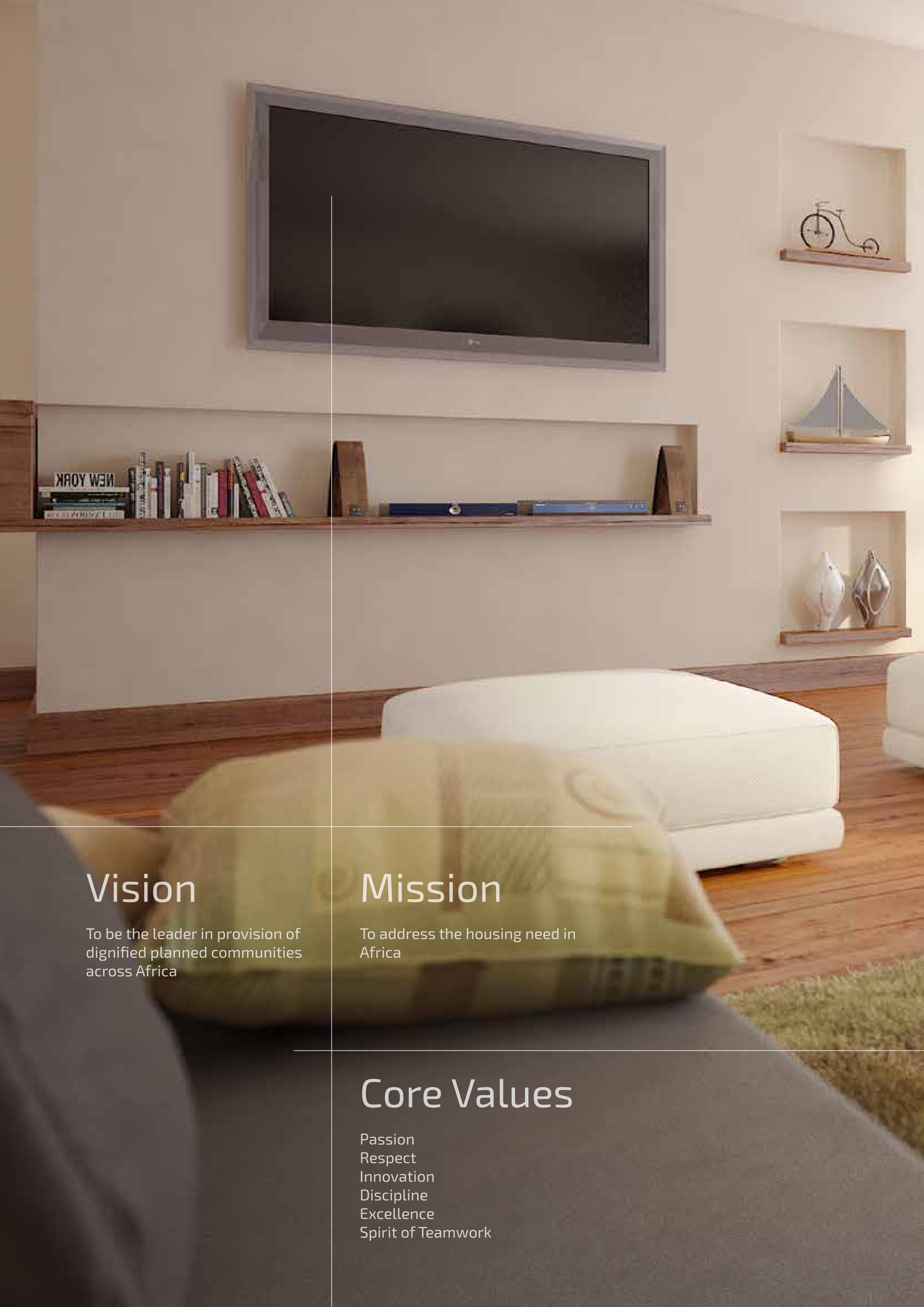
Percent Home Afrika's revenues increased to Kshs. 650 Million in 2013

73.8%

Gross Profit grew by 73.8% to Kshs. 388.9 Million in 2013 from Kshs. 101.9 Million in 2012

2013

was the year that saw Home Afrika Limited devise and implement our 5 year strategic plan 2013- 2018



Vision

To be the leader in provision of dignified planned communities across Africa

Mission

To address the housing need in Africa

Core Values

Passion
Respect
Innovation
Discipline
Excellence
Spirit of Teamwork


Creating opportunities for discovery

Company Information

BOARD OF DIRECTORS

Lee Gituto Karuri
Geoffrey Mbugua Kamau
Lucy Wanjiku Maina
Benjamin Mbira Gikonyo
Kenneth Wathome Mwatu
Jane Wambui Adam
Nyagah Boore Kithinji
Dan Ochieng' Awendo
Gilbert Macharia Kibe
Mbugua Gecaga

PRINCIPAL PLACE OF BUSINESS

Morningside Office Park
Ngong Road
P.O. Box 6254, 00100
NAIROBI

INDEPENDENT AUDITOR

PKF Kenya
Certified Public Accountants
P.O. Box 14077, 00800
NAIROBI

PRINCIPAL BANKERS

Kenya Commercial Bank Limited
NAIROBI

I&M Bank Limited
NAIROBI

Chase Bank (Kenya) Limited
NAIROBI

LEGAL ADVISORS

Muriu Mungai & Company Advocates
NAIROBI

Wainaina Ireri & Co. Advocates
NAIROBI

Robson Harris & Company Advocates
NAIROBI

SUBSIDIARIES

Home Afrika Communities Limited
NAIROBI

Mitini Scapes Development Limited
NAIROBI

Migaa Management Limited
NAIROBI

Lake View Heights Development Limited
NAIROBI

Llango Development Limited
NAIROBI

Kikwetu Development Limited
NAIROBI

Kivuli Golf Limited
NAIROBI

Suburban Limited
NAIROBI

Notice of the Annual General Meeting

Notice is hereby given that an Annual General Meeting of Home Afrika Limited will be held at Kenya School Monetary Studies (KSMS) at 9:00am on 26th June 2014 at 9:00am to transact the following business.

9:00am – 9:30am	Registration
9:05am – 9:10am	Opening Prayers
9:10am – 9:20am	Introductions and Welcome
9:20am – 9:50am	Reading the Notice Convening the Meeting and determine if quorum is present
9:50am – 10:10am	To read, and if approved, adopt the Minutes of the previous Annual General Meeting held on 27th July, 2013
10:10am – 10:40am	To discuss the Matters Arising from the reading and confirmation of the minutes of the annual general meeting held on 27th July, 2013
10:40am – 11:00am	To receive, consider and, if approved, adopt the Chairman's Report
11:00am – 11:20am	To receive, consider and, if approved, adopt the CEO's Report
11:20am – 11:40am	To receive, consider and, if approved, adopt the audited accounts for the year ended 31st December, 2013.
11:40am – 12:00pm	To re-appoint Messrs. PKF Kenya, Auditors of the Company having expressed their willingness to continue in office and to authorise the directors to fix their remuneration.
12:00pm – 12:30pm	To consider and adopt the retirement of three (3) directors who have retired from the board of directors of the Company pursuant to Article 92 of the Articles of Association and have not offered themselves for re-election.
	To consider and elect three (3) persons who are eligible for election as directors of the Company under Article 94 of the Articles of Association and whose notice has been duly given in accordance with Article 94 to replace the three (3) directors who have retired.
12:30pm – 12:50pm	To transact any other business of the Company whose due notice has been given
12:50pm – 1:00pm	Closing Prayers

By Order of the Board

Esther Njiru-Omulele-Company Secretary
19th May 2014

NOTES:

1. A member entitled to attend and vote at the above meeting and who is unable to attend is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not be a member. A form of proxy may be obtained from the Company's website. To be valid, a form of proxy must be completed and signed by the member or his attorney duly authorized and must be lodged at the offices of the company or Company Registrar or be posted so as to reach the Company not later than 48hours before the meeting or adjournment thereof.

   If the appointer is a corporation, the instrument appointing the proxy, shall be given under its common seal or under the hand of an officer or duly authorized attorney of that corporation.

2. Pursuant to Article 94 of the Articles of Association of the Company, no person, other than a director retiring at a meeting, shall be eligible for appointment as a director at the AGM, unless not less than seven nor more than twenty one days before the day of the AGM, there shall have been delivered to the Company Secretary a notice in writing signed by a Shareholder duly qualified to attend and vote at the AGM, of his intention to propose such person for election and the said notice in writing is also signed by the person to be proposed of his willingness to be elected.

3. Any member may, either, offer themselves for election or propose another person to be elected a director to fill one of the three (3) vacant positions in the board of directors. Each member is only allowed to make one nomination. To nominate yourself or a nominee, send a duly completed and signed Notice (the Notice is available for download on www.homeafrika.com), a current Profile and Curriculum Vitae of yourself or your nominee to Home Afrika Offices, or send to nominations@homeafrika.com by 4:00pm, Thursday 19th June 2014. All persons who are eligible for election under Article 94 and whose notice has been duly given in accordance with Article 94 will be notified of their nomination and will be considered for election as directors at the AGM.

4. The resolution in respect of election of new directors shall be put to the vote of the meeting by way of a poll in accordance with Article 74 of the Articles of Association, and the following provisions of the Articles of Association shall apply to the poll:

   i. it shall be taken in such manner as the Chairman directs and the result of the poll shall be deemed to be the resolution of the meeting (Article 75);
   ii. in the event of an equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote (Article 76);
   iii. any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll (Article 77); and
   iv. every Shareholder present in person or by proxy or being a corporation shall have one vote for each share of which the Shareholder is the holder (Article 78).

5. All matters to be dealt with under 'Any Other Business' should be submitted no later than ten (10) days in advance of the meeting.

6. A copy of this notice, the entire Annual Report & Accounts may be viewed at the Company's website www.homeafrika.com.

Creating spaces for culinary discovery

Director's Profiles

Mr. Lee G. Karuri
– Chairman

Mr. Lee Karuri has been an architect for over 20 years. He obtained his Bachelor of Architecture from the University of Nairobi in 1989, and thereafter registered as an Architect by the Board of Registration of Architects and Quantity Surveyors in 1993.

He has previously served as Chairman of the Kenya Private Sector Alliance (KEPSA), honored by the state with the Order of the Grand Worrior (OGW) in 2004 for national services.

Dr. Mbira Gikonyo
– Vice Chairman

Dr. Mbira Gikonyo has served as the Vice Chairman of Home Afrika since its founding in 2008 and was the Managing Director between 2010 and 2012. A Consultant Specialist Medical practitioner in Nairobi, he runs several ENT Head & Neck Surgical Clinics in Nairobi.

Dr. Mbira Chairs the boards of Morningside Office Park, Morningside Management Ltd, Suburban Ltd, Migaa Utilities Ltd, Kikwetu Development Ltd, Angel Capital, Ringsview Apartments Ltd and Runda Evergreen Association. He also serves on the Boards of Home Afrika Communities Ltd, Institute of Surgical Medicine, Mbilu Ventures Capital Ltd and is also the founder Director of Danica Hearing Centre.

Dr. Mbira's service to the Home Afrika Group of companies has been commended by the Board and more so his exemplary leadership of the listing process as the first Real Estate company to list on the Nairobi Securities Exchange in June, 2013.

Eng. Mbugua Kamau
– Director

Eng. Mbugua Kamau is the Treasurer at Home Afrika Ltd and he brings to the Board skills in Strategic Management, Project Management and Business development.

Eng. Mbugua holds a Bachelor of Science Degree in Civil Engineering, and an MBA from Eastern and Southern Africa Management Institute. He has previously served as the Managing Director of Transfleet (EPZ) Ltd, Business Development Manager of Mugoya Group, worked for Sir Alex Gibb and Partners as well as Steel Structures Limited.

Director's Profiles
(CONTINUED)

Ms. Lucie Maina
– Director

Ms. Lucie Maina is one of the original founder members of Home Afrika Limited. She is also a Founder member and the Executive Director of Angel Capital Limited, a mezzanine Finance Company mainly dealing with real estate developments in Kilimani and Kileleshwa based on the joint venture model.

With a BA in Economics from the College of Wooster, Ohio, USA, Ms. Lucie's expertise in the Real Estate sector in Kenya and her excellent Entrepreneurial, Managerial and funding skills are a great asset to the Company.

Aside from the main board, Lucie also serves in the Migaa board, Lakeview Heights Ltd, Home Afrika Foundation and is currently the Chair of Kivuli Golf Ltd.

Aside from her business engagements, Lucie is also passionately involved with the sport of Golf, her dedication to which has seen her hold various positions, such as:

- Served as the Lady Golf Captain at Limuru Country Club in 1997
- Served in the Kenya Ladies Golf Union Committee from 1997-2002
- Elected to the position of Chairman of the Kenya Ladies Golf Union in 2002
- Represented the Kenya Ladies golf team in Ivory Coast in 2002 and Zimbabwe in 2003

Served as a Board Member at Muthaiga Golf Club for two years from 2007-2008 and also a member of the Women's league team

Mr. Dan Awendo
– Director

Mr. Dan Awendo is the Chief Executive Officer of InvesteQ CAPITAL Limited. He brings his extensive experience in Finance to the board and he sits on the Finance & Admin Committee.

Mr. Awendo is a Certified Public Accountant Finalist-C.P.A (K). He holds a Diploma from the institute of Data Processing Management (I.D.P.M) and has previously held position of Senior Consultant in Dominion Consultants Group and Group Accountant and General Manager of Loita Holdings Corporation Group.

Mr. Nyagah Kithinji
– Director

Mr. Nyagah Kithinji is a partner in Costwise Associates, a Quantity Surveying and Project Management Consultancy Firm. He serves in the Business Development Committee and he oversees and evaluates prospective projects for HAL.

He holds a Bachelor of Arts degree in Building Economics, a Masters in Building Management, an LLB from UNISA and is pursuing Masters of Science in Construction Law and Arbitration at Robert Gordon University in Scotland as well as a Post Graduated Diploma in Law at Kenya School of law. He is a Registered Quantity Surveyor with the Board of Registration of Architects and Quantity Surveyors. He practices Quantity Surveying, Project Management, Contract Administration and Arbitration.

Director's Profiles
(CONTINUED)

Mr. Gilbert Kibe
– Director

Mr. Gilbert Kibe is the Managing Director at Bahati Ridge Development a mixed development project in Thika as well as the Chief Executive at Nairobi Flight Training Ltd. A trained pilot by profession. Mr. Kibe has worked in several capacities in the Aviation Management and Aerospace Industry including the following:

- Chairman - Eagle Aviation Ltd from 1986 – 1997
- Director - Kenya Civil Aviation Authority from 2003-2009
- CEO - Nairobi Flight Training Ltd 2007 to present

Mr. Kibe holds an MBA from Moi University and has acquired valuable skills and expertise in the Aviation, Airline Industry and Property Development. Mr. Kibe is currently serving as Chair, in the Business Development Committee for Home Afrika Ltd as well as Home Afrika International as he oversees and evaluates prospective projects for Home Afrika Ltd for the purpose of implementing the 'Go County' and 'Go Africa' Strategies.

Mr. Mbugua Gecaga
– Director

Mr. Mbugua Gecaga is a Director at Mbambu Communications, Clomia Pty Ltd. Zimbawe and Uza Ubora Consultants.

A marketer by training Mr. Gecaga has over 18 years of experience in the Marketing and Branding profession. Having worked with British American Tobacco in senior marketing positions in Kenya, Uganda, Ethiopia, Zimbabwe and the Indian Ocean Islands, Mr. Gecaga is well versed in strategic marketing.

Mr. Gecaga holds a BSc(Hons) from the University of Nairobi and an MBA from Henley Management College. Mr. Gecaga is currently serving in the Business Development Committee for Home Afrika Ltd as he oversees the business development opportunities for Home Afrika Ltd. He also ensures that Home Afrika Ltd is aligned strategically in relation to brand presence and market exposure.

Mr. Ken Wathome
– Director

Mr. Ken Wathome is a real estate practitioner and business leader with strong interpersonal skills.

He has served and continues to serve in several local and international boards. Local companies in which he is or has been involved in at board level include Faulu Kenya, Housing Finance, AIB Capital, NW Realite among others.

He is currently Chairman of Machakos Country Investment Promotion Board. Mr. Wathome has an undergraduate degree in Land Economics and graduated from the Harvard Business School's owner President Management (OPM) Program in 2011.

