HOME AFRIKA

Houses Become Homes

ANNUAL REPORT

& FINANCIAL STATEMENTS

2015

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BOARD OF DIRECTORS

Lee Gituto Karuri
Dan Ochieng Awendo
Mbugua Gecaga
Ketan Shah
Linus Gitahi (Appointed 1st April 2016)
Peter Nduati (Appointed 1st April 2016)
Rachel Mbai (Appointed 1st April 2016)
Caroline Kigen ((Appointed 6th June 2016)
Benjamin Mbira Gikonyo (Retired 31st March 2016)
Geoffrey Mbugua Kamau (Retired 31st March 2016)
Lucie Wanjiku Maina (Retired 31st March 2016)
Nyaga Boore Kithinji (Retired 31st March 2016)
Jane Wambui Adam (Retired 31st March 2016)
Paul Nguru (Retired 9th March 2015)
Doris Murimi (Retired 14th May 2015)

PRINCIPLE 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

Cooperative Bank (Kenya) Limited
NAIROBI

Eco Bank Kenya Limited
NAIROBI

LEGAL ADVISORS

Muriu Mungai & Company Advocates.
NAIROBI.

Wainaina Ireri & Company Advocates
NAIROBI

Robson Harris & Company Advocates
NAIROBI

SUBSIDIARIES

Home Afrika Communities Limited
NAIROBI

Mitini Scapes Development Limited
NAIROBI

Lake View Heights Development Limited
NAIROBI

Liango Development Limited
NAIROBI

Kivuli Golf Limited
NAIROBI

Suburban Limited
NAIROBI

Migaa Management Limited
NAIROBI

Moru ridge Limited
NAIROBI

Smart plots Limited
NAIROBI

Notice of the Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Shareholders of Home Afrika Limited will be held at the Kenya Institute of Curriculum Development, Desai Road – off Muranga Road, Nairobi on Thursday, 30th June 2016 at 10:00am to transact the following business:

AGENDA

1. Constitution of the Meeting

To read the notice convening the meeting and determine if a quorum is present.

2. Confirmation of the Minutes

To confirm the Minutes of the previous Annual General Meeting held on 25th June 2015.

3. Financial Statements for the Year ended 31st December 2015

To receive, consider and if thought fit, adopt the Audited Consolidated Financial Statements for the year ended 31st December 2015 together with the Directors' and Auditors' reports thereon.

4. Election of Directors

a) In accordance with Articles 92 and 93 of the Company's Articles of Association, the following Directors are due for retirement by rotation and being eligible, individually offer themselves for re-election:

i. Mbugua Gecaga

ii. Ketan Shah

b) In accordance with Article 115 of the Company's Articles of Association, the following Directors are due for retirement this being the first Annual General Meeting to be held since their appointments as Directors and being eligible, offer themselves for re-election.

i. Linus Gitahi

ii. Peter Nduati

iii. Rachel Mbai

iv. Caroline Kigen

c) The following directors have each individually advised the Company of their intention to retire at the forthcoming Annual General Meeting. Consequently, they will not offer themselves for re-election:

i. Lee Gituto Karuri

ii. Benjamin Mbira Gikonyo

iii. Geoffrey Mbugua Kamau

iv. Lucy Wanjiku Maina

v. Nyagah Boore Kithinji

vi. Jane Wambui Adam

d) In accordance with the provisions of Section 769 of the Companies Act, 2015, the following directors, being members of the Board Audit Committee be elected to continue to serve as members of the said Committee:

i. Caroline Kigen

ii. Rachel Mbai

iii. Ketan Shah

5. Remuneration of Directors

To authorise the Board to fix the remuneration of the Directors.

6. Appointment and Remuneration of Auditors

To re-appoint Messrs PKF Kenya, Auditors of the Company having expressed their willingness to continue in office and to authorize the Board to fix the remuneration of the Auditors.

7. Special Business:

To consider and, if thought fit, pass the following resolutions:

A. Increase in Authorized share Capital

THAT the authorized share capital of the Company be increased from Kenya Shillings Five Hundred Million (Kshs. 500,000,000) divided into Five Hundred Million (500,000,000) ordinary shares of Kshs. 1 each to Kenya Shillings One Billion (Kshs. 1,000,000,000) divided into One Billion (1,000,000,000) ordinary shares of Kshs. 1 each by the addition thereto of the sum of Kenya Shillings Five Hundred Million (Kshs. 500,000,000) divided into Five Hundred Million (500,000,000) ordinary shares of Kshs. 1 each, be and is hereby approved.

Notice of the Annual General Meeting
(Continued)

RIGHTS ISSUE

THAT subject to the necessary regulatory approvals, the directors are hereby authorized to issue a maximum of Five Hundred Million (500,000,000) ordinary shares of Kshs. 1 each by way of a rights issue to holders of ordinary shares of the company in proportions to the existing shares held by them at the close of business on such date to be fixed by the directors and at such price as shall be determined by the directors..

THAT any rights not taken up by eligible shareholders at the end of the exercise period be offered to other existing shareholders and potential investors and on such terms and conditions as are determined by the directors and notified to the shareholders through the press or the company website.

B. Listing of the Additional Shares

THAT subject to the Company receiving all regulatory approvals, the new additional Five Hundred Million (500,000,000) ordinary shares of Kshs. 1 each in the capital of the Company be and are hereby approved for listing on the Growth Enterprise Market Segment of the Nairobi Stock Exchange.

C. Additional Capital Raise

i) **THAT** the Directors of the Company be and are hereby authorized to identify and negotiate with suitable investors to raise a maximum of Kenya Shillings Five Billion (Kshs. 5,000,000,000) by way of debt capital through the offer and issuance of convertible debt instruments to investors. Such investment shall be on such terms as the Directors shall determine and shall be tabled for ratification by the shareholders at the next annual general meeting (subject to any regulatory approvals as may be required).

ii) **THAT** the Directors be and are hereby authorized to obtain all the required consents and authorizations, including any approval required from the Capital Markets Authority and the Nairobi Stock Exchange, and generally to do and effect all acts and things required to give effect to the above Resolutions, and to deal with fractions in such manner as they shall think fit.

8. Any Other Business of which due notice has been given.

By Order of the Board.

Violet Kibera Kimotho

Company Secretary

7th June 2016

Notice of the Annual General Meeting
(Continued)

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, 15th June 2016. 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.

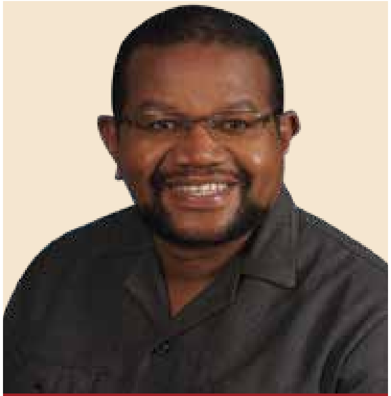
4. The resolution in respect of election of new directors shall be put to the vote of the meeting by way of a poll in accordance with Article 74 of the Articles of Association, and the following provisions of the Articles of Association shall apply to the poll:

    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

DIRECTORS PROFILES



ARCH. LEE G. KARURI

Lee Karuri is a leading Architect, business leader and an entrepreneur who has passion for Kenya as well as Africa's economic and socio development. He is a Director of Dimensions Architects and Interior Designers. He currently serves as Chairman of Home Afrika, a leading Real Estate Development Company listed in the Nairobi Securities Exchange. He also chairs Resorts and Cities Limited a company developing Golf Resorts in Kenya.

He has participated actively in the last 14 years as a member of key organizations that champion Kenya's Economic Development Agenda. These include the Kenya Private Sector Alliance (KEPSA) Kenya where he has served as Chairman. He currently serves as the Chairman of the Board of Trustees of KEPSA Foundation.