Director's Profiles
(CONTINUED)

Mrs. Jane Adam
– Director

Mrs. Jane Adam is the Managing Director of Travel Collections, a travel agency focused on ticketing, medical tourism, domestic market and pilgrimage tours. She is also a Director at Nature Expeditions Africa, a leading indigenous family owned tour operator in Kenya. Jane has worked in the tourism and hospitality industry for over 25 years. She is the founding Treasurer of Kenya Association of Women in Tourism (KAWT), an organization that empowers women in the hospitality industry. KAWT is the leading organization for Kenyan women in Tourism. She holds a diploma in Hotel Management from Kenya Utalii College and a Bachelor of Science degree in Hospitality and Tourism Management.

Mrs. Adam is an active Rotarian having held various positions in the country and the district. She actively participates in community service by being involved in environmental, mentoring and fund raising for projects. Mrs. Jane Adam serves as the Chairperson of the Home Afrika Foundation which coordinates Community Social Responsibility. She was a finalist for Africa's most influential women in business and government in 2013 and r2014. Jane is married, has one son and two daughters.

Mr. Njoroge Nganga
– Chief Executive Officer

Mr. Njoroge holds a Master of Science Degree in Financial Management and an undergraduate degree Majoring in Accounting & Financial Management from the University of London and Ohio Wesleyan University Ohio, USA respectively. He is also a Certified Public Accountant (USA), a Chartered Financial Analyst and a member of the Chartered Financial Analysts (CFA) institute.

He has over 20 years experience in Strategic Business Initiatives, Development Financing & Funds Mobilization. Prior to joining Home Afrika, Njoroge worked in Uganda for the Housing Finance Bank as the General Manager Strategy and Investor Services. He has also worked as the General Manager Dyer & Blair (Uganda) and at Development Finance Company of Uganda (DFCU) Bank as Head of Development Finance.

He served on Uganda's Securities Exchange Governing Council and on Makerere University Investment Advisory Committee.

Executive Team Profile

Mr. Njoroge Nganga
– Chief Executive Officer

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Mr. Simon Gichini
– GM Finance & Operations

Mr. Gichini is a graduate of Moi University with a Bachelors degree in Business Management specializing in Finance and Banking. Mr. Gichini is a CPA (K) and registered member of ICPAK. Simon is currently pursuing a Masters Degree in Strategic Management at the University of Nairobi. He has over eight years experience having worked for various audit firms he is experienced in Audit, Tax and Financial Reporting. His responsibility at Home Afrika Limited including the subsidiary level is to ensure that the financial activities are utilized in the most efficient manner, ensuring profitability, growth and goodwill of Home Afrika Limited.

Mr. Stephen Kagume
– General Manager Projects

Mr. Kagume is the Head of Projects at Home Afrika having joined in 2010. He is a graduate of Jomo Kenyatta University of Agriculture and Technology with a Bachelors of Science degree in Construction Management, and is currently pursuing an MBA in Strategic Management. He is a member of the Chartered Institute of Building as well as a Member of the Architectural Association of Kenya. Mr. Kagume is creative, practical and well informed having worked in both construction and architectural firms for over 5 years. Mr. Kagume's areas of specialization include construction technology, structural design and project management. His responsibility is to ensure that projects are delivered on schedule, within budget and to the desired quality.

Executive Team Profile
(CONTINUED)

Mr. Joshua Kihoro
– Head of Internal Audit

Mr. Kihoro is a graduate of The Catholic University of Eastern Africa with a Bachelors degree in Commerce specializing in Finance and is a Certified Public Accountant, CPA (K). He is a Certified Information Systems Auditor, (CISA) and a member of the Institute of Internal Auditors, (IIA) as well as the Information System Audit and Control Association (ISACA). He is currently pursuing a Masters Degree in Strategic Management.

He has over 10 years experience in Finance, Audit and previously worked with Equity Bank and Ernst & Young. His responsibility at Home Afrika Limited including the subsidiary level is to provide assurance on management's governance, risk management, and internal control processes as well as consulting activity designed to add value and improve the organization's operations.

Mrs. Lilian Hurst
– Head of Marketing and Business Development

Mrs. Hurst holds a Professional Post Graduate Diploma in Marketing with the Chartered Institute of Marketing C.I.M and is also a graduate of Kenyatta University. She is currently undertaking her MBA with the University of Sunderland in the UK. She brings with her over 15 years' experience in Management, Marketing and Value Chains having worked with key brands of Sub Saharan Africa region. She is also well versed and hands-on in Training, People, Process and Project management as well as internal engagement.

Mr. Timothy Kamau
– Head of Investor Relations

Mr. Kamau is a graduate of Africa Nazarene University with a Bachelors degree in Commerce specializing in Finance and Banking. Mr. Kamau is an ATS Certified dealer and has done various courses with SITI. He is currently pursuing a MBA Degree in Finance at the University of Nairobi. He has over eight years experience in the financial services sector and he brings a wide exposure to financial markets and strategic relationship management. His responsibility is to ensure that there is effective communication between Home Afrika, its shareholders and the financial community.

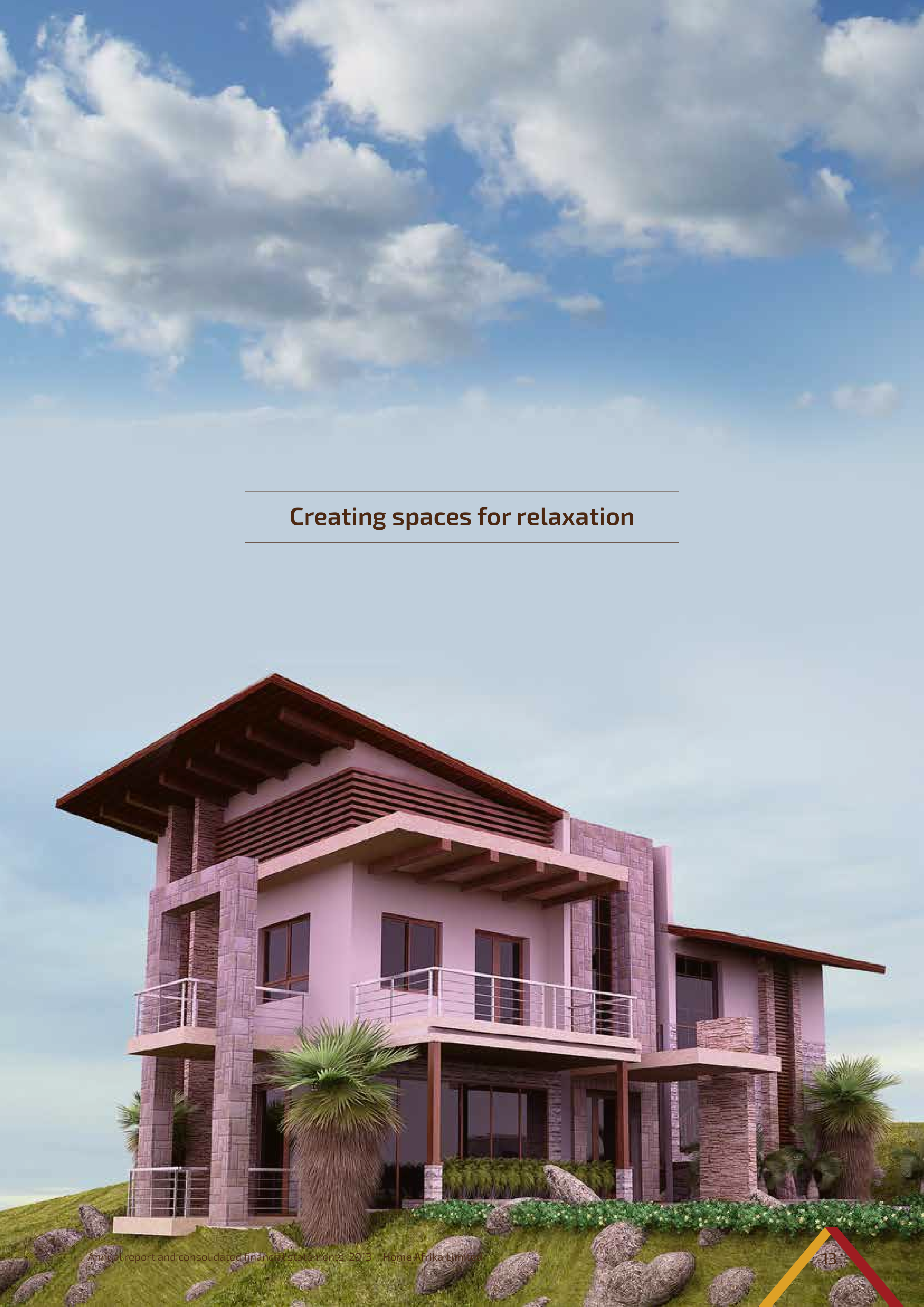
Executive Team Profile
(CONTINUED)

Mr. Paul Kanyi
– Head of ICT

Mr. Kanyi is a graduate of Makerere University with a Bachelors of Science degree specializing in Computer Science. Mr. Kanyi is also a Certified Microsoft Professional. Paul is currently pursuing a Masters of Science in Project Management at the Jomo Kenyatta University of Kenya. He has three years experience and has worked at Kenya Airports Authority and Makerere Community Church. His responsibility at Home Afrika Limited as well as at subsidiary level is to ensure streamlined operations of IT Systems and the development and maintenance of IT systems across the board. His responsibility for the alignment of IT systems is critical in achieving business objectives.

Ms. Faith Nguru
– HR & Administration Manager

Ms. Nguru is a graduate of Kenya Methodist University in Bachelors of Business Administration specializing in Human Resource Management. Ms. Nguru holds a Post Graduate diploma in Human Resource Management and is a registered practitioner with HR Professionals in Kenya. She has over three years experience having worked for various firms. Her responsibility at Home Afrika Limited as well as subsidiary level is to ensure management of the organization's workforce, or human resources. She is responsible for the attraction, selection, training, assessment and rewarding of employees, while also overseeing organizational culture and ensuring compliance, growth and goodwill of company.



Creating spaces for relaxation

Statement on Corporate Governance

The Board of Home Afrika Limited is responsible for the overall management, strategic direction and governance of HAL and its subsidiaries. It is accountable to the shareholders and ensures the company complies with the applicable laws and regulations and has a high standard of business ethics.

As a recently listed firm on the Growth Enterprise Market Segment (GEMS) on the Nairobi Securities Exchange (NSE), the board is committed to full compliance with the guidelines on corporate governance for listed companies issued by the Capital Markets Authority and aims to achieve high standards of governance.

BOARD OF DIRECTORS

The Board of Directors consists of ten directors and is responsible for formulating group policies and strategies and ensuring that business objectives are aimed at protecting and growing shareholder's value. All our directors have attended various corporate governance courses organized by accredited institutions so as to effectively maintain the company's overall internal controls on financial, operational and compliance matters.

The board meets at least four times a year and has additional meetings when the need arises. Notices of board meetings are issued in advance in accordance to Home Afrika Ltd's statutes and are distributed together with the agenda and board papers to all directors beforehand.

The Company secretary is present in all meetings and is responsible for ensuring all the board procedures are followed and plays an active role in the improvement and monitoring of corporate governance.

Composition of the Board of Directors

The Board includes a fair balance between executive and non-executive directors so that no individual or company of individuals' interests will dominate the board's decision making process. The following issues are considered in determining the board's composition:

- Attaining a desirable ratio of and balance between the number of executive and non-executive directors.
- Ensuring that the board collectively contains the skills, experience and mix of personalities appropriate to the strategic direction of the Company and necessary to secure its sound performance.
- Experience, knowledge, skills and personal attributes of current and prospective directors in relation to the needs of the Board as a whole.

Experience of the Board

In determining the size of the board, the directors considered the nature, size and complexity of the company as well as its current stage of development.

The board through the Nominations Committee monitors the mix of skills and expertise of directors in order to assess whether the board has competent individuals with diverse backgrounds to ensure there is sufficient diversity at board level necessary to discharge its responsibilities efficiently.

All directors' appointments have to get shareholder approval at the following Annual General Meeting. The company's directors attend training workshops sponsored by the Centre of Corporate Governance.

Directors' Emoluments

The aggregate amounts of emoluments paid to the directors for services rendered during the financial year are disclosed in the financial statements.

Related party transactions

There have not been any significant transactions between the company and its directors and all business transactions with directors/related parties have been disclosed in the financial statements.

Delegated Authority

The board has approved the delegation of certain authorities to the board committees and to management. The various board committees have specific directives to ensure that relevant issues are attended to with the proper consideration.

The various committees have been structured in such a way that the key areas are focused on more intently than may be possible in a full board meeting. The membership of the various committees is vetted by the main board based on the recommendations from the Audit, Legal and Nominations Committee.

All committees update the full board at least every quarter of their activities on a regular basis through oral and written reports.

Committees of the Board

The Home Afrika board currently has four standing committees, all of which are guided by clear terms of reference. The committee memberships are reviewed annually and roles of each committee change as per how the main board sees fit.

The Board has the following standing board committees;

- **Finance and Administration and Human Resources Committee**

  This committee consists of five members and is chaired by Eng. Mbugua Kamau and it comprises of Dr. Mbira Gikonyo, Dan Awendo, Eva Wangui and Boniface Kamau. The committee has oversight on all financial issues at group level. During the year under review the committee played a critical role in overseeing the management of the company's financial resources, capital structure and financial risks to effectively support the company's long range strategic and operational objectives while maintaining the company's sound financial position. The committee was able to achieve its objectives through the execution of the following strategies and tactics:

- Oversee the formulation and implementation of the group's ten year strategic plan.
- Engaging professional consultants who were tasked in restructuring and implementation of the overall company's strategy and developing proper operational structures.
- Foreseeing the restructuring and implementation of the Human resource structure to enhance competency, capacity and development of staff at all levels.
- Acquisition and implementation of the ERP system with an aim to enhance efficiency and effective service delivery.
- Worked together with all projects to ensure that all financial matters were well addressed.
- Overseeing the ongoing implementation of a new brand for Home Afrika Limited that is set to be rolled out in 2014.
- Review of the group accounting policies and adoption of the percentage of completion policy (under International Financial Reporting Standards) that matches the revenues and costs appropriately.

The finance and administration committee continues to endeavor in the achievement of the ten year strategic plan of being a 10 billion dollar company by 2023.

- **Business Development Committee**

  The Business Development Committee is a standing committee of the board and its purpose is to assist the board of Home Afrika Ltd. to come up with viable projects that meet financial, legal and technical threshold. The Committee also spearheads the implementation of the "Go County" strategy. A key function for the Business Development Committee is to develop innovative marketing and branding approaches for all products of Home Afrika Ltd.

  The membership of the Business Development Committee comprises of Gilbert Kibe as the Chair and Nyagah Kithinji, Wachuka Kebuchi, Capt. Joe Gathecha and Mbugua Gecaga as the other non-executive members in the committee.

- **Audit, Legal and Nominations Committee**

  The Audit, Legal and Nominations Committee is a standing Committee of the Board that assists the Board discharge its responsibilities to safeguard the Groups' assets, operate adequate and effective internal controls, risk management and governance systems. It provides legal advice to the Board and monitors compliance with laws, regulations and the Group code of business conduct while also providing oversight to the external and internal auditors.

  The committee also considers the Board and its committees' composition, remuneration and skills sets.

  The committee works very closely with the internal Audit, Legal departments and external Auditors to ensure internal control systems are effectively administered and reviewed as appropriate.

  The committee held 9 meetings during the period under review. The members of this committee during that period were Peter Kanaiya as the chair and Dr. Njoroge Keige, Gerald Muli, Rose Nkonge, Muciimi Mbaka, Nazima Malik and Ken Kanyarati as the other members.

- **Technical Committee**

  The Technical Committee is a standing Committee of the Board and its purpose is to assist the Board of Home Afrika Ltd. in monitoring current projects and oversee their implementation.

  The Home Afrika Ltd technical committee provides guidance and support to management and reviews the various aspects related to projects in planning and implementation of the various projects. The committee guides on policy and approve critical aspects of the projects while management implements and manage day to day running of the projects

  The membership of the Technical Committee comprises of Lee Karuri as the Chair and Eng. Mbugua Kamau, Mbugua Gecaga, Nyagah Kithinji, Adon Ombura and Winnie Ngumi as the other members in the committee.

ORGANIZATION STRUCTURE

There is a clearly defined organizational structure within specific responsibilities and authorities are identified in relation to the internal controls. This is complemented by policies and management operates the business in line with these policies.

The Group Chief Executive Chairs the executive team which deals with the operational matters and co-ordinates activities across the company's subsidiary companies and departments.

Chairman's Statement

Due to the growing middle class, we are seeing a shift from high end residential housing to affordable and middle income housing where there is currently a very big supply gap.

Dear Shareholders,

It gives me great pleasure to present to you the 2013 Home Afrika Ltd Group annual report. This was a monumentous year for us as we became the very first company to list in the Growth Enterprise Market Segment (GEMS) in the Nairobi Securities Exchange in July 2013. Importantly, this was the year we devised and began implementation of our 5 year strategic plan which runs from 2013 to 2018.

MACROECONOMIC OVERVIEW

Kenya's Gross Domestic Product (GDP) expanded 4.7% in 2013; as compared to 4.6% in 2012. This performance was supported by a stable macro environment for much of the year and low and stable inflation supported by lower international oil prices and lower costs of electricity. Last year, we also saw a 5.5 % increase in the building and construction sector including a significant fall in world steel prices.

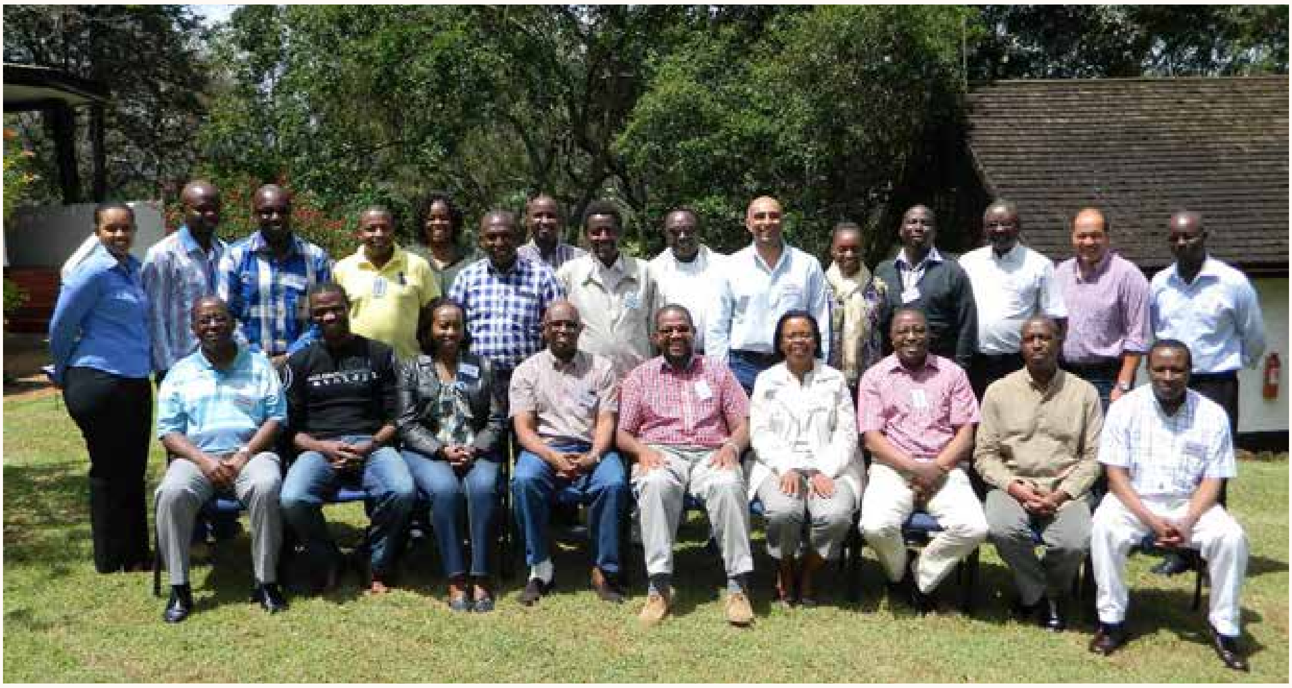
The world economy is estimated to have grown by 3% in 2013 as the developed countries continue their slow recovery. Growth in Sub-Saharan Africa and the East African community remained relatively robust with real GDP estimated to have expanded by 5.1% and 6% respectively.

A new government in Kenya was elected in March 2013 and the country has maintained a stable macroeconomic environment despite challenges of financing the new devolved system of governance. The 2013 economic performance was good as growth usually dips in election years due to political risk and uncertainty.

The economic outlook for 2014 is bright with the economy projected to grow by 5.1%. Investment in the construction industry is likely to remain robust against a background of stable interest rates and the ongoing infrastructure projects and the private sector's resilient participation in the real estate development.

INDUSTRY OVERVIEW

Africa is experiencing significant demographic growth combined with a rapid urbanization. The African population currently is growing at the rate of 2.4% per year and it's also estimated



HAL Board of Directors and Management Corporate Governance Training held at Outspan Hotel, Nyeri 15th - 16th November 2013

that by 2030, 50% of Africans will live in cities. Due to this, Africa is expected to have the 2nd fastest growing urban population after China by 2030.

In Eastern Africa and in Kenya specifically, the property market is responding to demand that has been created by the expanding middle class with disposable income and are able to afford quality housing.

Home Afrika's 5 year strategy focuses on a shift to middle class as there is currently a very big supply gap We as Home Afrika have the vision and focus are to be the leader in provision of planned communities across Africa.

PERFORMANCE

Home Afrika Ltd was founded in 2008 and we have had steady growth since then. We have since increased our operations significantly as well as identified new projects which we are going to embark on in the coming years.

Home Afrika's revenues increased by 46% to Ksh. 650 million in 2013 as compared to FY 2012 results though there was a 25% reduction of profit. During the financial year ended 31 December 2013, the Group critically reviewed its accounting policies and in doing so adopted emerging best practice within the real estate sector under the requirements of International Financial Reporting Standards. Principally, the Group has adopted a more conservative policy on recognition of revenue and profit on projects under development resulting in substantial deferral of revenue and profits into future periods as completion on projects is achieved. This resulted in a restatement of the 2012 comparatives presented within these financial statements and also contributed to lower reported financial performance in 2013.

CORPORATE GOVERNANCE

The Home Afrika Group has continued to observe a high standards of corporate governance . This involves timely reporting and accountability to shareholders ensuring the company complies with the applicable laws and regulations and has a high standard of business ethics. The Board of Directors has regular meetings which are well attended.

As a recently listed firm on the Growth Enterprise Market Segment (GEMS) on the Nairobi Securities Exchange (NSE), the board is committed to full compliance to the guidelines on corporate governance for listed companies issued by the Capital Markets Authority (CMA).

Members of the Board held a crucial Corporate Governance retreat conducted by the Centre for Corporate Governance in November 2013 so as to be better equipped with the skills required to oversee a fast growth listed company.

LISTING STATUS

Home Afrika was the first company to list in the Growth Enterprise Market Segment in the Nairobi Securities Exchange (NSE) in July 2013. The Board felt the listing would expose the company to the public and be a good platform to participate in the capital markets.

SHARE PRICE

Since the initial offer, Home Afrika's share price has lost some ground and we can attribute this to various factors. One of this is that we were the first company to list in a new market segment in the Nairobi Securities Exchange (NSE) coupled with the fact we operate in an industry the market is still understanding. As we continue our operations, we aim to expose the investing public on the real estate industry in a more comprehensive way along with the factors which impact the industry.

CORPORATE SOCIAL RESPONSIBILITY

The Home Afrika Group, through the Home Afrika Foundation has been participating in CSR activities in order to make a difference in the lives of members of the communities where we have our projects. In 2014, we plan to conduct CSR activities in the areas where we are launching our new projects in Kisumu, Kwale and Machakos Counties. Our main aim is to use core competences, expertise and technology to reach the communities and especially the underprivileged.

STRATEGIC OUTLOOK

The Group is looking to spread its wings into the rest of Africa with the implementation of our "Go Afrika" strategy. To this end, the Board has appointed Mr. Gilbert Kibe as Chairman of Home Afrika International with plans to commence operations within Sub-Saharan Africa in August 2014.

During the Annual General Meeting held on 27th July 2013, it was resolved to form a new company, Investor Afrika, that would be diversifying in other areas of the economy. Home Afrika Limited would be taking up 30% shareholding in this new venture and we would be looking for other investors to create synergies.

Home Afrika will also be creating a company with the name, Economic Cities, that will invest and promote in large economic zones. Economic Cities will also be 30% owned by Home Afrika.

Going forward, we shall create a Home Afrika Advisory council whose primary mandate will be creating synergy between Home Afrika Ltd, Investor Afrika and Economic Cities. This will ensure information and expertise is shared between these three organizations to take advantage of any opportunities that would be available.

We are confident that Home Afrika shall continue to grow into a leading developer in Africa.

APPRECIATION

Let me take this opportunity to acknowledge our Almighty God as our provider in the success we have so far been able to achieve. We continue to pray for blessings of our Lord Jesus Christ for our company, shareholders, staff and the customers we serve.

May you all be blessed and best wishes.

Arch. Lee Karuri- OGW
Chairman,
Home Afrika Limited

CEO's Statement

The Group's revenue increased sharply 46% from Kshs. 348.6 Million to Kshs. 650.6 Million in 2013 on account of strong sales of inventories at our flagship Migaa project.

Dear Shareholders,

The company has sustained its upward growth trajectory through continued investment in its flagship projects, particularly in Migaa in Kiambu County. 2013 was also a year of significant realignment of the organization structure in order to meet its 2013-18 strategic objectives, and to support the projected growth and the challenges of a listed entity. Besides the organization structure, significant effort was made to upgrade the company's IT infrastructure to a more robust and dynamic system.

The company's year on year revenue growth of 46% was most encouraging in view of the prevailing business environment, particularly in a year of general elections. However, net profit declined 25%, primarily on account of a change in accounting policy which takes a more conservative and prudent view of revenue and profit recognition. This change was based on a retrospective review of our financial reporting in order to be in conformity with internationally accepted accounting principles and has been retrospectively applied resulting in restatement of the 2012 comparatives. This change will significantly improve our reporting in the future so that it is more consistent year on year and is based on agreed milestones and deliverables.

During the year, the company's flagship project Migaa took a significant step forward with roads opened up in preparation of major construction works in 2014. Construction of the back 9 including planting of tees and fairways was also completed, with the boundary wall complete along the Eastern and Western side. 2014 will comprise substantial development which will include road works of 25km, sewer reticulation, water and power supply, even as the group diversifies its financing sources to leverage its listed status.

2014 will also herald the launch of at least 3 remarkable projects underlying our 'Go' County' strategy starting with Lakeview in Kisumu, Llango in Kwale, and Kikwetu in Machakos counties respectively. These projects will further grow the inventory base and provide a source of significant new inventories to bolster our revenues.

FINANCIAL PERFORMANCE

The Group's revenue increased sharply 46% from 348.6 million to 650.6 million in 2013 on account of strong sales of inventories at our flagship Migaa project. Related cost of sales rose only by 5.79% to

Ceo's Statement
(CONTINUED)

Shs 261.69 million from the Shs 246.6 million demonstrating improved efficiency in revenue generation. As a result Gross profit grew by 73.8% to Shs 388.9 million in 2013 from Shs 101.9 million in 2012.

However, overall Net Profit declined 25% mainly as a result of low unrealized gains on investment property revaluations.

ORGANISATION STRUCTURE

The company's organization structure was transformed in 2013 to create a firm basis for growth and efficiency. This process which involved our HR partners, included the creation of various General Manager Positions in Finance and Operations, Projects, other positions including Marketing & Business Development, Audit, and legal officers. With the launch of the 2013-18 strategic plan, attention on performance and training will be aligned to delivery of the ambitious objectives while developing innovating methods to maintain motivation, productivity and efficiency.

ICT

The company recognizes that a sound ICT platform is essential for effective financial reporting, and project management. In this regard, the company has implemented SAP Business System which focuses on enhancing operational excellence, business agility, customer intimacy, and provides full visibility across the entire business. The company has also implemented a Microsoft SharePoint system which is a dynamic and interactive site that allows users to collaborate and manage content on a real time basis.

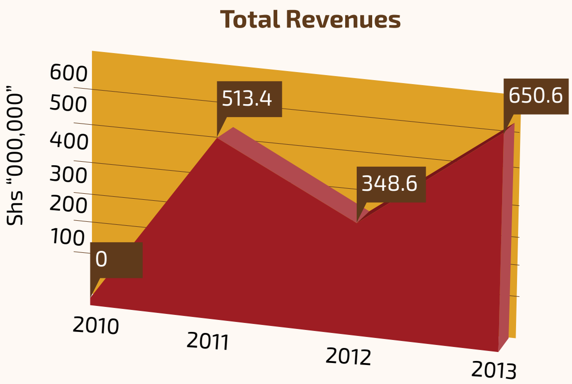
APPRECIATION

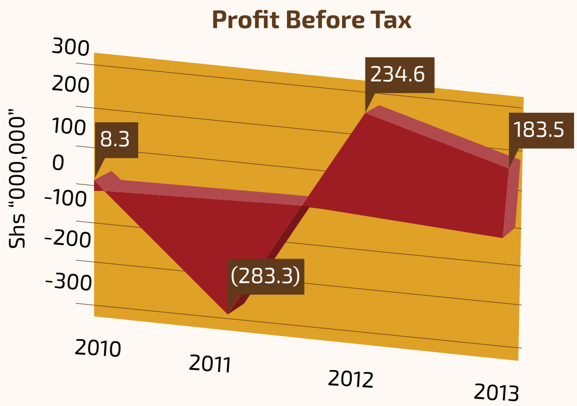
I would like to thank the Board of Directors for their untiring support during the period, and also from management and staff, whose efforts culminated in the results.

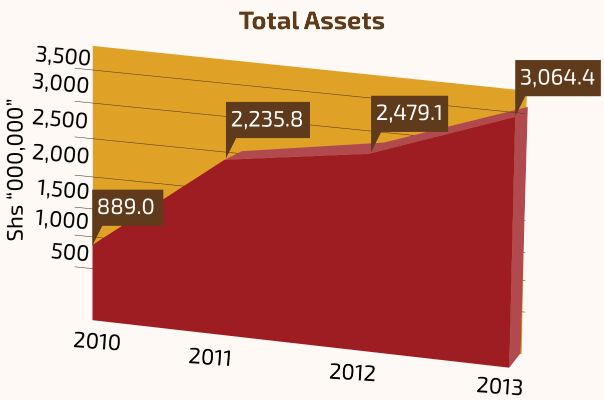
I eagerly look forward to an exciting and successful 2014.

Njoroge Ng'ang'a

Chief Executive Officer
Home Afrika Limited







Spaces that are just wild enough

Projects

MORNINGSIDE OFFICE PARK

Morningside Office Park is Home Afrika's premier project. A signature development on Ngong Road, it was designed as a preferred business address for professionals and medium sized businesses seeking office space within easy access to the Central Business District.

The Office Park is a modern, uniquely designed and environmentally friendly building. Established through a Joint Venture (JV) company known as Suburban Limited, the project is complete and is professionally managed by Morningside Office Park Limited which is the management company owned by the buyers. Morningside Office Park has 36 office suites and offers basement parking, roof top gardens and conference facilities to its buyers.

MIGAA - KIAMBU

Migaa is a masterpiece development that provides the ultimate backdrop for an extra ordinary and affordable life with its theme 'Explore Life'. Migaa provides an astounding array of amenities such as an 18 hole golf course, over 4,000 homes, hotels, schools, a world class hospital, recreational facilities as well as a commercial center and office park. Set on a sprawling 774 acres in the Kiambu County, Migaa is set around new infrastructure developments in the area, including by-passes, highways, and in close proximity to JKIA and Westlands.

Having started in 2010, the project has achieved one of the highest capital gains in the region, and is highly rated by the banking industry due to its consistency in achieving its financial goals.

With the Infrastructural development well on course, Migaa will provide an impressive menu of amenities including the afore mentioned 18-hole Golf Course, security installations, road networks, water and sewer reticulation and power supply, various sporting and recreational facilities, hospitality services, commercial nodes , shopping centers and restaurants in addition to education, medical and communal facilities.

Migaa is being developed by a Special Purpose Vehicle (SPV), Home Afrika Communities Ltd in which Home Afrika has 60% shareholding. The Project is in progress and is expected to be complete in the next 5 years.

The year 2013 saw considerable progress of infrastructure works in Migaa:

1. Access roads

   All the roads in Migaa have been opened up for orientation and to allow access to plots. This is also in preparation for road construction works scheduled to start in Q2 of 2014.

2. Kivuli Golf Course Construction Update

   The back nine holes construction is complete with planting of all the tees and fairways complete.

   Grass coverage has grown in with the rains and the holes are set to be open for playing in Q3 of 2014.

   Construction of front nine to start and to be complete by Q4 of 2014.

   Works on the golf course irrigation is ongoing and will be complete by Q3 of 2014.

3. Boundary Wall & Electric Fence

   The boundary wall construction is ongoing and is complete along the Eastern boundary, Western boundary, Commercial centre and Mitini Scapes.

Projects
(CONTINUED)

The electric fence installation is complete on the southern boundary; the entire fence is scheduled to be complete by July 2014.