Lee also served as a member of the National Steering Committee of Vision 2030. In addition, he served as a member of the National Committee that developed the Economic Recovery Strategy (ERS) that was the basis of Kenya's growth and development agenda between 2003 and 2007.

On community service, he champions socio transformation and empowerment agenda in Kenya. To this end, he chairs the governing council of the Africa International University based in Nairobi. He also serves as the Chairman of the Board of Trustees of Parklands Baptist Church where he attends with his family.

In addition, together with his wife Consolata and their children founded Mwangaza Trust which supports vulnerable individuals and families in education, food security, economic empowerment and spiritual growth.

DAN AWENDO

Dan is a Certified Public Accountant, Management Consultant, Financial Analyst and an Advanced Management Program graduate of Strathmore Business School and IESE Business School in Spain.

Mr. Awendo has over 20 years of post qualification experience in audit, accounting, management consultancy, corporate finance and entrepreneurship and has worked in senior management positions in both local and international companies and has been a board member of various companies and learning institutions in Kenya.

Dan is the founder and previously the CEO of Investeq Capital, a company that focuses on the unique environment of financing Small & Medium sized business in East Africa. Investeq Capital has spent the last 12 years developing and financing SMEs through the provision of innovative short-term trade and other related working capital finance as an alternative to traditional banking and/or capital market solutions. Through his leadership, Dan led Investeq Capital to win both local and continental awards in Strategy, Leadership, Customer Orientation, Financial Performance and Entrepreneurship.

He has also previously been named by The Business Daily as amongst Kenya's "High Impact Entrepreneurs" and also amongst Kenya's "CEO's with Golden Hands". He has also been profiled by The Standard Newspaper as a "Captain of Industry".

Dan is a founder board member and has served in the Finance and Business Development committees at Home Afrika.

LINUS GITAHI

(Appointed 1st April 2016)

Linus Wang'ombe Gitahi is currently the Chairman of the Board of Tropikal Brands Afrika Limited.

Mr. Gitahi served as Group CEO of Nation Media Group, the biggest media firm in East and Central Africa from November 2006 to June 2015. He had joined NMG after a long career as a senior executive with pharmaceutical giant GlaxoSmithKline in East and West Africa, the Middle East and Europe. He was Managing Director of GlaxoSmithKline for West Africa since 2003, based in Lagos, and served the company previously in Nairobi as General Manager for Consumer Healthcare for East Africa and the Indian Ocean Islands. He was also head of African Consumer Marketing and has held other marketing posts in the company, which he joined in 1989. He also served as a Director of Equity Bank Limited until March 26, 2009.

He is the national chairman of the Federation of Kenya Employers (FKE) Board, the Chairman of the board of trustees of the United States International University (USIU), a director of Allianz Insurance Company, Simba Motors Group.

Mr. Gitahi holds a Bachelor of Commerce (Accounting Major) from the University of Nairobi, a Master of Business Administration from the United States International University and a Diploma in Management from the Kenya Institute of Management.

MBUGUA GECAGA

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.

KETAN SHAH

Mr. Ketan Shah is a graduate of Western Michigan University, USA where he studied Bachelor of Arts.

He is experienced in the Real Estate business having worked several years and is the founding director of Coral Property Consultants Ltd and Coral property International, both of which are esteemed Real Estate consultancy firms whose main focus is on property valuation, sales & marketing, management, developing and related profitable investment solutions.

He has a sturdy track record of originating, developing, and executing various gainful business ventures.

He has held business leadership positions in various firms including part owner of Packaging Manufacturing (K) Ltd. as well as the current Chairman of Liango, a subsidiary of Home Afrika Ltd.

In addition, Mr. Shah has held leadership positions in the Rotary Club of Mombasa, as well as being a past President of Round Table Movement.

PETER NDUATI
(Appointed 1st April 2016)

Peter Nduati is the CEO of Resolution Health. A Master's degree holder in Economics and Insurance, Mr. Nduati is a chartered insurer with over 20 years experience in the Kenyan Insurance Industry. He is currently pursuing a doctorate programme focusing on Entrepreneurship in Kenya.

Mr. Nduati was formerly CEO of Metropolitan Heath Group, a South African Health insurance group. He has also set up other businesses namely Absolute Security Ltd where he is the founder, anchor shareholder and sits on the Board, and Redwood Capital, a private equity fund with a concentration in the technology industry where he has 100 percent ownership.

Mr. Nduati was the Managing Director of AAR Health Services Tanzania. He is a director of First Benefits Ltd, Pine Creek Holdings and Brown Oak Ltd an investment holding company. He also sits on the Board of Governors of Dagoretti High School.

Mr. Nduati was named Entrepreneur of the Year 2013 in the East Africa round of the Johnnie Walker Blue Label CNBC Africa All Africa Business Leaders Awards. The continent's most prestigious business awards, the AABLAs recognize innovators and pioneers in a variety of categories, reflecting the diversity of the African business environment. He was also admitted as a Global Fellow in the Africa Leadership Institute, the ASPEN initiative. The Africa Leadership Initiative (ALI) is a collaborative effort of seven partner organizations in Africa and the United States to foster values-based, action-oriented leadership in Africa. ALI Fellows are highly successful, entrepreneurial individuals from business, government and civil society.

RACHEL MBAI
(Appointed 1st April 2016)

Rachel Mbai is an Advocate of the High Court of Kenya, Commissioner of Oaths and Notary Public. She is currently a Partner at the law firm Kaplan & Stratton.

Her work encompasses property acquisition/disposal and development, property laws, property finance and loan securities and private client work.

She is a well-known name in the real estate sector and some of her recent transactions include:

- Acted for Kenya Airways Limited in the acquisition of properties for expansion of its training center – Deal value KES 1.5 Billion.
- Acted for Kenya Red Cross in sale of property in Nairobi and purchase of property in Mandera.
- Establishment of Kenya's first Real Estate Investment Trust (REIT) under the Capital Markets Act.
- Disposal of Kenyan company operating a large horticultural and floricultural project.
- Acted for IBRD and ICF (World Bank) in the acquisition of its Nairobi headquarters.
- Acted for Africa Reit Limited in the development of residential flats and apartments.

CAROLINE J. KIGEN
(Appointed 6th June 2016)

Caroline Jebet Kigen became chair of the Professional Accountancy Organization (PAO) Development Committee in January 2014, nominated by the Institute of Certified Public Accountants of Kenya (ICPAK).

She previously served as a member of the Compliance Advisory Panel from 2008 to 2012 and its deputy chair in 2013.

Mrs. Kigen has also served as the Chief Executive Officer and Secretary to the Council of the ICPAK, a position she held from 2006 to 2014. Previously, Mrs. Kigen was Director of Professional Services and Deputy to the Chief Executive Officer of the ICPAK.

Mrs. Kigen has also worked in academia, having served as a lecturer of accounting at the University of Nairobi and Strathmore University for more than five years, as well as working within the audit and assurance department of PwC.

Mrs. Kigen has also had extensive experience in the boardroom having served in various boards and committees, including KASNEB, the body that examines the professional CPA examinations in Kenya.

Mrs. Kigen's academic and professional qualifications include a Master's in Business Administration specializing in Accounting and a Bachelor of Commerce (Accounting) from the University of Nairobi, 2000. She is also a Certified Public Accountant and a member and Fellow of ICPAK.

VIOLET KIMOTHO
(COMPANY SECRETARY)

Violet Kimotho is an advocate specializing in company secretarial services and passionate about governance and corporate law.

Through her firm, Azali Certified Public Secretaries LLP, she assists companies set up and maintain their corporate governance structures focusing on enhancing the capacity and operations of their boards. She enjoys working with small and medium size enterprises and by helping them apply corporate governance principles, she participates in driving their strategic growth and development.