4. Landscaping

All plots have been cleared and continue to be maintained. Planting of grass on the plots and Tree planting on the fair-ways and roughs is ongoing.

5. 2014 work plan

The following infrastructure components are scheduled to commence in 2014;

i. Road Works – Construction of all 25 KM Road network within Migaa to murram level. The main access road to Club house and Mitini Scapes will be finished to paving blocks level

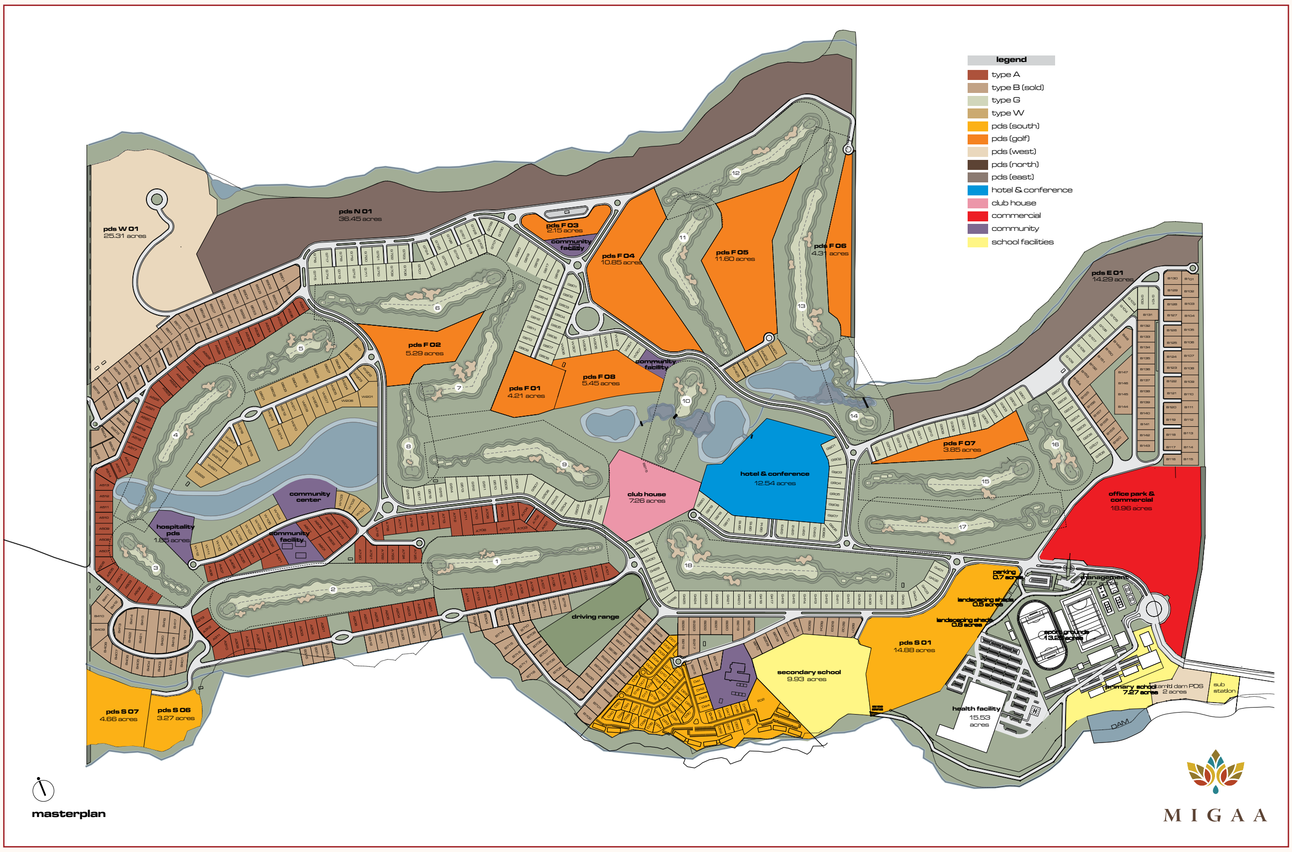
ii. Water Supply – Water reticulation works within the entire site and erection of steel water tanks to supply plots with domestic water. This includes drilling of boreholes.

iii. Sewerage System – A sewer treatment plant to serve the developments projected to be complete in 2014.

iv. Golf Course - Constructing the front nine holes and driv-ing range to be complete in 2014.

v. Club House - Construction of the 1st phase of the club house.

vi. Sports Complex - Earth works on the pitches.



Projects
(CONTINUED)

Migaa Product Offering

PRODUCT OFFERING	DETAILS
Private Developer Sites	Middle to high density zones ranging from 1-20 acres.
Quarter Acre Plots	Low density residential plots zoned for single stand-alone house lots.
Residential Units	Range from studio apartments to executive cottages, promenade condos and golf-front homes.
Chestnut	500 square meter serviced units ideal for young families and first time home buyers.
Tamarind Tree Residence	A total of 240 one, two and three bed roomed apartments enjoying great views of the undulating green terrain.
Migaa Active	A sport complex that includes tennis, basket ball and squash courts, soccer, hockey and rugby fields.
Kivuli Golf	An 18-hole championship golf course.
Recreational Facilities	Include swimming pool, gym, spa, equestrian and go-carting areas.
Commercial Centre	Virtual offices, ICT incubators, standard rentals, meeting rooms, board rooms and modern shopping facilities.
Conference and Hotel Facilities	3rd party-operated conference and hotel facilities.
Education Centres	A network of learning communities offering a range of educational facilities from the lowest to the highest levels.
Property Exchange	A permanent property exchange opportunity for owners offering savings and the opportunity to trade up or down depending on need.
Ubora Hospital	A world-class 200-bed cardio-metabolic centre.
Active Seniors Facility	Architecturally designed recreational space to cater for the needs of active seniors.

Projects
(CONTINUED)

Mitini Scapes – in Migaa

Mitini Scapes Development Ltd was incorporated in April 2011 with the purpose of developing over 250 homes in Migaa on 14.4 acres in two phases. This residential development consists of various house types including Duplex Apartments, Value Cottages, Superior Value Cottages as well as Studio Apartments. With phase one of construction ongoing, Mitini Scapes homes are nearly complete with show houses completed in May 2013. The development is planned around a variety of amenities including golf, sporting and recreational facilities, hospitality services, education and medical facilities in Migaa.

2013 saw construction progress from 30% at the start to 60% at the end. Construction is ongoing and completion and handover for the first 29 units is scheduled for end of May 2014 with completion of the remaining units scheduled for end of July 2014.

Tamarind Tree Residence - in Migaa

In 2013, Migaa in partnership with the Tamarind Group undertook the development of a contemporary residence on a 14 acre site in north west of Migaa. The project comprises 240 furnished apartments developed over 3 phases.

The 1st phase was launched in October 2013 and groundbreaking was done a month later. Tamarind Tree Residence will enjoy a variety of features in Migaa including the 18 hole golf course, luxury hotel, commercial centre, hospital, conference facilities, a sports complex and a population of 4,000 Migaa residences. Construction is ongoing with phase 1 projected to be complete in March 2015.

LAKEVIEW HEIGHTS – KISUMU COUNTY

The Lakeview Heights project was initially planned on 75.5 acres on 2 parcels. The year 2013 saw the acquisition of these parcels concluded and the purchase of 2 additional parcels to increase the acreage to 92 acres. The project is situated on RIAT Hills along the Kisumu-Kakamega Road and just 10 minutes drive from the city centre. It is only 3 Kms away from the airport and boasts excellent views of Kisumu Airport, Kisumu City and Lake Victoria. The site enjoys good connectivity with several modes of transport and is cool ambience compared to the high temperatures experienced in the area.

The project master plan was developed by a leading master planner and based on a real estate market survey of the Western region. The project is anchored on conferencing and hospitality with an estimated 600 homes developed over 18 months.

The boundary wall, gatehouse and designs for buildings were also completed in the year.

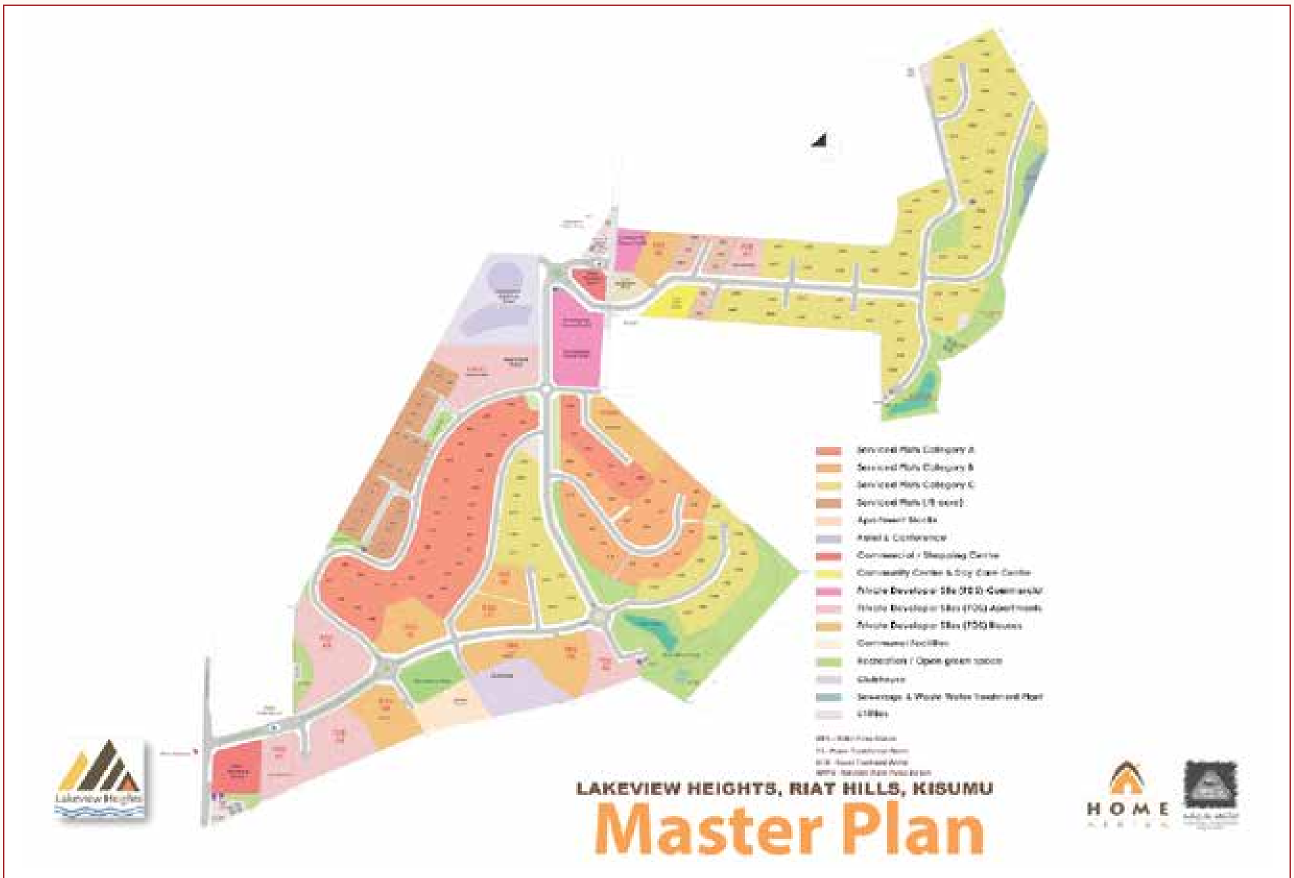
The project is scheduled to rollout on site in 2014 with the following key milestones:

i. Application & submission for EIA and Change of user is planned for Q1 of 2014.

ii. Infrastructure design & approval of project drawings is scheduled to commence in Q1.

iii. The project launch & groundbreaking is planned for Q1 with works on-site commencing 2 months later. Infrastructure works will comprise boundary wall, gatehouse, roads, water, power and sewer.

iv. Construction is scheduled to commence in Q3 with the show house scheduled to be ready in Q4.



Projects
(CONTINUED)

LLANGO
– KWALE COUNTY

The Llango project is located in Tiwi, Kwale set on 44 acres on 2 parcels. The parcel offers 250m fronting the Indian Ocean with spectacular views. The project is planned on 2 phases.

The project is easily accessible via the Mombasa-Nairobi and Mombasa-Lunga Lunga highways using the Dongo Kundu bypass which is currently under construction. It presents a great opportunity for growth due to investor interest owing to its strategic location between Mombasa and Diani, neighboring developments ranging from tourist hotels, cottages, and holiday homes.

The Project is anchored on holiday apartments; an estimated 200 homes will be developed over 12 months.

The project has the following planned key milestones planned for 2014:

i. Application and submission for EIA and Change of user from Q1 of 2014.
ii. All design and building approvals are expected in Q2.
iii. Construction will commence in Q2 with a project launch on site. Infrastructure services include boundary wall, gatehouse, roads, water, power and sewer.

An Upcoming Affordable Housing Project

The objective of this project is to roll out a mixed use development to provide affordable and quality housing for the low to middle income earners.

THE DEVELOPMENT CONCEPT

The Proposed development for the 1,000 acres will be mostly residential for low to middle income earners. The complete development shall have a population of 60,000-80,000 on full occupancy.

The objective of this project is to roll out a mixed use development to provide affordable and quality housing for the low to middle income earners.

Acquisition is set to commence in the first quarter of 2014.

Corporate Social Responsibility

INTRODUCTION

Home Afrika Foundation was set up by like-minded individuals in order to make a difference in the lives of members of the community in September 2012.It is a wholly owned subsidiary of Home Afrika Limited and this relationship is structured through formal arrangements and has enabled the Foundation to function as an independent Unit.

The Foundation operates within Kenya. Its headquarters are in Nairobi on the 5th floor of Morningside Office Park, Ngong Road, Nairobi.

VISION

Inspiring and Equipping Communities for better living.

MISSION

Improving Lives through partnerships.

Home Afrika Foundation exists to serve the community by ensuring sustainable business processes, environmentally and socially. The main aim is to use core competence, expertise and technology to reach the common people, especially the underprivileged.

THE FOUNDATION FOCUSES ON FIVE MAIN AREAS

1. ORPHANS

The Foundation supports projects that focus on improving quality of life for orphans in the community.

The Foundation's expectations in this regard include;

- To establish Partnerships that support children to improve their quality of life.
- To offer financial support to aid in acquiring education, health and food requirements.
- To leverage support from other established Foundations through psycho-social support and fundraising initiatives.

2. HEALTH

The Foundation will support communities to access quality, affordable maternal and child health care services. It seeks to increase awareness in silent killer diseases and specialized medical care.

Home Afrika Foundation will focus on the following key areas;

- To create strategic partnerships with Hospitals, pharmaceutical companies, doctors and nurses.

- To specifically support health facilities that promote maternal child health care.
- To equip health facilities to treat specialized medical conditions such as diabetes, victims of gender violence, e.t.c
- To create awareness on preventive health campaigns such as cancer, diabetics ,gender based violence, e.t.c

3. WATER & SANITATION ACCESS

Home Afrika Foundation seeks to support communities to access safe drinking water.

Corporate Social Responsibility
(CONTINUED)

The Foundations' expectations in this regard include;

- To have diversified initiatives such as mobile purification units and rain water harvesting campaigns.
- To enable neighbouring communities to access safe drinking water, improve food security and improve livelihoods through initiating irrigation projects.

4. EDUCATION

The Foundation will support projects that focus on improving access and quality of education especially to children in marginalized areas by improving their learning enviroment and facilities.

The Foundation plans to do this by;

- Creating partnerships with schools.
- Increasing and raising funds to invest in schools in marginalized areas.
- Enhancing the learning conditions and equipment in schools by providing textbooks, laboratory equipment e.t.c.

5. ENVIRONMENT

The Foundation will support environmental conservation and mitigate effects of climate change by supporting increased use of renewable energy within the community.

The Foundation plans to do this by;

- Supporting initiatives that focus on renewable sources of energy i.e. solar, wind, biogas.
- Supporting conservation and afforestation projects so as to increase forest cover.
- Facilitating educational campaigns on the community on the effects of climate change.

The Foundation supported two initiatives last year;

- Stars of Jesus children's Home - Located in Kiambu, the Foundation donated food, clothes during the Christmas holidays and we still offer our continuing support.
- Little Rock Early Childhood Development Centre - Located in Kibera, the centre offers early childhood education for vulnerable and disabled children in the Slum. The Foundation donated foodstuffs, stationery and clothes to the children.

The foundation has soo far only operated in Kenya but will be looking beyond the borders as the company expands.

Report Of The Directors

The directors submit their report and the audited consolidated financial statements for the year ended

31 December 2013, which disclose the state of affairs of the group.

PRINCIPAL ACTIVITY

The principal activity of the group is that of real estate development in housing and commercial properties.

	Group		Company	
RESULTS	**2013**	**2012**	**2013**	**2012**
	Shs	**Shs**	**Shs**	**Shs**
		(Restated)*		
Profit before tax	183,464,609	234,559,043	9,043	52,098,922
Tax charge	(102,834,652)	(126,448,682)	(1,359,939)	(17,056,472)
Profit/(loss) for the year	80,629,957	108,110,361	(1,350,896)	35,042,450

*Refer to note 31 to the financial statements

DIVIDEND

The directors do not recommend the declaration of dividend for the year (2012: Shs. 28,997,000). During the year, final dividends of Shs. 100,000 per share amounting to a total of Shs. 19,756,000 for the year ended 31 December 2011 was paid. No dividend for 2013 has been proposed or paid.

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, a minimum of three and a maximum of five directors will retire in the Annual General Meetings for the year 2014 and every 2 years there after.

INDEPENDENT AUDITOR

The company's auditor, PKF Kenya, has indicated willingness to continue in office in accordance with Section 159(2) of the Companies Act (Cap. 486).

BY ORDER OF THE BOARD

DIRECTOR
NAIROBI

23 April 2014

Statement Of Directors' Responsibilities

The Companies Act (Cap. 486) requires the directors to prepare consolidated financial statements which give a true and fair view of the state of affairs of the company and its subsidiaries as at the end of the financial year and of the operating results for that year. It also requires the directors to ensure that the group maintains proper accounting records which disclose with reasonable accuracy the financial position of the group. The directors are also responsible for safeguarding the assets of the group.

The directors accept the responsibility for the consolidated financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, consistent with previous years except as otherwise stated in the financial statements, and in conformity with International Financial Reporting Standards and the requirements of the Companies Act (Cap. 486). The directors are of the opinion that the consolidated financial statements give a true and fair view of the state of the financial affairs of the group as at 31 December 2013 and of its operating results for the year then ended. The directors further confirm the accuracy and completeness of the accounting records maintained by the group which have been relied upon in the preparation of the consolidated financial statements, as well as on the adequacy of the systems of internal financial controls.

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 23 April 2014 and signed on its behalf by:

DIRECTOR

DIRECTOR

Report of the Independent Auditor to the Members Of Home Afrika Limited

Report on the financial statements

We have audited the accompanying consolidated financial statements of Home Afrika Limited (the "company") and its subsidiaries (collectively referred to as the "group"), set out on pages 38 to 67 which comprise the consolidated and company statement of financial position as at 31 December 2013 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the Companies Act, Cap 486, and for such internal control as management determines is necessary to enable the preparation of 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 International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 control 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 control. 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 financial statements give a true and fair view of the consolidated and company financial position of Home Afrika Limited as at 31 December 2013, and of the group's financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act (Cap. 486).

Report on other legal requirements

As required by the companies Act (Cap.486) 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 examinations of those books; and
iii. The company and the group's consolidated statement of financial position and the group's statement of profit and loss and other comprehensive income are in agreement with the books of account.

PKF Kenya

Certified Public Accountants
Nairobi

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	2013 Shs	2012 Shs (Restated)*
Revenue	3	650,577,657	348,586,170
Cost of sales		(261,692,754)	(246,660,053)
Gross profit		388,884,903	101,926,117
Other operating income	4	107,565,148	363,648,963
Selling and distribution expenses		(63,784,282)	(45,038,163)
Administrative expenses		(212,222,659)	(107,716,190)
Other operating expenses		(27,104,801)	(20,259,710)
Operating profit	5	193,338,309	292,561,017
Finance costs	7	(9,873,700)	(58,001,974)
Profit before tax		183,464,609	234,559,043
Tax charge	8	(102,834,652)	(126,448,682)
Profit for the year		80,629,957	108,110,361
Total comprehensive income for the year		80,629,957	108,110,361
Profit attributable to:			
- Owners of the parent		19,015,020	27,513,299
-Non-controlling interest		61,614,937	80,597,062
		80,629,957	108,110,361
Earnings per share			
- basic	9	0.05	0.07

The notes on pages 38 to 65 form an integral part of these financial statements.
Report of the independent auditor - page 32.

*Refer to note 31 to the financial statements

Consolidated Statement of Financial Position

	Notes	As at 31 December 2013 Shs	2012 Shs (Restated)*	1 January 2012 2011 Shs (Restated)*
EQUITY				
Share capital	11	405,255,320	405,255,320	204,000
Share premium	12	68,842,038	68,842,038	456,718,358
Accumulated deficit		(167,293,585)	(186,308,605)	(184,824,904)
Proposed dividend		-	19,756,000	29,606,000
Equity attributed to owners of the company		306,803,773	307,544,753	301,703,454
Non-controlling interest		32,622,667	(29,040,270)	(109,717,332)
Total equity		339,426,440	278,504,483	191,986,122
Non-current liabilities				
Preference share capital	13	75,000,000	75,000,000	75,000,000
Deposit for shares	14	184,041,701	40,578,000	-
Borrowings	15	123,251,930	39,864,777	36,964,286
Deferred tax	16	117,464,572	25,006,375	-
		499,758,203	180,449,152	111,964,286
		839,184,643	458,953,635	303,950,408
REPRESENTED BY				
Non-current assets				
Property and equipment	17	77,427,230	73,155,650	39,396,301
Investment property	18	555,920,050	447,845,000	-
Intangible assets	19	4,457,363	236,503	472,770
Financial assets	21	2,000	2,000	-
Deferred tax	16	-	-	86,185,796
		637,806,643	521,239,153	126,054,867
Current assets				
Inventories	22	2,192,792,104	1,692,288,538	1,985,494,987
Trade and other receivables	23	210,457,131	112,471,433	50,797,669
Cash and cash equivalents	24	23,392,763	153,078,889	63,589,864
Tax recoverable		-	-	9,862,431
		2,426,641,998	1,957,838,860	2,109,744,951
Current liabilities				
Deferred income	25	313,253,184	101,454,170	-
Trade and other payables	26	1,766,478,884	1,757,226,947	1,410,465,792
Borrowings	15	136,273,051	157,247,262	521,383,618
Tax payable		9,258,879	4,195,999	-
		2,225,263,998	2,020,124,378	1,931,849,410
Net current assets/(liabilities)		201,378,000	(62,285,518)	177,895,541
		839,184,643	458,953,635	303,950,408

The financial statements on pages 38 to 65 were approved and authorised for issue by the Board of Directors on 23 April 2014 and were signed on its behalf by:

The notes on pages 38 to 65 form an integral part of these financial statements.
Report of the independent auditor - page 32.

*Refer to note 31 to the financial statements:

Company Statement of Financial Position

	Notes	As at 31 December 2013 Shs	2012 Shs
EQUITY			
Share capital	11	405,255,320	405,255,320
Share premium	12	68,842,038	68,842,038
Retained earnings		(20,516,709)	590,187
		453,580,649	474,687,545
Non-current liabilities			
Borrowings	15	25,620,556	32,940,490
		479,201,205	507,628,035
REPRESENTED BY			
Non-current assets			
Property and equipment	17	111,716,935	112,321,104
Intangible assets	19	4,140,460	-
Investment in subsidiaries	20	74,846,247	74,696,247
Financial assets	21	2,000	2,000
Trade and other receivables	23	267,900,000	267,900,000
Deferred tax	16	49,577	78,635
		458,655,219	454,997,986
Current assets			
Inventories	22	140,500,000	45,000,000
Trade and other receivables	23	135,384,707	142,216,309
Cash and cash equivalents	24	6,252,655	50,136,994
		282,137,362	237,353,303
Current liabilities			
Trade and other payables	26	253,143,826	175,301,523
Borrowings	15	7,060,438	6,888,558
Tax payable		1,387,112	2,533,173
		261,591,376	184,723,254
Net current assets		20,545,986	52,630,049
		479,201,205	507,628,035

The financial statements on pages 38 to 65 were approved and authorised for issue by the Board of Directors on 23 April 2014 and were signed on its behalf by:

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Report of the independent auditor - page 32.

Consolidated Statement of Changes in Equity

	Ordinary Share capital Shs	Share premium Shs	Retained earnings Shs	Proposed dividend Shs	Total Shs	Non controlling interests Shs	Total equity Shs
Year ended 31 December 2012							
At start of year							
- As previously stated	204,000	456,718,358	(169,763,922)	29,606,000	316,764,436	(93,513,779)	223,250,657
- Prior year restatement (Note 31)	-	-	(15,060,982)	-	(15,060,982)	(16,203,553)	(31,264,535)
As restated	204,000	456,718,358	(184,824,904)	29,606,000	301,703,454	(109,717,332)	191,986,122
Total comprehensive income for the year	-	-	27,513,299	-	27,513,299	80,597,062	108,110,361
Transactions with owners:							
Issue of shares	-	17,175,000	-	-	17,175,000	80,000	17,255,000
Transfer from share premium account	405,051,320	(405,051,320)	-	-	-	-	-
Dividend:							
- Final for 2011(paid)	-	-	-	(9,850,000)	(9,850,000)	-	(9,850,000)
- Interim for 2012 (paid)	-	-	(28,997,000)	-	(28,997,000)	-	(28,997,000)
At end of year	405,255,320	68,842,038	(186,308,605)	19,756,000	307,544,753	(29,040,270)	278,504,483
Year ended 31 December 2013							
At start of year							
- As previously stated	405,255,320	68,842,038	(104,168,176)	19,756,000	389,685,182	(20,346,574)	369,338,608
- 2011 prior year restatement (Note 31)	-	-	(15,060,982)	-	(15,060,982)	(16,203,553)	(31,264,535)
- 2012 prior year restatement (Note 31)	-	-	(83,961,435)	-	(83,961,435)	24,391,845	(59,569,590)
- Minority interest adjustment	-	-	16,881,988	-	16,881,988	(16,881,988)	-
As restated	405,255,320	68,842,038	(186,308,605)	19,756,000	307,544,753	(29,040,270)	278,504,483
Total comprehensive income for the year	-	-	19,015,020		19,015,020	61,614,937	80,629,957
Transactions with owners:							
Issue of shares	-	-	-			48,000	48,000
Dividend:							
- Final for 2011(paid)	-	-	-	(19,756,000)	(19,756,000)	-	(39,512,000)
At end of year	405,255,320	68,842,038	(167,293,585)	-	306,803,773	32,622,667	338,685,460

The notes on pages 38 to 65 form an integral part of these financial statements.

Report of the independent auditor - page 32.

Consolidated Statement of Cash Flows

	Notes	2013 Shs	2012 Shs
Operating activities			
Cash (used in)/from operations	27	(276,985,716)	617,842,927
Interest paid		(9,873,700)	(58,001,974)
Tax paid		(5,313,572)	(1,198,080)
Net cash (used in)/from operating activities		(292,172,988)	558,642,873
Investing activities			
Cash paid for purchase of property and equipment	17	(12,410,716)	(33,109,259)
Cash paid for purchase of intangible assets	19	(4,615,460)	-
Reversal of interest on loan facility to expense		-	2,426,007
Additions to investment property		(7,259,516)	(89,279,044)
Proceeds from disposal of property and equipment		150,468	981,106
Interest received		453,444	1,218,016
Investment in associates		-	(2,000)
Net cash used in investing activities		(23,681,780)	(117,765,174)
Financing activities			
Dividend paid		(19,756,000)	(38,847,000)
Proceeds from:			
- borrowings		241,581,417	100,000,000
- deposits for shares		120,124,201	40,578,000
- shareholders loan		-	1,400,000
- issue of share capital		48,000	80,000
Repayment:			
- borrowings		(176,074,563)	(472,770,174)
- finance lease		(3,053,913)	-
- shareholders loan		(40,000)	-
Net cash from/(used in) financing activities		186,168,642	(351,388,674)
(Decrease)/increase in cash and cash equivalents		(129,686,126)	89,489,025
Movements in cash and cash equivalents			
At start of year		153,078,889	63,589,864
(Decrease)/increase		(129,686,126)	89,489,025
At end of year	24	23,392,763	153,078,889

The notes on pages 38 to 65 form an integral part of these financial statements.

Report of the independent auditor - page 32.

Notes

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these 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 have been prepared under the historical cost convention, except for the fair valuation of investment property as explained in the accounting policy below and are in accordance with International Financial Reporting Standards (IFRS). 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 tranfer 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 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 in IAS 2 or value in use in IAS 36.

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.

Going concern
The financial performance of the group is set out in the Director's report 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 are set out in note 29 to the financial statements.

Based on the financial performance and position of the group and its risk management policies, the directors are of the opinion that the group is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

These financial statements comply with the requirements of the Kenyan Companies Act. The statement of profit or loss and statement of comprehensive income represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

New and amended standards adopted by the group
The Group has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income. Under the amendments to IAS 1, the 'statement of comprehensive income' requires separately analysis of items that will not be subsequently reclassified to profit or loss and those that will be subsequently reclassified, including the related income tax effects. These changes have been retrospectively applied. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 do not result in any impact on profit or loss, comprehensive income and total comprehensive income.

The Group has applied the amendments to IAS 12 - 'Income Taxes' on Deferred Tax - Recovery of underlying assets in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with IAS 40 investment property are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes unless the presumption is rebutted. The application of the amendments to IAS 12 has not had a material impact on the group. The amendments to IAS 12 have been applied retrospectively.

International Financial Reporting Standard 10 (IFRS 10) on 'Consolidated Financial Statements' builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The adoption of IFRS 10 did not have any material impact on the financial statements of the group.

International Financial Reporting Standard 11 (IFRS 11) on 'Joint Arrangements' outlines the accounting treatments for entities that represent jointly controlled operations and prescribes equity method accounting for jointly controlled entities. Under IAS 28 'Investments in Associates and Joint Ventures', also revised during the year. The amendments to IAS 28 and the release of IFRS 11 had no material impact on the financial statements of the group.

International Financial Reporting Standard 12 (IFRS 12) on 'Disclosures of Interests in Other Entities' enhances the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated 'structured entities'. Additional disclosures are as per note 20 to the financial statements.

International Financial Reporting Standard 13 (IFRS 13) on 'Fair Value Measurement' - The standard aims to improve consistency and reduce complexity by providing a more precise definition and a single source of measurement of fair valuation of certain assets and liabilities and the related disclosure requirements. Adoption of IFRS 13 had no material impact on the financial statements of the group.

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement. As the group does not have material offsetting arrangements, these amendments do not have a material impact on the financial statements.

New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2013 and not adopted in advance of the effective date.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 requires financial assets to be classified into two principal measurement categories: those measured as at fair value and those measured at amortised cost. IFRS 9 also now includes provisions for hedge accounting. The group is yet to assess IFRS 9s full impact and intends to adopt IFRS 9 for the financial statements for the year ending 31 December 2018

Amendments to IFRS 10, 'Consolidated financial statements', IFRS 12, 'Disclosures of interests in other entities' and IAS 27, 'Consolidated and separate financial statements' define an investment entity and requires such entities not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. These amendments are not effective until annual periods beginning on or after 1 January 2014, with retrospective application permissible. These amendments are not expected to have an effect on the group.

Amendments to IAS 36, Disclosure of recoverable amounts of non financial assets, IAS 39, Novation of derivatives and IFRIC 21, Levies are not effective until annual periods beginning on or after1 January 2014, with retrospective application permissible. The group has not assessed the potential impact of the these changes on its consolidated financial statements.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

b) Key sources of estimation uncertainty

In the application of the accounting policies, the directors are required to make judgments, estimates and assumptions about the recognition of revenue and costs and carrying amount of assets and Wliabilities 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:

- Revenue recognition - In making their judgement, the directors considered the detailed criteria for the recognition of revenue from the sale of goods set out in IAS 18 and, in particular, the point of transfer to the buyer of significant risks and rewards of ownership. In making this judgement, the directors have also considered the guidance and interpretation within IAS 18 on 'Revenue' in separating identifiable components of a single transaction between the sale of land and the sale of auxiliary developments and the resulting recognition of deferred income. In doing so, guidance under IFRIC 15 on Agreements for the construction of Real Estate have also been considered. The revenue recognition accounting policy below details the accounting policy.

- Investment property - The company holds land that is for designated development and sale and land that is as of the balance sheet date not designated for any specific future use. Under the requirement of IAS 40 on Investment Property, land that is held without any designated future use is classified as Investment Property and measured at fair value in accordance with the accounting policy set-out below.

- Impairment of trade receivables - the company 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.