Violet has over fifteen (15) years legal and company secretarial experience spanning various industry sectors. As a commercial lawyer she has been involved in offering legal advisory services to clients in various aspects of commercial and property transactions.

She previously worked in the Company Secretary department of Jubilee Holdings Limited a company listed on the Nairobi Stock Exchange. She has also been a Business Law Lecturer at the United States International University (USIU).

Violet currently serves as Company Secretary on numerous boards offering advisory and secretarial services relating to corporate governance best practices, statutory and regulatory compliance, terms of reference for boards, board recruitment, board evaluation and the conduct of board and shareholder meetings. She also conducts training on various aspects of corporate governance.

Violet holds a Bachelor of Laws degree (LLB) and a Masters degree in International Business Law (LLM). She is a member of the Law Society of Kenya and the Institute of Certified Public Secretaries of Kenya.

MBIRA GIKONYO
(Retired 31st March 2016)

Dr. Mbira Gikonyo has served as the Vice Chairman of Home Afrika since its founding in 2008.

A Consultant Otolaryngologist in Nairobi, he runs several ENT Head & Neck Surgical Clinics in Nairobi. Dr. Mbira is Board Chairman of Morningside Office Park, Morningside Management Ltd, Suburban Ltd, Migaa Utilities Ltd, and Runda Evergreen Association.

He also serves on the Boards of Home Afrika Communities Ltd, Institute of Surgical Medicine, Angel Capital, Ringsview Apartments and is also the founder Director of Danica Hearing Centre.

Dr. Mbira chaired the listing committee of Home Afrika when the company became the first Real Estate Company to list on the Nairobi Securities Exchange in June, 2013

MBUGUA KAMAU
(Retired 31st March 2016)

Eng. Mbugua Kamau skills in Strategic Management, Project Management and Business development.

He holds a Bachelor of Science Degree in Civil Engineering, and an MBA from Eastern and Southern Africa Management Institute.

He is the Chairman of Inaya Group Ltd (Project Management), Liberty Homes Ltd (Real Estate), Solimpexs Africa Ltd. (Renewable Energy), Lenana Capital Ltd. (Fund & Investment) and Home Afrika Communities Ltd (Migaa).

He is also a Director of Jacaranda Holdings Ltd (Hospitality), Osotua Tamarind Ltd (Hospitality), and Karume Holdings Ltd (Real Estate).

He has previously served as the Managing Director of Transfleet Ltd (EPZ), Business Development Manager of at Mugoya Group, Sir Alex Gibb and Partners as well as Steel Structures Limited.

JANE ADAM
(Retired 31st March 2016)

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.

Jane 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.

She was a finalist for Africa's most influential women in business and government in 2013 and 2014.

NYAGA KITHINJI
(Retired 31st March 2016)

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.

LUCIE MAINA
(Retired 31st March 2016)

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 Nairobi.

With a BA in Economics from the College of Wooster, Ohio, USA, 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, Lenana Capital 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 at the club level and within the

PAUL NGURU
(Retired 9th March 2015)

Mr. Nguru, holds a Bachelor of Commerce degree specialising in Finance. He has over 15 years of experience in capital markets, investment banking/corporate finance and private equity, where he has managed transactions for businesses along the entire business life cycle. Paul has worked at the Nairobi Stock Exchange, Deloitte Consulting, a leading Pan African Investment Bank and most recently with an East African private equity fund. Paul's skills in due diligence, valuation, deal structuring, business & strategic planning and corporate restructuring have been gained in the East and West African regional landscape

DORIS MURIMI
(Retired 14th May 2015)

Ms. Murimi is a management consultant with over 20 years work experience. Prior to this, she worked in Pretoria South Africa, for the Institute of Security Studies as Deputy Executive Director. Ms. Murimi has an MBA (Accounting & Finance) from Maastricht School of Management, Netherlands & ESAMI Tanzania; an MSc (HRM: Skills & Performance) from University of Leicester, UK; a Diploma in Financial Management from ACCA, UK; is a Certified Secretary and Professional Mediator. She is the Vice Chairperson of the Registration of Certified Public Secretaries Board (RCPSB), member of ICPSK, IHRM, PTAK and AMA. She brings to the Board her regional expertise on corporate governance, strategic management, finance and human resources management.

MANAGEMENT TEAM PROFILES

DAN AWENDO
(GROUP MANAGING DIRECTOR)

JOSHUA KIHORO
(CHIEF FINANCE OFFICER)

DAVID ABUORO
(PROJECT MANAGER)

Dan is a Certified Public Accountant, Management Consultant, Financial Analyst and an Advanced Management Program graduate of Strathmore Business School and IESE Business School in Spain.

Mr. Awendo has over 20 years of post qualification experience in audit, accounting, management consultancy, corporate finance and entrepreneurship and has worked in senior management positions in both local and international companies and has been a board member of various companies and learning institutions in Kenya.

Dan is the founder and previously the CEO of Investeq Capital, a company that focuses on the unique environment of financing Small & Medium sized business in East Africa. Investeq Capital has spent the last 12years developing and financing SMEs through the provision of innovative short-term trade and other related working capital finance as an alternative to traditional banking and/or capital market solutions. Through his leadership, Dan led Investeq Capital to win both local and continental awards in Strategy, Leadership, Customer Orientation, Financial Performance and Entrepreneurship.

He has also previously been named by The Business Daily as amongst Kenya's "High Impact Entrepreneurs" and also amongst Kenya's "CEO's with Golden Hands". He has also been profiled by The Standard Newspaper as a "Captain of Industry".

Dan is a founder board member and has served in the Finance and Business Development committees at Home Afrika.

Joshua is a graduate of 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 Master's Degree in Strategic Management.

He has over 12 years' experience in Finance and Audit and previously worked with Equity Bank and Ernst & Young.

He is responsible for the financial, fundraising, risk management and administrative operations of the company.

David Abuoro is a seasoned Project Manager with vast experience in planning, implementing and closing projects.

He has over 10 years experience involvement in the Public Sector as well as Private Sector Projects.

He has been involved in different projects that include: Residential Housing, commercial; Offices and Mixed use developments, hospitality, Hygiene: Abbattoirs, Health facilities; Hospitals, clinics, Aviation; Hangars, Social; Schools, churches & sports facilities and warehouses.

He has B. Sc. Project Planning and Management from Moi University and a Diploma in Architecture.

He is a Member of Architectural Association of Kenya, Architects Chapter.

NATASHA MURGOR
(HR & MARKETING MANAGER)

Natasha is a graduate of Africa Nazarene University with a Bachelors of Commerce degree specializing in Marketing and Management. Ms. Murgor also holds a Post Graduate diploma in Human Resource Management.

She has over 8 years experience in various areas of Administration having worked for various firms.

Her responsibility at Home Afrika Limited is to ensure management of the organization's human resource and administration, management of client relations as well as overseeing the Marketing functions of the organization.

BRIAN MAWANDA
(COMMERCIAL MANAGER – OWN PROPERTY)

Brian holds a Bachelors Degree in Communication and Business Administration from Daystar University. He is currently pursuing a Masters Degree in Strategic Management.

Brian brings 10 years experience in Business Development and Corporate Relationship Management with various banks, including; Standard Chartered Bank, NIC Bank and Chase Bank.

He brings on board business process improvement in sales, sales operations management, and cross-functional team leadership skills.

His responsibility at Home Afrika Limited is to ensure revenue growth, and development of strategic

DICKSON WANJOHI
(GENERAL MANAGER – MIGAA)

Dickson holds a Masters Degree in Strategic Management from the University of Nairobi and a Bachelors degree in Business Management specializing in Finance and Banking from Moi University.

Dickson is a CPA (K) and registered member with ICPAK.

He has over 8 years experience having worked for various organisations including Taxplan Consulting Associates, Oldonyo Laro Group Ltd and has experience in Audit, Accounting, Tax and Financial Reporting.