- Useful lives of property and equipment - Management reviews the useful lives and residual values of the items of property, plant and equipment 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 company'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:

- Revenue recognition - Revenue in respect of the sale of land component of the transaction is recognised at a value representing the fair value of the land as at the date of the transaction ignoring ongoing development progress. The fair value is based on annual valuations of the land available for sale performed by an independent professional valuer. Revenue in respect of the sale of auxiliary development component of the transaction is recognised under the percentage of completion method based on an estimate of total project costs determined by an independent professional quantity surveyor.

- Fair value of investment property - Fair valuation gains and losses on investment property are based on professional valuations performed by an independent valuer of the land assuming project completion has taken place. To reflect the current value of such land given actual project development status, a discount reflecting the percentage of completion is applied to such fair values. The percentage of completion used is consistent as described under revenue recognition above.

- Control of subsidiaries, associates and joint ventures - The directors asses 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 groups absolute size of holding in the entity and the relative size of dispersion of the shareholdings owned by the other shareholders.

d) Revenue recognition Revenue

comprises the fair value of the consideration received or receivable for the sale of land and developments and provision of services in the ordinary course of business and is stated net of rebates and discounts.

The company 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 company'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 company evaluates each transaction to determine whether there are any separately identified components. In respect of transactions for the sale of land which include the commitment to deliver additional auxiliary development and amenities such as transport and utility infrastructure, security infrastructure, common recreational areas etc, the transaction is separated into separate components being the sale of land and the provision of auxiliary developments. Revenue is recognised as follows:

i) Revenue from sale of land is recognised upon the execution and transfer of land title deeds to the buyer which coincides with the transfer to the buyers the significant risks and rewards of ownership and the entity retaining neither continuing managerial involvement to the degree usually associated with ownership nor effective control over land.
ii) Revenue from auxiliary developments is recognised using the percentage of completion method as the buyers of land receive the rewards of such developments over the course of construction in the form of increased land values.
iii) Revenue from sale of completed developments are recognised upon the execution and transfer of lease to the buyer having paid the full purchase price.
iv) Interest income is recognised on a time proportion basis using the effective interest method.
v) Dividend income is recognised if declared before the financial statements are authorised for issue.
vi) Rental income is accrued by reference to time on a straight line basis over the lease term.

e) 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 where including 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.

Depreciation on assets is calculated on the reducing balance basis method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	Rate %
Buildings	2.5 (straight line)
Motor vehicles	25
Tractor	37.50
Furniture and fittings	30
Office equipment	12.50

Computer equipment	12.50

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 profit/loss.

e) Investment property

Investment property is long-term investments in land that are not occupied substantially for own use. Land held with an undetermined future use is also classified as investment property. Investment property is initially recognised at cost and subsequently carried at fair value representing open market value at the reporting date. Changes in fair value are recorded in profit or loss based on the percentage of completion as described in note (c) on critical assumption.

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

Gains and losses on disposal of investment property is determined by reference to their carrying amount and are taken into account in determining operating profit/(loss).

h) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

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 3 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the company, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

i) Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. Management determines all classification of financial assets at 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 company's financial assets fall into the following categories:

- **Available-for-sale:** financial assets that are held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rate. Such assets are classified as non-current assets except where the management intends to dispose the assets within 12 months of the reporting date. Subsequent to initial recognition, they are carried at fair value with gains or losses are recognised in other comprehensive income, net of deferred tax.

  Interest on available-for-sale securities is calculated using the effective interest method and is recognised in profit or loss as part of other income. Dividends on available-for-sale equity instruments are also recognised in profit or loss as part of other income when the group's right to receive payments is established.

- **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. Subsequent to initial recognition, they are carried at amortised cost using the effective interest 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 company 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 company has transferred substantially all risks.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Impairment of financial assets is recognised in the statement of comprehensive income under administrative expenses when there is objective evidence that the company 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 fair value of the asset are considered indicators that the asset is impaired.

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

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

Unquoted investments are classified as 'available-for-sale' financial instruments. Where fair values cannot be reliably measured these investments are carried at cost less provision for impairment.

Cash in hand and balances with financial institutions, trade and other receivables and tax recoverable and are classified as loans and receivables and are carried at amortised cost.

Management classify the fair values of 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 non-adjusted quoted prices in active markets for identical financial assets.
- Level 2: where fair values are based on adjusted quoted prices and observable prices of similar financial assets.
- Level 3: where fair values are not based on observable market data.

Financial assets

Financial liabilities measured at amortised cost : These include borrowings, current tax and trade and other payables. These are initially measured at fair value and subsequently measured at amortised cost, using the effective interest rate method.

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.

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

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

j) Inventories

Inventories comprise of land and developments held for sale and is stated at the lower of cost and net realisable value. Cost is determined by the first-in-first-out (FIFO) basis and comprises all costs attributable to purchase of the land and direct cost for the development of common amenities and related service costs including finance costs.

k) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

l) Share capital

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

m) Share premium

Share premium represents the amount received by the company over the par value of theordinary shares issued.

Deposits received for ordinary and preference shares are also classified as liabilities. On allotment of ordinary shares, the amounts are reclassified to equity.

n) Dividend

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.

o) Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in the comprehensive income or in equity.

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 reportingpurposes. 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.

2. SEGMENTAL REPORTING

The group is engaged in the business of development and sale of real estate and related activities. This business is conducted through different subsidiaries representing separate projects of the group. The basis of reporting the performance of the group for resource allocation purposes to the board of directors (which represents the chief operating decision maker for the purposes of segmental reporting) is on a company by company basis.

While certain group companies are involved in post real-estate development activities such as provision of services to occupiers etc, these activities are not material to the group as a whole and therefore not separately disclosable.

In respect the primary operations of real estate development and sale, all activities of the group are carried our within a single economic area being Kenya and are therefore subject to common economic characteristics. These operations are therefore aggregated together, along with theimmaterial related activities discussed in the preceding paragraph such that the group's activities comprises a single operating segment. The financial results for the operations of the group are presented to the board are the same as the measures of operating profit and profit before tax as presented in the statement of profit or loss and other comprehensive income. All the assets and liabilities of the group represent the single overall aggregated segment.

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, sales to one single customer amounted to Shs. 305 million which represents more than 10% of the total group turnover (2012: Nil).

3. REVENUE

	Group	
	2013 Shs	**2012 Shs (Restated)**
	650,577,657	348,586,170

4. OTHER OPERATING INCOME

Fair value gain on investment property (Note 18)	100,815,534	358,565,956
Rental income	3,328,800	3,328,800
Interest income	453,444	1,218,016
Other income	2,956,170	413,728
Profit on disposal of property and equipment	11,200	122,463
	107,565,148	363,648,963

Notes
(CONTINUED)

5. OPERATING PROFIT

	Group	
The following items have been charged in arriving at operating profit:	**2013 Shs**	**2012 Shs**
Depreciation on property and equipment (Note 17)	7,999,866	6,199,569
Amortization of intangible assets (Note 19)	394,600	236,267
Auditors' remuneration		
-current year	3,554,000	2,034,000
-under provision in prior years	152,039	188,000
Directors' emoluments	20,145,217	7,580,000
Staff costs (Note 6)	89,871,763	45,547,868

6. STAFF COSTS

	Group	
	2013	**2012**
	Shs	**Shs**
Salaries and wages	82,656,453	42,805,181
Other staff costs	7,027,710	2,569,087
Pension costs:		
-National Social Security Fund	187,600	173,600
	89,871,763	45,547,868

7. FINANCE COSTS

Interest expense:		
-borrowings	8,344,872	56,597,744
-finance leases	1,528,828	1,404,230
	9,873,700	58,001,974

8. TAX

Current tax	10,376,455	15,256,511
Deferred tax (Note 16)	92,458,197	111,192,171
Tax charge	102,834,652	126,448,682
The tax on the group's profit before tax differs from the theoretical amount that would arise using the basic rate as follows:		
Profit before tax	183,464,609	234,559,043
Tax calculated at a tax rate of 30% (2012: 30%)	55,039,383	70,367,713
Tax effect of:		
-expenses not deductible for tax purposes	2,518,966	1,488,513
-tax losses on which deferred tax has not been recognised	25,676,978	4,861,666
-effect of taxes on intra-group profits	21,194,674	49,730,790
-over provision in prior years	(1,595,349)	-
Tax charge	102,834,652	126,448,682

9. EARNINGS PER SHARE

-Basic

Basic group earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	Group	
	2013	**2012**
	Shs	**Shs**
Net profit attributable to shareholders	19,015,020	27,513,299
Weighted average number of ordinary shares	405,255,320	405,255,320
Earnings per share	0.05	0.07

The weighted average number of ordinary shares represent the rethrospective effect of the shares issued on 31 December 2012 from the share premium account which resulted in an increase in the number of shares of the company from 20,400 shares to 40,525,532 without any additional subscription/consideration.

10. DIVIDENDS

During the year, a dividend of Shs. 19,756,000 relating to the year 2011 was paid. No dividend for 2013 has been proposed or paid.

Payment of dividend is subject to a withholding tax at the rate of 5% for residents and 10% for non-residents. Payment of dividends to shares held by resident limited entities in excess of 12.5% of the shareholding are exempt from withholding tax.

11. SHARE CAPITAL

	Group and company	
	Shs	**Shs**
Authorised:		
500,000,000 (2012: 50,000,000) ordinary shares of Shs. 1 (2012: Shs. 10) each	500,000,000	500,000,000
Issued and fully paid:		
405,255,320 (2012: 40,525,532) ordinary shares of Shs. 1 (2012: Shs.10) each	405,255,320	405,255,320

- the company split its shares in the ratio of 1 to 10 and increased the number of ordinary shares from 40,525,532 to 405,255,320 and decreased the par value of each share from Shs. 10 per ordinary share to Shs. 1 per ordinary share.

12. SHARE PREMIUM

	Group and company	
	2013	**2012**
At start of the year	68,842,038	456,718,358
Additional premium on sale of shares during the year	-	17,175,000
Conversion to share capital account	-	(405,051,320)
At end of the year	68,842,038	68,842,038

13. PREFERENCE SHARE CAPITAL

	Group	
	2013	**2012**
	Shs	**Shs**
Cumulative redeemable 1,500,000 preference shares of shs. 100 each	75,000,000	75,000,000

The preference shares are redeemable at par value at a date to be mutually agreed. The shares carry redemption rights in priority over equity and are therefore presented as a liability.

The directors are of the opinion that the group has the option to defer redemption for a period of at least 12 months.

14. DEPOSIT FOR SHARES

	Group	
	2013	**2012**
	Shs	**Shs**
- Deposits for preference shares pending issue	87,746,151	7,247,000
- Deposits for ordinary shares pending allotment	96,295,550	33,331,000
	184,041,701	40,578,000

The deposits for preference shares pending issue relate to Home Afrika Communities Limited and Kikwetu Development Limited which are both subsidiaries of the parent company.

(i) Deposits for preference shares pending issue - Home Afrika Communities Limited

- The members passed an ordinary resolution on 24 June 2013 authorising the issue of 1,000 preference shares of Shs. 600,000 each.
- The tenure of the preference shares shall be 3 years with the right to receive a cumulative dividend at a rate of 20.5% to be paid together with capital upon redemption and rank in priority over ordinary shares in repayment.
- The preference shares are secured by a first legal charge over property unit L.R. No. 29059 (I.R No.133694) measuring 25.31 acres valued at approximately Shs 650,000,000.

(ii) Deposits for preference shares pending issue - Kikwetu Development Limited

- The company intends to issue preference shares at a subscription price of Shs. 500,000 each.
- The tenure of the preference shares shall be 3 years with the right to receive interest at a rate of 18% per annum.
- The preference shares are not entitled to any dividends including preferential dividends.

15. BORROWINGS

Borrowings	Group		Company	
	2013	**2012**	**2013**	**2012**
The borrowings are made up as follows:	**Shs**	**Shs**	**Shs**	**Shs**
Non-current				
Bank loans	117,808,552	30,535,706	24,107,134	30,535,706
Finance leases	4,083,378	7,929,071	1,513,422	2,404,784
Shareholders' loan	1,360,000	1,400,000	-	-
	123,251,930	39,864,777	25,620,556	32,940,490
Current				
Bank loans	133,276,033	155,042,024	6,428,580	6,428,580
Finance leases	2,997,018	2,205,238	631,858	459,978
	136,273,051	157,247,262	7,060,438	6,888,558
	259,524,981	197,112,039	32,680,994	39,829,048

The borrowings are secured by the following:

(i) I & M Bank Limited Loan

- Joint and several personal guarantees and indemnities of an amount of Shs. 45,000,000 each by the directors of Home Afrika Limited.
- First legal charge/mortgage for an amount of Shs.45,000,000 over property known as Office Suite 2 (Penthouse), 5th floor on L.R. No. 2/704, Ngong Road, Nairobi.
- Joint and several personal guarantees and indemnities of an amount of Shs. 325,000,000 each by the directors of Mitini Scapes development Limited.
- Corporate guarantee and indemnity of Home Afrika Limited for an amount of Shs. 325,000,000.
- A fixed and floating debenture for an amount of Shs. 325,000,000 over all the assets of Mitini Scapes Development Limited.
- First legal charge/mortgage for an amount of Shs. 325,000,000 over the sublease unit PDS 503 on L.R. No. 29059, Nairobi registered in the name of Mitini Scapes Development Limited.

(ii) Chase Bank (Kenya) Limited

- First legal charge of Shs.100,000,000 over the property unit Nos G901, G902, G903, G904, G905, G906, G907, G908, G909, G910, G911,G912,G913,G914,G915,G916,G917,G918 ,G919 and G920 all being portions curved out of title IR number 133694 (L.R. No. 29059) in the name of Home Afrika Communities Limited.
- Corporate guarantee and indemnity from Home Africa Limited for Shs. 100,000,000.
- Corporate guarantee and indemnity from Tulip Trustee Company Limited for Shs. 100,000,000.
- Corporate guarantee and indemnity from Linyanti Limited for Shs. 100,000,000.

(iii) Kenya Commercial Bank Limited

- Legal charge of Shs. 47,880,000 over title no. Kisumu/Dago/755 in the name of Lakeview Heights Development Limited.
- Pledge over 10,000,000 Home Afrika Limited Shares
- Deed of assignments of sale proceeds over plot nos. G411,G412,G426,G427,G428,G429 and G430 carved out of L.R. No. 29059 in the name of Home Afrika Communities Limited.

15. BORROWINGS (CONTINUED)

	Group		Company	
Weighted average effective interest rates at the reporting date were:	**2013 Shs**	**2012 Shs**	**2013 Shs**	**2012 Shs**
Bank borrowings	18.8%	20.3%	18.0%	19.5%
Finance lease liabilities	22.5%	25.3%	21.6%	24.2%

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

The carrying amounts of the company's borrowings are denominated in Kenya shillings.

	Group		Company	
Maturity based on the repayment structure of non-current borrowings (excluding finance lease liabilities and shareholders loan) is as follows:	**2013 Shs**	**2012 Shs**	**2013 Shs**	**2012 Shs**
Between 1 and 2 years	106,558,578	12,857,160	12,857,160	12,857,160
Between 2 and 5 years	11,249,974	17,678,546	11,249,974	17,678,546
	117,808,552	30,535,706	24,107,134	30,535,706
Gross finance lease liabilities - minimum lease payments				
Not later than 1 year	4,426,080	4,426,080	1,068,720	1,068,720
Later than 1 year and not later than 5 years	5,751,210	10,177,290	2,137,440	3,206,160
Total gross finance leases	10,177,290	14,603,370	3,206,160	4,274,880
Future interest expense on finance leases	(3,096,894)	(4,469,061)	(1,060,880)	(1,410,118)
Present value of finance leases	7,080,396	10,134,309	2,145,280	2,864,762
Present value of finance leases - minimum lease payments				
Not later than 1 year	2,997,018	2,205,238	631,858	459,978
Later than 1 year and not later than 5 years	4,083,378	7,929,071	1,513,422	2,404,784
	7,080,396	10,134,309	2,145,280	2,864,762

The shareholders' loan is unsecured, interest free and carry no fixed dates of repayment.

16. DEFERRED TAX

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2012: 30%). The movement on the deferred tax account is as follows:

	Group	
	2013	**2012**
	Shs	**Shs**
At start of year	25,006,375	(86,185,796)
Charge to profit or loss (Note 8)	92,458,197	111,192,171
At end of year	117,464,572	25,006,375

Group

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

	At start of year Shs	**Prior year adjustment Note 31 Shs**	**As restated Shs**	**Charge/(credit) to profit or loss Shs**	**At end of year Shs**
Deferred tax liabilities					
Fair value gain on investment property	107,569,787	-	107,569,787	30,224,660	137,814,447
Deferred tax assets					
Property and equipment	(841,889)	-	(841,889)	(41,965)	(883,854)
Tax losses carried forward	(11,615,669)	(70,105,854)	(81,721,523)	62,255,502	(19,466,021)
	(12,457,558)	(70,105,854)	(82,563,412)	62,213,537	(20,349,875)
Net deferred tax liability	95,112,229	(70,105,854)	25,006,375	92,438,197	117,464,572

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. 25,676,978 (2012: Shs. 4,861,666) in respect of tax losses carried forward amounting to Shs. 85,589,927 (2012: Shs. 16,205,553) that can be carried forward against future taxable profits have not been recognised. These tax losses expire as follows:

	Shs	Expiry
- tax losses arising in 2012 and earlier	16,205,533	31 December
- tax losses arising in 2013	85,589,927	31 December

No deferred tax liability is recognised as temporary differences of Shs. 271,082,762 relating to unremitted earnings of subsidiaries, as the group is able to control the timing of reversal of these temporary differences and it is probable that they will not reverse in the foreseeable future.

16. DEFERRED TAX (CONTINUED)

	Company	
	2013 Shs	**2012 Shs**
At start of year	(78,635)	(9,653,413)
Charge to profit or loss	29,058	9,574,778
At end of year	(49,577)	(78,635)

	At start of year Shs	**Charge to profit or loss Shs**	**At end of year Shs**
Deferred tax assets			
Property and equipment	(78,635)	29,058	(49,577)

17. PROPERTY AND EQUIPMENT

Group

Year ended 31 December 2013

	Work in progress Shs	Building Shs	Tractor Shs	Motor vehicles Shs	Computer equipment Shs	Furniture and fittings Shs	Office equipment Shs	Total Shs
Cost								
At start of year	-	52,616,104	-	7,850,860	3,202,520	10,372,182	10,517,134	84,558,800
Disposal	-	-	-	-	(139,270)	-	-	(139,270)
Additions	-	-	4,457,686	1,390,000	1,654,000	2,145,198	2,763,832	12,410,716
At end of year	-	52,616,104	4,457,686	9,240,860	4,717,250	12,517,380	13,280,966	96,830,246
Depreciation								
At start of year	-	3,291,586	-	2,084,590	1,734,277	2,495,862	1,796,835	11,403,150
Charge for the year	-	1,295,186	1,671,632	1,766,567	830,506	1,251,908	1,184,067	7,999,866
At end of year	-	4,586,772	1,671,632	3,851,157	2,564,783	3,747,770	2,980,902	19,403,016
Net book value	-	48,029,332	2,786,054	5,389,703	2,152,467	8,769,610	10,300,064	77,427,230

Year ended 31 December 2012

	Work in progress Shs	Building Shs	Tractor Shs	Motor vehicles Shs	Computer equipment Shs	Furniture and fittings Shs	Office equipment Shs	Total Shs
Cost								
At start of year	652,803,749	28,444,474	-	650,000	2,798,420	10,372,182	2,483,269	697,552,094
Reclassification to expense	-	(2,426,007)	-	-	-	-	-	(2,426,007)
Additions	119,644,750	26,597,637	-	7,200,860	533,100	878,106	8,033,865	162,888,318
Reclassified to inventory	(772,448,499)	-	-	-	-	-	-	(772,448,499)
Disposal	-	-	-	-	(129,000)	(878,106)	-	(1,007,106)
At end of year	-	52,616,104	-	7,850,860	3,202,520	10,372,182	10,517,134	84,558,800
Depreciation								
At start of year	-	1,996,400	-	162,500	1,176,901	1,511,797	504,446	5,352,044
Disposal	-	-	-	-	(38,700)	(109,763)	-	(148,463)
Charge for the year	-	1,295,186	-	1,922,090	596,076	1,093,828	1,292,389	6,199,569
At end of year	-	3,291,586	-	2,084,590	1,734,277	2,495,862	1,796,835	11,403,150
Net book value	-	49,324,518	-	5,766,270	1,468,243	7,876,320	8,720,299	73,155,650

17. PROPERTY AND EQUIPMENT (CONTINUED)

Company

Year ended 31 December 2013

	Building Shs	Motor vehicles Shs	Computer equipment Shs	Furniture and fittings Shs	Office equipment Shs	Total Shs
Cost						
At start of year	105,332,467	3,594,860	2,178,395	9,384,936	2,738,024	123,228,682
Disposal	-	-	(83,000)	-	-	(83,000)
Additions	-	1,390,000	981,000	650,200	1,752,284	4,773,484
At end of year	105,332,467	4,984,860	3,076,395	10,035,136	4,490,308	127,919,166
Depreciation						
At start of year	5,867,207	898,715	1,148,334	2,253,836	739,486	10,907,578
Charge for the year	2,613,095	999,036	492,456	972,662	217,404	5,294,653
At end of year	8,480,302	1,897,751	1,640,790	3,226,498	956,890	16,202,231
Net book value	96,852,165	3,087,109	1,435,605	6,808,638	3,533,418	111,716,935

Year ended 31 December 2012

	Building Shs	Motor vehicles Shs	Computer equipment Shs	Furniture and fittings Shs	Office equipment Shs	Total Shs
Cost						
At start of year	107,758,474	-	1,894,495	8,506,830	2,214,119	120,373,918
Reclassification to expense	(2,426,007)	-	-	-	-	(2,426,007)
Disposal	-	-	(129,000)	-	-	(129,000)
Additions	-	3,594,860	412,900	878,106	523,905	5,409,771
At end of year	105,332,467	3,594,860	2,178,395	9,384,936	2,738,024	123,228,682
Depreciation						
At start of year	3,254,112	-	778,751	1,235,107	453,980	5,721,950
Disposal	-	-	(38,700)	-	-	(38,700)
Charge for the year	2,613,095	898,715	408,283	1,018,729	285,506	5,224,328
At end of year	5,867,207	898,715	1,148,334	2,253,836	739,486	10,907,578
Net book value	99,465,260	2,696,145	1,030,061	7,131,100	1,998,538	112,321,104

Buildings amounting to Shs. 44,540,133 have been pledged as security against borrowings as disclosed in Note 15.

	Group		Company	
	2013 Shs	**2012 Shs**	**2013 Shs**	**2012 Shs**
Reconciliation of additions during the year				
Additions acquired by cash payments	12,410,716	33,109,259	4,773,484	2,250,971
Reclassified to inventory	-	119,644,750	-	-
Additions acquired through borrowings	-	10,134,309	-	3,158,800
	12,410,716	162,888,318	4,773,484	5,409,771

17. PROPERTY AND EQUIPMENT (CONTINUED)

Included in property and equipment are the following assets where the company is a lessee under a finance lease:

	Motor vehicle Shs 2012
Cost	3,594,860
Accumulated depreciation	1,572,751
Net book value	2,022,109

The company leases motor vehicles under non-cancellable finance lease arrangements. The lease terms are 5 years and the ownership of the assets lies with the company.

18. INVESTMENT PROPERTY

Group

Year ended 31 December 2013	**Land Shs**	**WIP Shs**	**Total Shs**
At start of year	429,642,835	18,202,165	447,845,000
Additions	-	7,259,516	7,259,516
Fair value gains	100,815,534	-	100,815,534
At end of year	530,458,369	25,461,681	555,920,050
Year ended 31 December 2012			
At start of year	-	-	-
Transfers from inventory	71,076,879	18,202,165	89,279,044
Fair value gains	358,565,956	-	358,565,956
At end of year	429,642,835	18,202,165	447,845,000

The fair value of the group's investment properties are determined annually at the reporting date by an independent professionally qualified valuer adjusted by management to reflect the current stage of completion of the project. In determining the valuations the valuer refers to current market conditions including recent sales transactions of similar properties.

In estimating the fair value of the properties, the highest and best use of the property is their use at the end of the project development adjusted by the completion factor to reflect the condition as of the balance sheet date. There has been no change in the valuation technique used during the year. Other than the fair value gains, there are no amounts included in profit or loss relating to the investment property.

18. INVESTMENT PROPERTY (CONTINUED)

Fair value hierarchy	Level 1 Shs	Level 2 Shs	Level 3 Shs	Fair value Shs
Land held as investment property	-	-	555,920,050	555,920,050

There were no transfers between Levels 1, 2 and 3 during the year.

Level 3 valuation

The fair valuation of the investment property is included as a level 3 valuation based on a significant non-observable input being the stage of completion of the project development within which the investment property resides which therefore has a material impact on the fair valuation as of the date of the statement of financial position.

The % stage of completion used for this valuation is 33.2% as at 31 December 2013 (26.7% as at 31 December 2012). Management does not expect there to be a material sensitivity to the value of the investment property as the percentage of completion is based on qualified professional assessments of the project development.

The table above presents the changes in the carrying value of the investment property arising from these fair valuation assessments.

19. INTANGIBLE ASSETS

Group	WIP (Software) Shs	Website costs Shs	Total Shs
Year ended 31 December 2013			
Cost			
At start of year	-	708,800	708,800
Additions	4,140,460	475,000	4,615,460
At end of year	4,140,460	1,183,800	5,324,260
Accumulated amortisation			
At start of year	-	472,297	472,297
Amortisation for the year	-	394,600	394,600
At end of year	-	866,897	866,897
Carrying amount	4,140,460	316,903	4,457,363

	Website costs Shs
Year ended 31 December 2012	
Cost	
At start and end of year	708,800
Accumulated amortisation	
At start of year	236,030
Amortisation for the year	236,267
At end of year	472,297
Carrying amount	236,503

	Company 2013 WIP (Software) Shs
Additions	4,140,460
At end of year	4,140,460

20. INVESTMENTS IN SUBSIDIARIES

Company

Name	Country of incorporation	Holding 2013	Holding 2012	Company 2013 Shs	Company 2012 Shs
Suburban Limited	Kenya	50%	50%	74,334,247	74,334,247
Mitini Scapes Development Limited	Kenya	100%	100%	100,000	100,000
Lakeview Heights Development Limited	Kenya	100%	100%	100,000	100,000
Lango Development Limited	Kenya	100%	100%	100,000	100,000
Kikwetu Limited	Kenya	100%	100%	100,000	2,000
Home Afrika Communities Limited	Kenya	60%	60%	60,000	60,000
Migaa Management Limited	Kenya	52%	52%	52,000	-
				74,846,247	74,696,247

20. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The composition of the group is as follows:

Name	Country of incorporation	Proportion of ownership interest 2013	Proportion of ownership interest 2012	Proportion owned by subsidiary companies 2013	Proportion owned by subsidiary companies 2012	Principal Activities	Wholly or non-wholly owned subsidiary
Mitini Scapes Development Limited	Kenya	100%	100%	-	-	Development and sale of real estate	Wholly
Lakeview Heights Development Limited	Kenya	100%	100%	-	-	Development and sale of real estate	Wholly
Lango Development Limited	Kenya	100%	100%	-	-	Development and sale of real estate	Wholly
Kikwetu Limited	Kenya	100%	100%	-	-	Development and sale of real estate	Wholly
Home Afrika Communities Limited	Kenya	60%	60%	-	-	Development and sale of real estate	Non-wholly
Suburban Limited	Kenya	50%	50%	-	-	Development and sale of real estate	Non-wholly
Migaa Management Limited	Kenya	52%	52%	-	-	Development and sale of real estate	Non-wholly
Moru Ridge Limited	Kenya	-	-	60%	60%	Development and sale of real estate	Non-wholly
Kivuli Golf Limited	Kenya	-	-	60%	60%	Development and sale of real estate	Non-wholly
Migaa PDS Limited	Kenya	-	-	60%	60%	Development and sale of real estate	Non-wholly

Details of non-wholly owned subsidiaries that have material non-controlling interests is shown below:

Name	Proportion of ownership interest held by non-controlling interest		Profit or loss allocated to non-controlling interest		Accumulated non-controlling interests	
	2013	2012	2013 Shs	2012 Shs	2013 Shs	2012 Shs
Suburban Limited	50%	50%	13,167,641	4,348,935	(33,771,471)	(46,939,112)
Home Afrika Communities Limited	40%	40%	57,294,141	81,048,525	79,913,381	22,619,240
Moru Ridge Limited	40%	40%	(7,351,497)	(3,801,662)	(11,113,158)	(3,761,662)
Kivuli Golf Limited	40%	40%	(364,003)	(998,736	(1,322,740)	(958,736)
Migaa Management Limited	48%	48%	(1,131,345)	-	(1,083,345)	-
			61,614,937	80,597,062	32,622,667	(29,040,270)

20. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The group owns 50% equity shares of Suburban Limited. The remaining 50% is held by unrelated shareholders. An assessment of control was performed by the group based on whether the group has the practical ability to direct the relevant activities unilaterally and it was concluded that the group was involved in active day to day management and therefore had a dominant powers to direct the relevant activities of Suburban Limited.

Summarised financial information

Summarised financial information in respect of each of the group's subsidiaries that has a material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Home Afrika Communities Limited		Suburban Limited		Moru Ridge Limited	
	2013 Shs	2012 Shs	2013 Shs	2012 Shs	2013 Shs	2012 Shs
Current assets	1,523,189,278	1,279,073,333	271,650,852	350,882,010	396,322,332	18,098,800
Non-current assets	563,179,857	451,724,051	1,396,900	1,691,436	-	-
Current liabilities	(1,630,803,455)	(1,598,174,283)	(138,704,811)	(244,565,785)	(414,700,275)	(27,502,954)
Non-current liabilities	(184,382,918)	(46,311,137)	(150,000,000)	(150,000,000)	-	-
Equity attributable to owners of the company	191,533,385	63,592,725	18,014,412	4,846,773	(16,769,739)	(5,742,492)
Non-controlling interests	79,549,377	22,619,239	(33,771,471)	(46,939,112)	(11,113,158)	(3,761,662)
Revenue	737,438,531	517,678,444	142,990,484	346,464,332	-	-
Expenses	(531,765,528)	(263,419,605)	(116,655,204)	(318,288,462)	(18,378,742)	(9,504,154)
Profit or loss for the year	205,673,003	254,258,839	26,335,280	28,175,870	(18,378,742)	(9,504,154)
Profit or loss attributable to owners of the company	148,378,862	173,210,314	13,167,639	23,826,935	(11,027,245)	(5,702,492)
Profit or loss attributable to the non-controlling interests	57,294,141	81,048,525	13,167,641	4,348,935	(7,351,497)	(3,801,662)
Profit or loss for the year	205,673,003	254,258,839	26,335,280	28,175,870	(18,378,742)	(9,504,154)
Net cash (out)/in flow from operating activities	(62,346,376)	249,387,359	(4,837,751)	245,987,346	(18,378,742)	(9,504,154)
Net cash (out) flow from investing activities	(13,835,480)	(89,741,938)	-	878,106	-	-
Net cash in/(out) flow from financing activities	36,918,570	(162,836,453)	(48,613,444)	(196,341,605)	-	-
Net cash (out)/in flow	(39,263,286)	(3,191,032)	(53,451,195)	50,523,847	(18,378,742)	(9,504,154)

Significant restrictions

There are no significant restrictions on the company's or subsidiary's ability to access or use the assets and settle the liabilities of the group.

21. FINANCIAL ASSETS

Available-for-sale	Incorporation		Group and company 2013 Shs	2012 Shs
Morningside Office Park Limited	Kenya	12%	2,000	2,000

The carrying amount of the investment above is not expected to be materiality different from its fair value.

22. INVENTORIES

	Group		Company	
	2013 Shs	**2012 Shs**	**2013 Shs**	**2012 Shs**
Plots held for sale	957,415,398	625,191,214	140,500,000	45,000,000
Units held for sale	67,839,882	158,495,729	-	-
Work in progress	1,167,536,824	837,524,715	-	-
	2,192,792,104	1,692,288,538	140,500,000	45,000,000

Inventory with a cost amounting to Shs. 106,878,163 have been pledged as security against preference shares as disclosed in Note 14.

Inventory with a cost amounting to Shs. 147,880,000 have been pledged as security against certain borrowings as disclosed in Note 15.

23. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 Shs	**2012 Shs**	**2013 Shs**	**2012 Shs**
Non current				
Receivables from related parties (Note 28(iv))	-	-	267,900,000	267,900,000
Current				
Trade receivables	72,250,000	48,000,000	5,250,000	48,000,000
Other receivables	64,509,357	44,640,085	873,208	3,987,808
Deposits and prepayments	7,329,845	875,412	239,739	237,239
Shareholders account	500,000	602,000	-	-
Due from directors	5,735,500	5,735,500	-	-
Receivables from related parties (Note 28(iv))	60,132,429	12,618,436	129,021,760	89,991,262
	210,457,131	112,471,433	135,384,707	142,216,309
	210,457,131	112,471,433	403,284,707	410,116,309

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. 93% of the outstanding trade receivables are held by a single customer. This represents a significant concentration of credit risk.