His responsibility at our subsidiary, Migaa, is to ensure that resources are utilized in the most efficient manner, ensuring profitability and growth.

CORPORATE GOVERNANCE STATEMENT

The Company's corporate governance principles are based on legislation in force in Kenya, the rules and regulations issued for listed companies by the Nairobi Stock Exchange and the Capital Markets Authority as well as the Company's Articles of Association and the Constitution of the Republic of Kenya.

This Corporate Governance Statement reports how the Company has applied corporate governance best practices and governance standards as prescribed by the regulators and in its constituting instruments in the financial year ended 31 December 2015. The Board is committed to continue to take further measures to improve compliance with the principles and recommended best practices in the ensuing years.

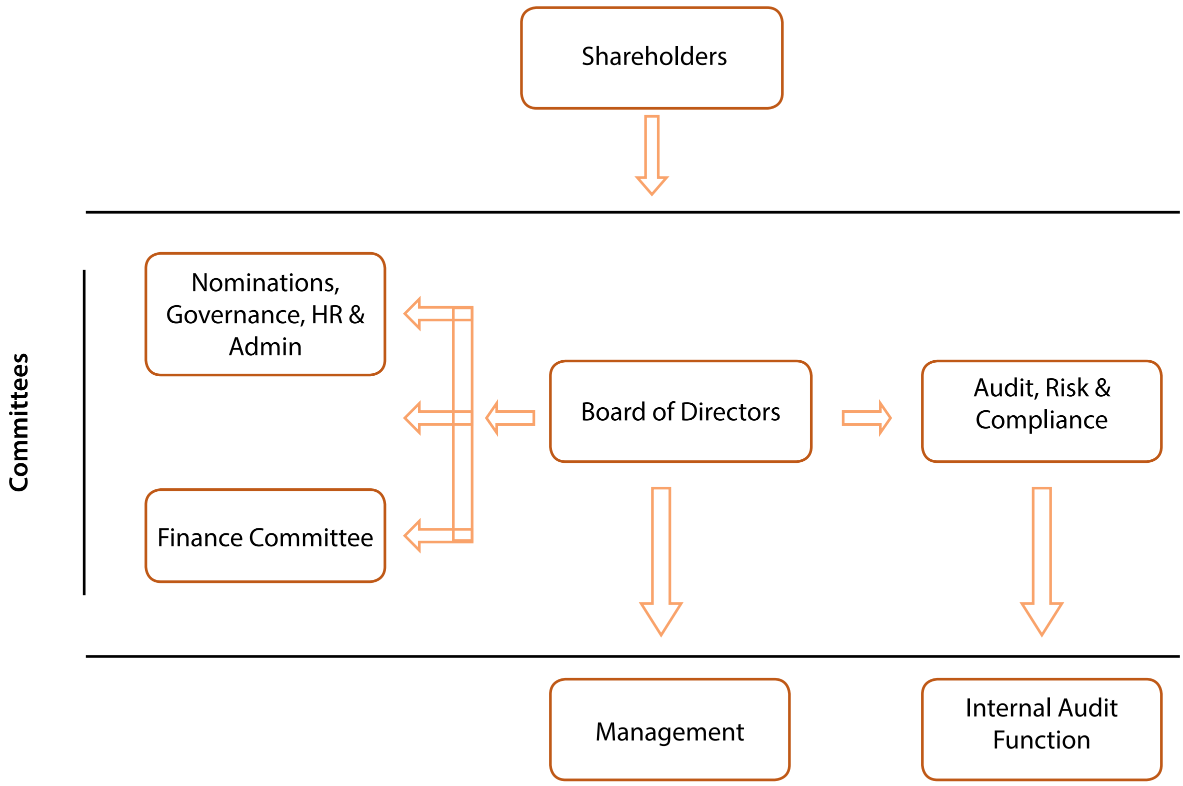
The Board of Directors (the "Board") of the Company is unreservedly committed to applying the fundamental principles of good governance – transparency, integrity, accountability and responsibility - in all dealings by and on behalf of the Company and aims at meeting shareholders' expectations of good corporate governance. The Board also believes that sound corporate governance will drive the Company towards achieving superior financial performance over the medium and long term.

The Board is responsible for the overall management, strategic direction and governance of the Company 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.

The Company's governance structures include the Shareholders through General Meetings, the Board of Directors and the Management. The Shareholders elect members to the Company's Board of Directors, and the Board of Directors appoints the Company's Chief Executive Officer. The Board's work is enhanced by four Board Committees whose members are appointed by the Board of Directors among its members. In managing the Company's business operations, the Chief Executive Officer is assisted by a team of management whose members are appointed, in consultation with the CEO, by the Board.

The work of the Board and its Committees, the CEO and the overall management team is governed by the Board Charter which includes the Terms of Reference for the Committees as well as the guidelines for the division of duties between the Board and the management.

HAL Governance structure is as shown below:



BOARD OF DIRECTORS

Composition and Size of the Board

As at the end of December 2015, the Board consisted of Nine (9) members. All Directors except for the Chief Executive Officer are non-executive directors.

There is a good mix of skills and core competencies in the Board membership. The Board comprises of directors with the areas of expertise required to ensure effective governance of the Company and provide strategic advice to the Management. The Directors through their vast experiences and qualifications in economics, accounting, finance, property development, engineering, management consultancy, project management, marketing and entrepreneurship provide effective contribution and support to the functions of the Board. They bring with them a broad range of skills, experiences and knowledge required to successfully direct and supervise the Company's business activities vital to its success.

The Board through the Nominations Committee continues to monitor 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.

Board Leadership

The Board has the overall responsibility for corporate governance, ensuring high compliance with relevant laws and regulations, strategic direction, corporate planning and overseeing the investment and business of the Company. The Board maps out the Company's medium and long term strategies in addition to its responsibility to review the management's action plans. The Board's other primary duties are to conduct regular reviews of the Company's business operations and performances and to ensure that effective controls and systems exist to measure and manage the principle risks of the Company's business. The Board also reviews major strategic initiatives of the Company to determine whether the Company's proposed actions are aligned with long-term business strategies and shareholder objectives. At the same time, the Board also undertakes the responsibility of safeguarding shareholders' equity interests through the optimum utilization of the Company's capital resources, including issuance of debt and equity securities and setting an appropriate dividend policy.

Division of Responsibilities

The roles of Chairman and Chief Executive Officer are separate. The Chairman leads the Board in agreeing on strategy, monitoring operational and financial performance and establishing the Group's risk appetite. The Chairman facilitates effective contribution of non-executive directors and constructive relations between the Executive Director and non-executive Directors. The Chief Executive Officer has the direct charge of day to day business of the Group and is accountable to the Board for the financial and operational performance of the group. The non-executive directors constructively challenge and help develop proposals on strategy, review the performance of management in meeting the agreed objectives and monitor the reporting of performance. They seek assurance on the integrity of the financial information that the financial controls and systems of risk management are robust and defensible.

The Board meets at least once in each quarter, with additional meetings held when necessary. The Board also holds a strategic planning meeting annually to review the Company's strategic plan which includes the Company's long-term strategy and specific strategic initiatives.

The Company Secretary is present at all Board 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.

Board Committees

The Board has established the following Committees, whose mandates, terms of reference and memberships are spelt out as follows:

1. Audit, Risk and Compliance Committee

The Committee provides independent oversight of the Group's financial reporting, regulatory compliance, risk management and internal controls by ensuring that checks and balances are in place and the Company has and adheres to sound policies, processes and procedures that deliver business strategic plans effectively. The Committee receives and reviews findings of internal and external audits and actions taken to address them. The Committee comprised of three non-executive directors with the Chair of the Committee being an Independent Non-Executive Director.

2. Finance, Procurement, Admin & Strategy Committee.

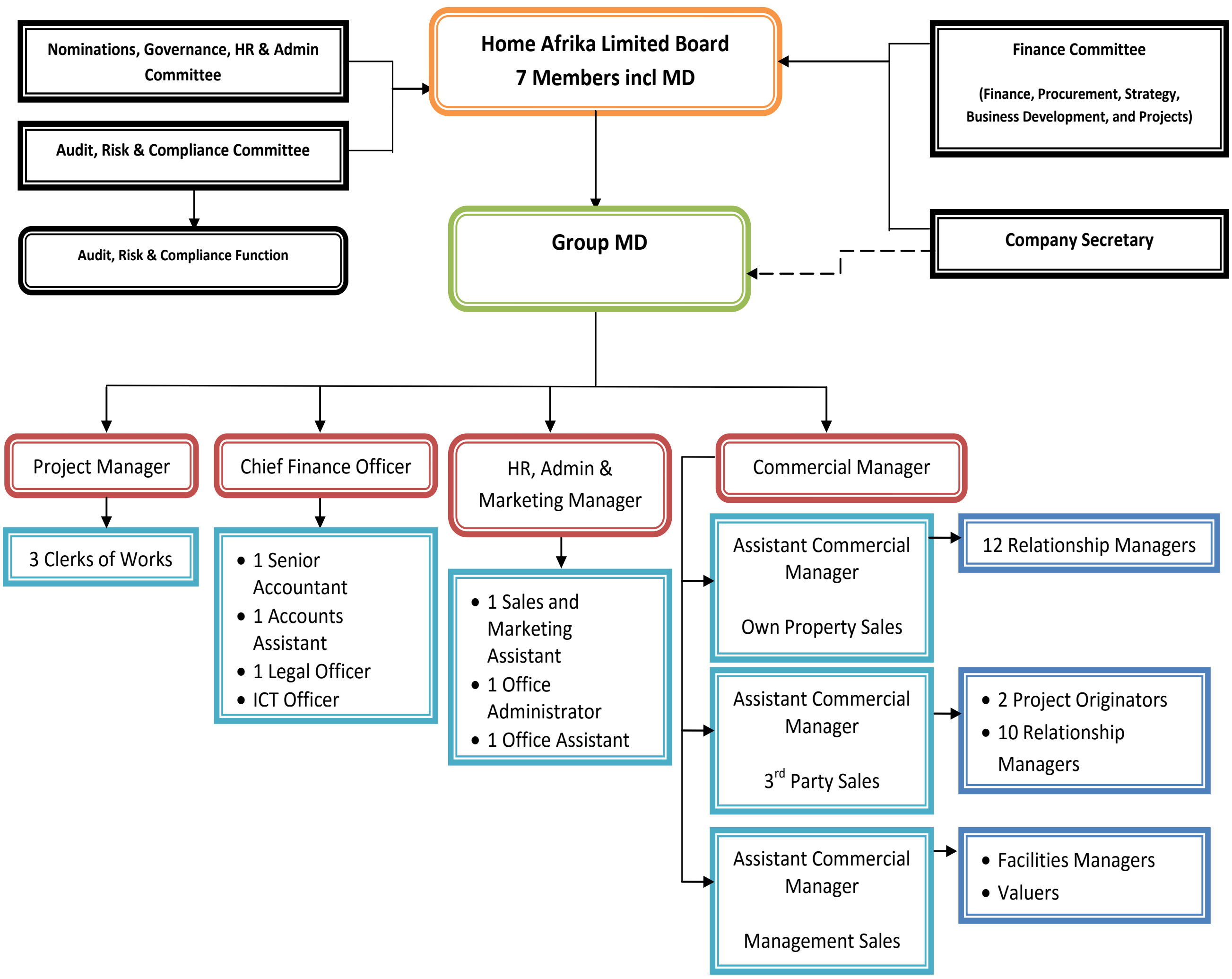
This Committee's mandate is to ensure the financial sustainability of the Company. During the year under review the Committee played a critical role in overseeing the management of the Company's financial resources, capital structure and financial risks to effectively support the Company's long range strategic and operational objectives while maintaining a sound financial position.

3. Nominations, Governance and Admin. Committee

The role of the Nominations and Remunerations Committee is to develop and implement policies with respect to both the strategic priorities of the Board on matters of governance. Specifically, the Committee assists the Board in considering matters relating to the composition of the Board, including the appointment of new Directors and reviewing succession plans in order to maintain the appropriate balance of skills on the Board. Additionally the Committee also assists the Board in the implementation of sound corporate governance principles and practices. It also provides oversight over the Human resources and Administration functions of the Company.

ORGANIZATIONAL 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 Chief Executive chairs the executive team which deals with the operational matters and co-ordinates activities across the Company's subsidiary companies and departments



COMPANY'S OWNERSHIP STRUCTURE as at Dec 2015.

	SHAREHOLDER CATEGORY			
RANK	**FOREIGN INVESTOR**	**ADDRESS**	**SHARES HELD**	**% HELD**
1.	CFC STANBIC NOMINEES LTD A/C NR1030790	P.O. BOX 30550-00100 NAIROBI	20,261,907	5.00
2.	MR. ZEYUN YANG	P.O BOX 42541-00100 NAIROBI	13,245,600	3.27
3.	ROSIE MUKAMI KARIUKI	142CAMPANILLA ST, MANILLA	2,000,000	0.49
4.	RIYAZ HUSSEIN MOHAMED RAJABALI	P.O BOX 89969-80100 MOMBASA	999,600	0.25
5.	MR. IKETUONYE ALBAN IKE	P.O BOX 6423-00300 NAIROBI	500,000	0.12
6.	KANAIYALAL MANSUKHLAL SHAH & LALITABEN KANAIYALAL SHAH	P.O. BOX 41805-00100 NAIROBI	311,500	0.08
7.	DINESH PREMCHAND RANMAL SHAH & VIVEK SHAH	P.O BOX 38564-0623 NAIROBI	300,000	0.07
8.	CYRILLE TRAKIZA MUTUSINZI	2547 KINGARI 0053 COG	295,900	0.07
9.	AJIT SINGH BHOGAL	P.O BOX 80850 MOMBASA	260,000	0.06
10.	CFC STANBIC NOMINEES LTD A/C NR1873738	P.O BOX 30550-00100 NAIROBI	195,000	0.05
	SUBTOTAL		**38,396,507**	**9.47**
	OTHERS		**1,055,500**	**0.26**
	TOTAL		**39,425,007**	**9.73**
RANK	**LOCAL INDIVIDUAL INVESTORS**	**ADDRESS**	**SHARES HELD**	**% HELD**
1.	NYAGA BOORE KITHINJI & LILLIAN WANJIKU KITHINJI	P.O BOX 1992-00100 NAIROBI	10,062,600	2.48
2.	HIRJI KHIMJI BHIMJI SEYANI & KARSAN KHIMJI SEYANI	P.O BOX 60070-00200 NAIROBI	10,000,000	2.47
3.	LEE GITUTO KARURI & CONSOLATA NJERI GITUTO	P.O BOX 55459 NAIROBI	9,951,900	2.46
4.	NANCY WANJIKU & GEOFFREY MBUGUA	P.O BOX 248-00606 NAIROBI	6,000,000	1.48
5.	PATRICK RICHARD DIVINE	P.O BOX 6255-00100 NAIROBI	6,000,000	1.48
6.	PAIL WANDERI NDUNGU	P.O BOX 75528-00200 NAIROBI	5,122,400	1.26
7.	EUNICE MORAA MARANYA	P.O BOX 19431-00202 NAIROBI	4,071,000	1.00
8.	DOMINIC MBUGUA KIMANI	P.O BOX 19790-00202 NAIROBI	4,000,000	0.99
9.	SANJEEV JYOTI SHARMA	P.O BIX 954-00621 NAIROBI	4000000	0.99
10.	MWARI MBUGUA & ALEXANDER MUGANE MBUGUA	P.O BOX 66154-00800 NAIROBI	4000000	0.99
	SUBTOTAL		**63,207,900**	**15.60**
	OTHERS		**196,317,203**	**48.44**
	TOTAL		**259,525,103**	**64.04**
RANK	**LOCAL INSTITUTIONAL INVESTORS**	**ADDRESS**	**SHARES HELD**	**% HELD**
1.	HOME AFRIKA INVESTMENTS LIMITED	P.O BOX 6254-00100 NAIROBI	10,384,000	2.56
2.	YCEO HOLDINGS LIMITED	P.O BOX 56977-00200 NAIROBI	10,010,000	2.47
3.	HANSAN INVESTMENTS LIMITED	P.O BOX 14147-00800 NAIROBI	9,125,500	2.25
4.	STIMELA COOPERATIVE SAVINGS & CREDIT SOCIETY	P.O BOX 2475-00100 NAIROBI	7,559,700	1.87
5.	DALE FARM AND INVESTMENTS LIMITED	P.O BOX 66570-00800 NAIROBI	6,000,000	1.48
6.	HOME AFRIKA CONTINENTAL LIMITED	P.O BOX 6254-00100 NAIROBI	6,000,000	1.48
7.	HASS CONSULT LIMITED	P.O BOX 14090-00800 NAIROBI	4,000,000	0.99
8.	ASAT LIMIED	P.O BOX 28747-00200 NAIROBI	4,000,000	0.99
9.	PLANFAM COMPANY LIMITED	P.O BOX 47739-00100 NAIROBI	4,000,000	0.99
10.	ALGORITHM LIMITED	P/O BOX 48525-00100 NAIROBI	4,000,000	0.99
	SUBTOTAL		**65,079,200**	**16.06**
	OTHERS		**41,226,010**	**10.17**
	TOTAL		**106,305,210**	**26.23**
	TOTAL ISSUED SHARES		**405,255,320**	**100**
	TOTAL NUMBER OF SHAREHOLDERS		**7,245**	