None of the receivables of the group are past due or impaired and as a result no provisions for impairment has been recognised in the financial statements.

The carrying amounts of the group's/company's trade and other receivables are denominated in Kenya shillings.

24. CASH AND CASH EQUIVALENTS

	Group		Company	
	2013 **Shs**	**2012** **Shs**	**2013** **Shs**	**2012** **Shs**
Cash at bank and in hand	23,392,763	153,078,889	6,252,655	50,136,994

The company's cash and bank balances are held with a major Kenyan financial institution and, insofar as the directors are able to measure any credit risk to these assets, it is deemed to be limited.

The carrying amounts of the group's/company's cash and cash equivalents are denominated in Kenya shillings.

25. DEFERRED INCOME

	Group	
	2013 **Shs**	**2012** **Shs** (Restated)
Deferred income	313,253,184	101,454,170

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 **Shs**	**2012** **Shs**	**2013** **Shs**	**2012** **Shs**
Current				
Trade payables	183,026,405	142,126,593	199,973	269,625
Accruals	66,553,841	24,635,966	3,705,616	464,000
Deposit from sale of plots	1,434,514,529	1,559,918,482	9,050,000	7,250,000
Deposit for service charge and shares	46,302,702	10,170,500	-	-
Other payables	30,786,307	13,555,910	23,088,996	8,548,945
Payable to related parties (Note 28(iv))	5,295,100	6,819,496	217,099,241	158,768,953
	1,766,478,884	1,757,226,947	253,143,826	175,301,523

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/company's trade and other payables are denominated in Kenya shillings.

The maturity analysis of the group's trade and other payables is as follows:

Year ended 31 December 2013

	0 to 1 month **Shs**	**2 to 3 months** **Shs**	**4 to 12 months** **Shs**	**Total** **Shs**
Trade payables	-	-	183,026,405	183,026,405
Accruals	66,553,841	-	-	66,553,841
Deposit from sale of plots	-	-	1,480,817,231	1,480,817,231
Other payables	-	-	30,786,307	30,786,307
Payable to related parties (Note 28(iv))	-	-	5,295,100	5,295,100
	66,553,841	-	1,699,925,043	1,766,478,884

26. TRADE AND OTHER PAYABLES (CONTINUED)

Year ended 31 December 2012

	0 to 1 month Shs	2 to 3 months Shs	4 to 12 months Shs	Total Shs
Trade payables	-	-	142,126,593	142,126,593
Accruals	24,635,966	-	-	24,635,966
Deposit from sale of plots	-	-	1,570,088,982	1,570,088,982
Other payables	-	13,555,910	-	13,555,910
Payable to related parties (Note 28(iv))	-	-	6,819,496	6,819,496
	24,635,966	13,555,910	1,719,035,071	1,757,226,947

The maturity analysis of the company's trade and other payables is as follows:

Year ended 31 December 2013

	0 to 1 month Shs	2 to 3 months Shs	4 to 12 months Shs	Total Shs
Trade payables	199,973	-	-	199,973
Accruals	3,705,616	-	-	3,705,616
Deposit from sale of plots	9,050,000	-	-	9,050,000
Other payables	-	10,242,490	12,846,506	23,088,996
Payable to related parties (Note 28(iv))	-	-	217,099,241	217,099,241
	12,955,589	10,242,490	229,945,747	253,143,826

Year ended 31 December 2012

	0 to 1 month Shs	2 to 3 months Shs	4 to 12 months Shs	Total Shs
Trade payables	269,625	-	-	269,625
Accruals	464,000	-	-	464,000
Deposit from sale of plots	7,250,000	-	-	7,250,000
Other payables	-	8,108,286	440,659	8,548,945
Payable to related parties (Note 28(iv))	-	-	158,768,953	158,768,953
	7,983,625	8,108,286	159,209,612	175,301,523

27. CASH (USED IN)/FROM OPERATIONS

	Group	
	2013	**2012**
Reconciliation of profit before tax to cash (used in)/from operations:	**Shs**	**Shs**
Profit before tax	183,464,609	234,559,043
Adjustments for:		
Depreciation on property and equipment (Note 17)	7,999,866	6,199,569
Amortization intangible assets (Note 19)	394,600	236,267
Fair value gain on investment property (Note 4)	(100,815,534)	(358,565,956)
Interest expense (Note 7)	9,873,700	58,001,974
Gain on disposal of property and equipment	(11,200)	(122,463)
Interest income (Note 4)	(453,444)	(1,218,016)
Changes in working capital:		
- inventories	(500,503,566)	292,210,948
- trade and other receivables	(97,985,698)	(61,673,764)
- trade and other payables	9,251,937	346,761,155
- deferred income	211,799,014	101,454,170
Cash (used in)/from operations	(276,985,716)	617,842,927

28. RELATED PARTY TRANSACTIONS AND BALANCES

The nature of related parties is through common directorship and shareholding.

The following transactions were carried out with related parties:

	Group	
i) Sale of goods and services	**2013**	**2012**
	Shs	**Shs**
Project management fees charged to subsidiary companies	71,497,000	-

28 .RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

i) Sale of goods and services (continued)

	Company	
	2013	**2012**
	Shs	**Shs**
Sale of plots and office suites to other related parties e.g directors and shareholders	110,206,897	-

ii) Purchase of goods and services

	Company	
	2013	**2012**
	Shs	**Shs**
Plots purchased from subsidiary company	100,000,000	-

iii) **Key management personnel compensation**

	Group		Company	
	2013	**2012**	**2013**	**2012**
	Shs	**Shs**	**Shs**	**Shs**
Short term employee benefits	52,249,676	36,376,135	14,168,730	12,273,000

iv) **Outstanding balances arising from payments to/received from related parties**

	Group		Company	
	2013	**2012**	**2013**	**2012**
	Shs	**Shs**	**Shs**	**Shs**
Receivable from related parties (Note 23)	60,132,429	12,618,436	396,921,760	357,891,262
Receivables from related parties can be analysed as follows:				
- Subsidiaries	-	-	336,789,331	345,272,826
- Other related parties e.g. directors, shareholders	60,132,429	12,618,436	60,132,429	12,618,436
	60,132,429	12,618,436	396,921,760	357,891,262

The amounts receivable from related parties are interest free, have no specific dates of repayment and are unsecured.

	Group		Company	
	2013	**2012**	**2013**	**2012**
	Shs	**Shs**	**Shs**	**Shs**
Payable to related parties (Note 26)	5,295,100	6,819,496	217,099,241	158,768,953
Payables from related parties can be analysed as follows:				
- Subsidiaries	-	-	211,804,141	151,949,457
- Other related parties e.g. directors, shareholders	5,295,100	6,819,496	5,295,100	6,819,496
	5,295,100	6,819,496	217,099,241	158,768,953

The amounts payable to related parties are interest free, have no specific dates of repayment and are unsecured.

29. RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management

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

Risk management is carried out by the management under policies approved by the board of directors. Management identifies and evaluates financial risks in close co-operation with various departmental heads. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk and credit risk.

(a) Market risk

- Interest rate risk

The group's exposure to interest rate risk arises from non-current borrowings/current borrowings. Financial assets and liabilities obtained at different rates expose the company to interest rate risk.

At 31 December 2013, if interest rates at that date had been 1 percentage point lower with all other variables held constant, post-tax profit for the year would have been Shs. 59,491 (2012: 372,114) higher, arising mainly as a result of lower interest expense on variable rate borrowings. The effect would be the opposite were interest rates to be 1% higher. 10% represents the maximum expected high change in rates.

(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.

Management assesses the credit quality of the customer, taking into account their financial position, past experience and other factors.

Individual limits are set based on internal or external information in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting year, and management does not expect any losses from non-performance by these counterparties.

None of the financial assets that are fully performing have 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

Cash flow forecasting is performed by the finance department of the group by monitoring the company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants on any of its borrowing facilities.

Prudent liquidity risk management implies maintaining sufficient cash, 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 company's management maintains flexibility in funding by maintaining availability under committed credit lines.

Notes 15 and 26 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.

29. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Year ended 31 December 2013

	Interest rate %age	Less than 1 year Shs	1 - 5 years Shs	More than 5 years Shs	Total Shs
Interest bearing liabilities					
-Bank loans	18.8%	158,331,927	139,956,559	-	298,288,486
-Finance leases	22.5%	4,426,080	5,751,210	-	10,177,290
Non-interest bearing liabilities					
-Shareholders' loan	-	-	1,360,000	-	1,360,000
-Preference share capital	-	-	75,000,000	-	75,000,000
-Deposit for shares	-	-	87,746,151	96,295,550	184,041,701
-Trade and other payables	-	1,766,478,884	-	-	1,766,478,884
		1,929,236,891	309,813,920	96,295,550	2,335,346,361

Interest bearing liabilities					
-Bank loans	20.3%	186,515,555	36,734,447	-	223,250,002
-Finance leases	25.3%	4,426,080	10,177,290	-	14,603,370
Non-interest bearing liabilities					
-Shareholders' loan	-	-	1,400,000	-	1,400,000
-Preference share capital	-	-	75,000,000	-	75,000,000
-Deposit for shares	-	-	7,247,000	33,331,000	40,578,000
-Trade and other payables	-	1,757,226,947	-	-	1,757,226,947
		1,948,168,582	130,558,737	33,331,000	2,112,058,319

30. CAPITAL MANAGEMENT

Internally imposed capital requirements

- to provide an adequate return to shareholders by pricing products and services commensurate with the level of risk;
- to comply with the capital requirements set out by the group's bankers;
- 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; and
- to maintain a strong asset base to support the development of business.
- to maintain an optimal capital structure to reduce the cost of capital.

The group sets the amount of capital in proportion to risk. The company 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 company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Consistently with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided 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 (i.e. share capital, share premium and other reserves retained earnings).

The gearing ratios at 31 December 2013 and 2012 were as follows:

	Group		Company	
	2013 Shs	**2012 Shs**	**2013 Shs**	**2012 Shs**
Total borrowings (Note 15)	259,524,981	197,112,039	32,680,994	39,829,048
Less cash and cash equivalents (Note 24)	23,392,763	153,078,889	6,252,655	50,136,994
Net debt	236,132,218	44,033,150	26,428,339	(10,307,946)
Total equity	306,803,773	307,544,753	453,580,649	474,687,545
Gearing ratio	0.8:1	0.1:1	0.1:1	-

31. PRIOR YEAR ADJUSTMENTS

Comparative amounts relating to the financial year ended 31 December 2012 have been restated to reflect changes in classification and retrospective changes to accounting policies. The primary changes were as follows:

i) The group has reconsidered the basis of revenue recognition under the requirements of IAS 18 and in particular IFRIC 15 under which sales of land for projects under construction. Adoption of this accounting policy has resulted in deferral of income received on sale of land attributed to the service element which is being recognised on a percentage of completion basis as required by IFRIC 15. The total restated deferral of revenue in 2012 was as disclosed in note 25 to the financial statements.

ii) The group has also reconsidered the requirements of IAS 40 in respect of investment property which requires that land held with an undetermined future use to be classified as investment property. Previously the group carried such land at cost under inventories and has following change in accounting policy, classified such land as investment property thereby recognising the fair value gain in profit or loss. The restated fair value gain recognised in 2012 is disclosed in note 18 to the financial statements.

iii) Certain reclassifications and other changes have been recognised to reflect better presentation in the current year which relate to the consolidation adjustments and adjustments to property and equipment in respect of reclassification of work in progress on saleable property to inventories (note 17) and adjustments to reflect historic cost accounting on intragroup transferred assets.

The net impact of the changes above reduced profit before tax for the year ended 31 December 2012 by an immaterial amount of Shs. 23 million (Shs. 258 million as previously reported to Shs. 235 million as restated).

The impact on the earnings per share was as follows:	As previously stated Shs	As restated Shs
Total profit attributed to owners of the parent	94,592,746	27,513,299
Total effective number of shares	405,255,320	405,255,320
Earnings per share	0.23	0.07

32. INCORPORATION

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

33. PRESENTATION CURRENCY

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

Company Statement of Profit or Loss and Other Comprehensive Income

	2013 Shs	2012 Shs
Revenue	137,123,563	172,718,872
Cost of sales	(4,500,000)	(30,000,000)
Gross profit	132,623,563	142,718,872
Other operating income	11,200	521,015
Selling and distribution	(5,965,175)	(8,024,306)
Administrative expenses	(109,318,114)	(60,435,230)
Other operating expenses	(10,869,727)	(10,143,806)
Operating profit	6,481,747	64,636,545
Finance costs	(6,472,704)	(12,537,623)
Profit before tax	9,043	52,098,922
Tax charge	(1,359,939)	(17,056,472)
(Loss)/profit for the year	(1,350,896)	35,042,450
Total comprehensive (loss)/profit for the year	(1,350,896)	35,042,450
(Loss)/earnings per share - Basic	(0.00)	0.09

Schedule of Expenditure

1. SELLING AND DISTRIBUTION EXPENSES	Group		Company	
	2013	2012	2013	2012
	Shs	Shs	Shs	Shs
Marketing fees	36,926,161	23,835,109	3,965,175	4,200,223
Commissions	14,032,034	10,765,266	2,000,000	3,074,031
Advertising and sales promotion	11,802,024	9,706,089	-	750,052
Meeting expenses	1,024,063	731,699	-	-
Total selling and distribution expenses	63,784,282	45,038,163	5,965,175	8,024,306
2. ADMINISTRATIVE EXPENSES				
Employment:				
Salaries and wages	82,844,053	42,978,781	30,715,005	21,882,334
Medical	3,717,030	2,106,285	891,745	428,001
Staff training and welfare	3,310,680	462,802	1,622,900	32,450
Total employment costs	89,871,763	45,547,868	33,229,650	22,342,785
Other administrative expenses:				
Directors and Committee allowance	27,280,497	26,455,250	14,054,000	19,300,250
Consultancy	30,553,094	7,968,976	30,553,094	7,794,976
Meetings expenses	7,371,773	2,765,885	7,274,293	2,682,963
Legal and professional fees	22,040,221	6,679,715	10,718,401	916,980
Project management fees	13,793,103	4,020,475	-	-
Vehicle running	2,050,307	1,335,519	1,378,096	934,561
Office expenses	2,361,204	2,237,919	1,150,830	1,448,055
Postages and telephones	1,800,937	2,053,423	1,538,875	1,930,782
Audit fees				
- current year	3,554,000	2,034,000	464,000	464,000
- Under provision in prior years	152,039	188,000	6,950	-
Travelling and accommodation	6,605,799	3,817,528	5,490,898	1,228,185
Donations	1,623,451	851,495	1,397,451	500,000
Computer expenses	686,681	695,182	147,990	281,402
Printing and stationery	1,520,206	456,000	1,337,690	328,645
Bank charges and commissions	514,524	429,355	132,836	102,046
Secretarial fees	443,060	179,600	443,060	179,600
Total other administrative expenses	122,350,896	62,168,322	76,088,464	38,092,445
Total administrative expenses	212,222,659	107,716,190	109,318,114	60,435,230
3. OTHER OPERATING EXPENSES				
Establishment:				
Depreciation on property and equipment	7,999,866	6,199,569	5,294,654	5,224,328
Repairs and maintenance	1,687,368	4,161,595	47,230	295,884
Service charge	2,811,240	2,962,119	2,811,240	2,562,119
Insurance	2,905,340	2,475,051	2,150,433	1,456,950
Security	6,119,539	2,437,759	-	-
Amortization intangible asset	394,600	236,267	-	-
Electricity	1,877,930	770,300	280,275	454,525
Cleaning	-	324,800	-	-
Rent	1,313,095	417,600	-	-
Licence and subscriptions	1,995,823	274,650	285,895	150,000
Total other operating expenses	27,104,801	20,259,710	10,869,727	10,143,806

Notes

Proxy Form

I/We, ____

of ______________________________ , being a member of the above-named com-

pany, hereby appoint ______________________________________

of P.O. Box ______________________ as my/our proxy to vote for me/us and on

my/our behalf at the Annual General Meeting of the company to be held on the 27th day of June 2014,

and at any adjournment thereof.

As witness my/our hand this ________ day of ________________ 2014.

Sign: Member ______________________________

Proxy ______________________________

Notes

1. A form of proxy must be completed and signed by the member or the member's attorney duly authorized in writing. In the case of a member being a limited liability company, this form must be completed under its common seal or under the hand of an attorney duly authorized in writing.
2. Proxies must be received by the Company Secretary at info@homeafrika.com or 5th floor Morningside office Park, Ngong Road, not later than Five (5) days before the time of holding the meeting or adjourned meeting.

HOME AFRIKA

Notes

HOME AFRIKA

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