CHAIRMAN'S STATEMENT

"The FY2015 represents the end of the first phase of Home Afrika's Start Up Plan 2008 - 2015 and the beginning of a new strategic plan period 2016 – 2018 dubbed Home Afrika 2.0."

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Group's Annual Report and financial statements for the year ended 31st December, 2015 and the beginning of our new 3 year strategy for the period 2016-2018 dubbed Home Afrika 2.0.

2015/18 STRATEGY (Home Afrika 2.0)

The FY2015 represents the end of the first phase of Home Afrika's start up plan 2008 - 2015 and the beginning of a new strategic plan period 2016 – 2018 dubbed Home Afrika 2.0.

In line with our vision, we have redefined our business towards creation of investment opportunities for investors keen in the provision of dignified planned communities across Africa. We are set to become creators of investment opportunities for investors, land owners and other players in the real estate sector.

The year under review marked important milestones in our journey as a company, notably;

- The first residents moved into Migaa, our flagship project with the completion and handover of Mitini Scapes Phase 1. Mitini Scapes a 82 units premier housing development within Migaa golf gated community consisting a mix of elegantly designed cottages & 1,2,3 bedroom apartments. It is 80% sold out.
- In 2015 Q4, we commenced implementation of our internal restructuring & reorganization of our group governance, operating structure and business model with an end goal of growing shareholders' value and achieving efficiency by the group. We now have a more robust institutional framework at staff level, cash generating strategy and business model.

  Our Board now comprises of a team of highly experienced business leaders in Kenya committed to steering your company to the next level of Home Afrika 2.0. This is in line with our efforts to having an improved corporate governance structure.
- We are also seeking to diversify the sources of funding for our projects by going to the market to seek strategic partners for our various projects.

In summary, our 3 key themes for Home Afrika over the next 3 years are as follows:

1. Strong institutional capacity including governance and organizational structure.
2. Ambitious cash generating business model including an aggressive search for strategic financial partners to help complete our projects.
3. A planned effort to improve shareholder value through communication and clarity with our shareholders as we implement Home Afrika 2.0.

OVERVIEW OF OPERATING ENVIRONMENT

Macroeconomic Overview

Kenya's economy remained fairly stable with the GDP growing at 5.5%, which was a slight increase from the 5.3% in 2014. The performance was supported by a reduction in energy prices and increased government spending on major projects by both the national and the devolved governments. Kenya was reclassified as a middle income country with a GDP of USD 55.2 Billion. The economy is expected to grow by 5.7% in 2016 making it one of the fastest growing economies in the world.

Inflation edged up towards the end of 2015 but averaged at 6.8%, which was within the CBK target of 7.5%. It stood at 6.45% at the end of Q1 (down from 8% in December 2015). This matched the market forecasts of 6.5%. It is the lowest figure since September last year, as food inflation slowed. Inflation rate in Kenya has averaged 10.55% from 2005 until 2016. The recent trend is encouraging but inflation remains a threat that needs to be managed in the macroeconomic environment.

The effective interest rates were above 20% making the cost of bank loans prohibitive. However, prudent management of the money markets and interest rates through the CBR has seen the shilling hold up a lot better than most of its African peers. The CBK has retained the benchmark interest rate at about 11% in its latest review with no signs of this changing significantly in the near future.

The above statistics give a positive short-term outlook. The continued discovery of oil, gas and coal might have the potential to boost Kenya's overall socio-economic development. The full extents of this potential as well as fiscal and economic impact will be determined as the explorations progress.

Industry Overview

The country has an annual housing demand of 500,000 units (200,000 units in the urban areas and 300,000 units in the rural areas) against a supply of 50,000 units. The bulk of this demand is in the growing middle class. This presents very enticing growth opportunities for our company.

Kenya's construction and infrastructure sector is envisioned to grow by 8.35% in 2016 and remain buoyant over a 10-year forecast period. Advancement in regional transport integration and expansion of the real estate sector will be the main drivers of growth. The economy is expected to grow even faster due to the investment in large infrastructure projects currently being undertaken including the LAPPSET, Standard Gauge Railway, the port expansion and the power generation projects.

Due to this 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. We as Home Afrika have the vision and our focus is to be the leader in provision of planned communities across Africa.

CORPORATE GOVERNANCE

As of Q4 of 2015, the company embarked on implementation of its internal restructuring & reorganization of our group operating structure to improve on our corporate governance.

All but 3 of the 11 founder members of the board of directors resigned to pave for a leaner, new look board of directors. The previous board members who were largely the founder members of the company have done very well to bring the company to where it is today and wished to pass the mantle to a new team to drive Home Afrika 2.0 strategy.

Our Board now comprises of a team of 7 highly experienced business leaders in Kenya committed to steering your company.

The reorganization has seen Linus Gitahi, Peter Nduati, Rachel Mbai and Caroline Kigen join the board as non executive directors. Dan Awendo, Mbugua Gecaga and Ketan Shah were retained for continuity purposes. Linus Gitahi and Dan Awendo were subsequently appointed as the Board Chair and Managing Director respectively. Violet Kimotho also joined the board as the new company secretary.

The members who resigned from the board were Dr. Mbira Gikonyo, Mbugua Kamau, Lucy Maina, Nyagah Kithinji, Jane Adam, Paul Nguru, Doris Murimi.

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

SHARE PERPORMANCE

The NSE 20 share index shed 21% and over 15 Listed Companies issued profit warnings.

Our number of shareholders grew by 14% from 6,352 to 7,250 by the end of 2015. The Counter is very active, and certainly the most active GEMS counter. We are therefore proud of our unique contribution to the Capital Markets.

Despite our depressed share price, our total assets grew by 5% to Kshs 3.9 billion at the end of 2015 compared to Kshs 3.7 billion as at 31 December 2014.

We are excited at the prospects of our shareholders' future fortunes with market valuation of our stock of land in excess of Kshs 6 billion as at 31st December 2015. This is in addition to sales of inventory whose deposits and deferred income we carry under current liabilities and which has grown by Kshs 60 million to stand at Kshs 1.8 billion at the end of 2015.

As we continue our operations, we aim to expose the public to the dynamics of the real estate industry and the long term business aspect of our projects in a much more comprehensive way so that they understand the factors which dictate the industry and subsequently our market valuation.

The board does not recommend the payment of any dividends for the year ending December 2015.

2016 STRATEGIC OUTLOOK

The last quarter of 2016 has been a period of major restructuring and the foundations of our future growth are now firmly in place. The Board remains confident for the year 2016.

Analysts project growth of 5.8% for 2016 as a result of ongoing infrastructure development (especially the Standard Gauge Railway project), low oil prices, an expanding services sector and regional integration. We at Home Afrika will continue to march forward confidently as we continue to address the housing needs in Africa, deliver sustainable shareholders value and contribute to the country's economic development.

2016 promises good progress in our projects as the partnership we have entered into with various partners make progress. Notably, the completion of the remaining front nine holes of Migaa's 18-hole golf course, construction of the golf club house and sports centre by our partners, Wadi Degla.

APPRECIATION

I would like to express my sincerest gratitude to you, shareholders for the continued support to our Company. I recognize the contribution of my fellow Directors, both outgoing and incoming and the Management team for the continuous delivery to the promise of building an extraordinary business anchored on a solid vision.

I would also like to make special recognition of the contribution by the outgoing Board of Directors whose efforts have enabled the company come this far since inception eight years ago.

Let me take this opportunity to acknowledge our almighty God as our provider in the success we have so far been able to achieve. May you all be blessed and best wishes.

Arch. Lee Karuri
Chairman
Home Afrika Ltd.

MANAGING DIRECTOR'S STATEMENT

"The group continues to have substantial amounts held as deferred income, inventories and deposits received for future sales which are expected to convert into revenue and profit as these projects register more progress."

Dear Shareholders,

I am pleased to present you with the performance results for the year ended 31st December 2015; this being the year I took over as the Managing Director as well as the first year of our HAL 2.0 Strategy Period.

2015 PERFORMANCE REVIEW

The Group's total assets grew by 5% during the year to close at Kshs 3.9 billion up from Kshs 3.7 billion in 2014. The growth in assets was mainly on account of an increase in inventories and the improved valuation of investment properties.

Total income reduced by 62% to Kshs 259 million from Kshs 687 million on account of reduced sale of plots in Home Afrika's various projects.

The Group's strong asset base notably the inventory is an indicator of the huge profitability potential group holds.

PROGRESS IN KEY STRATEGIC INITIATIVES

We continued to make huge strides in the implementation of our key strategic initiatives notably;

- ***Group Restructuring and Management Changes***

  Besides a new team of Board of Directors, we also adopted several governance instruments including a new board charter and code of ethics manual.

  During the period, we enhanced the leadership capacity in our various departments and subsidiaries including our commercial department. Brian Mawanda joined Home Afrika as the Commercial Manager. He brings on board over 10 years experience in Business Development and Corporate Relationship Management with various banks. We also adopted a delegated authority structure to aid in efficiency of operations.

- ***Diversified Income Streams/Business Model***

  To improve on our cash flows, we enhanced our business model to incorporate additional revenue streams including; Third party property sales, Property management as well as Valuation & research departments. These will provide us with the much needed short and medium term positive cash flows even as we push for the completion of our long term projects for value creation. We are also seeking to release cash flows from some of our un-strategic assets.

- ***Completed projects***

  We continued to add to the basket of our completed projects. Morning side office park was joined by Mitini Scapes, a premier 82 units project inside our Migaa project comprising of 12 villas and 70 apartments. The project was handed over to the buyers and brings the first residents to the larger Migaa project.

- ***Ongoing projects***

  Our other projects including Migaa & Tamarind Tree in Kiambu, Lakeview heights in Kisumu and Llango in Kwale registered good progress and are on course.

- ***Financing***

  To fast track completion of the ongoing projects, we sought and succeeded in getting joint venture partners for these projects. Notably; a Kshs 3 Billion partnership with Egyptian lifestyle and sports club developer (Wadi Degla) for the development of the remaining front nine holes of Migaa's 18-hole golf course. They will also be putting up the golf club house and sports centre. These are expected to be completed towards the end of the year.

  We are in talks with other partners for delivery of similar agreements for other components of our projects including roads etc.

OUTLOOK

GDP is expected to improve in 2016, reflecting falling oil prices and faster scaling up of public investments in infrastructure. Strong medium-term growth is also predicated on additional joint ventures helped by an improving business environment. The Group will be well positioned to capture emerging growth opportunities.

We expect revenue generation to be vastly improved with the strengthening of the commercial team coupled with the anticipated progress in the various projects.

The group continues to have substantial amounts held as deferred income, inventories and deposits received for future sales which are expected to convert into revenue and profit as these projects register more progress.

The management and board will also continue streamlining costs and increase efficiency to maximize shareholder return. The directors remain confident of the substantial underlying long term value and profit generation in the periods ahead.

APPRECIATION

In conclusion, I would like to express my sincere gratitude our Board of Directors for the guidance and continued support. We equally remain most grateful also to our shareholders, development and strategic business partners for trusting us with their resources. Lastly, to my fellow colleagues- the Group's staff, the above achievements would never have been possible without your passion and enthusiasm as each of you delivered on your respective areas of responsibilities. Thank you so much for your efforts, dedication and determination.
I eagerly look forward to an exciting and successful 2016.

Dan Awendo
Group Managing Director
Home Afrika Limited

PROJECTS REPORT

The year 2015 was an eventful one for the Home Afrika Group as will be shown on the projects that we have undertaken before and those that are still in progress.

1. MORNINGSIDE OFFICE PARK

Morningside Office Park

Morningside Office Park, the head quarter of Home Afrika Limited and the first project that was developed at its inception is an ultra-modern office block situated along Ngong Road, Kilimani and accessible from both Ngong road and Kilimani road. It comprises 36 office suites, 200 No. Two level Parking spaces at the basement and Lower Ground floor, roof top garden and conference facilities. The project was completed within budget limits and within timeframe limits and on scope. Morningside office park is fully occupied.

Morningside Office Park Roof Garden

2. MIGAA

Migaa is a gated community development with an integrated Golf Estate on 774 acres of land in Kiambu, North of Nairobi 20kms from Nairobi's Central Business District, within Kiambu County, and it is just 10 km from the Northern by-pass. It is being developed by a special purpose vehicle (SPV) Home Afrika Communities Limited (HACL) which is 60% owned by Home Afrika Limited.

The development is anchored on an 18-hole golf course christened Kivuli Golf, the back nine i.e hole 10-18 already completed and playable. The golf course was officially launched in June 2015 and graced by the Maina Kageni Tournament.

Maina Kageni (The Sponsor) having teed off

Lady Golfers participating in the inaugural event

This one of a kind project comprises of other facilities - residential, commercial; virtual offices, ICT incubators, shopping and conferencing, community, recreational, education both primary and secondary, hotels, hospital (Ubora).

The development is serviced with paved roads, water reticulation and the fibre connection from Orange Telkom is already terminated on location.

Migaa Road works with Land scaping

Migaa has also entered into partnership with the world renowned Leisure and Sports facilities organisation, Wadi Degla Club. They shall finish the front nine of the golf course i.e hole 1-9, build the sports complex comprising; club house, multi functional play grounds, squash courts, swimming pools, tennis courts, running track and Arsenal football playground and also manage these facilities on behalf of Migaa.

Signing Ceremony with Wadi Degla President.

Ground breaking ceremony with Sports Cabinet Secretary Hassan Wario & Kiambu Deputy Governor Gerald Githinji.

i. Home Owners Construction

There was an increase in the number of Home owners who presented their house designs for approval. Several plot buyers have commenced construction on their plots with one already completed. We encourage more plot owners to commence construction on their plots especially those who have been granted approval. This in itself will improve on the livability within the community.

ii. Road Construction

Migaa has entered into a contract with a contractor who will complete roads construction to cabro level in part exchange for land. the construction is expected to be complete in 24 months

3. MITINI SCAPES

Mitini Scapes Panoramic view

Mitini Cottages

Mitini Cottages Interior

Mitini Apartments

Mitini Scapes Official Launch

Mitini Scapes is our second completed project after Morningside Office Park. It is a premier housing development located within our 775 acre Migaa golf gated estate in Kiambu County.

The project was launched on 2nd March in a ceremony presided over by the Kiambu County Deputy Governor, H.E Gerald Githinji.

The Kes 1 Billion development consists of a mix of 82 units of elegantly designed cottages & apartments. Mitini Scapes home owners will benefit from a variety of amenities provided within the larger Migaa Estate including; a signature 18-hole golf course, an upcoming ultra modern hospital, Sports complex & Stadium, Club house, Shopping malls, Schools, Natural rivers, ample green spaces among others. The project is 80% sold out.

4. TAMARIND TREE RESIDENCE

Tamarind Group in partnership with Migaa is developing Tamarind Tree Residence situate in North West, a contemporary residence on a 14 acre site comprising 300 furnished apartments developed in 3 phases.

Located on the lower eastern side of Migaa and with great views of the undulating green terrains, 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.

Phase 1 comprising of 100No. Units of 1 bedroom, 2 bedroom, Duplexes, 3 Bedroom and Pent house already commenced with No. blocks being of apartments constructed concurrently. Overall Project progress during the year moved from 30% to 42% with the various blocks at various stages.

Artistic impression

Construction progress

The show house apartment has been fitted out with inbuilt appliances. Phase 1 is projected for completion in Q4 2016.

5. LAKEVIEW HEIGHTS

Lakeview Heights is an integrated mixed use development planned on 96 acres located on RIAT Hills in Kisumu County. 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 enjoys good connectivity with several modes of transport. Its elevation offers scenic views of Lake Victoria, Kisumu International Airport and Kisumu City.

Lakeview Heights has demarcated 71 Acre for development and will offer serviced plots, commercial plots, typo homes and apartments.

Approximately 24 acres have been sold to date, 28 acres in infrastructure and communal areas and 19 acres available as plots and PDSs.

The project is anchored on the convention centre at a capacity of over 3,000No. delegates per full session with hotel facilities. On its completion, the project shall have close to 1,000 No. Units with the living population of 1,000 – 5,000 on its full capacity. The project will also feature a country club, Manicured green spaces such as boulevards and trails for walking, jogging and biking; Sports facilities including tennis, basketball, badminton, volleyball, netball & squash courts; Health and Recreational facilities such as a swimming pool, Gym and Spa.
The project was launched in March 2014 and balloting for plots done in June 2014 pending registration of the master plan and cadastral survey.

The project has secured necessary approvals including Change of User and NEMA approval. Detailed design for the rest of the items (roads, water and sewer) is ongoing with construction scheduled to commence in Q1 2016.
The Infrastructure works commenced in July 2015, with the boundary wall and gatehouse construction ongoing. The boundary wall is at 20% with over 1km done.

Lakeview Heights Part Boundary Wall; below inspection

The 1st gatehouse progress is at 50%.

The following works are scheduled for execution in 2016;

- Infrastructure Works- Gate house and boundary wall
- Master plan registration, Survey of Plots & Beaconing
- Earthworks, road construction and drainage
- Water supply and reticulation
- Sewer reticulation and treatment
- Power supply and reticulation

6. LLANGO

Llango is a mixed use development ideally located in Tiwi, Kwale on a 21 acre piece of land, with a 125m frontage to the Indian Ocean and 2km off Mombasa-Lunga Lunga Highway. The Project is anchored on hospitality; an estimated 200 housing units will be developed over the entire development.

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.

Llango is set on three deck levels that slope towards the beach frontage, the master plan was designed to leverage this and to lay out plots into interlinked court yards each offering open public spaces. Change of use and NEMA approvals for the development has been secured.

Llango Development Master Plan

The overall project commenced with and construction of Boundary wall and Gate House being part of infrastructural works.

The project has the following planned key milestones for 2016:

Infrastructure Works-

- Completion of Gate house and boundary wall
- Earthworks and road construction
- Water supply and reticulation
- Sewer reticulation and treatment
- Power supply and reticulation

PROPOSED PROJECTS - 2016

The following projects have been evaluated, shortlisted and approved for design:

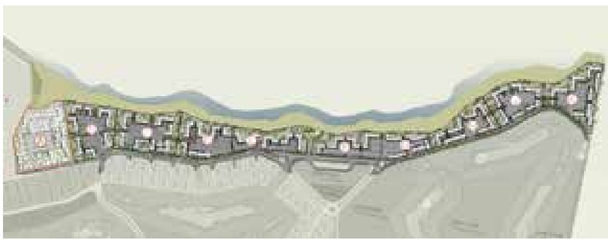
A. MIGAA

1. Migaa Centre Piece:

Migaa centre Piece is a comprehensive mixed use development on 17 acres for Hotel, retail, Commercial and residential use with a total built up area of about 61,000SM. The development will comprise commercial and retail centre, hotel with conference and Hotel Apartments, scheduled to commence Q3 of 2016.

2. Olgellai Drive:

This is proposed middle income medium rise development on Northern PDS (34 acres) in Migaa for approx 1,000 units in phases. Phase A of 190 units (in 2 sub phases). The design of the units, and the product mix and pricing for the development has been done.



Olgelai Drive Master Plan

Apartment Concept

3. Commercial:

This is a proposed commercial centre to cater for the residents and visitors to Migaa. The PDS measures 18.96 Acres and is to be developed by a strategic investor solely or in partnership with Home Afrika Communities Limited. The project shall include shopping mall, hotel facilities, recreation facilities, sporting facilities, offices and restaurants.

Commercial Concept

4. Sports Complex, front nine golf course and Club House:

Wadi Degla broke ground on 2nd March, 2016 for the development of the three combined projects to be undertaken in phases. The event was graced by the Cabinet Secretary of Sports, Culture and the Arts, Dr. Hassan Wario, the Wadi Degla President, Home Afrika Limited Chairman, Home Afrika Communities Chairman among other guests and staff of the two organisations.

B. LAKEVIEW HEIGHTS DEVELOPMENT LIMITED

Lakeview Heights Convention Centre Concept

Residential Apartments:

There are going to be 142 No. Apartments of studio, one bedroom, 2 bedroom, 2 bedroom with DSQ, 3 bedroom and 3 bedroom with DSQ apartments developed by strategic investor and or in partnership with Lakeview Heights Development Limited.

Convention Centre and Hotel:

This is going to be a 3,000 capacity convention centre to be built at Kisumu on RIAT Hills. The project shall be undertaken by strategic investors in partnership with Lakeview Heights Development. This has been borne by lack of large enough facility to accommodate more than 1,500 delegates per session in the western region. The continuous growth Kisumu City as the hub of transit as well as for the western region makes it ideal for such facility.

Report of the Directors

The directors submit their report and the audited consolidated financial statements for the year ended 31st December 2015, 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	**2015 Shs**	**2014 Shs**	**2015 Shs**	**2014 Shs**
(Loss)/profit before tax	(410,799,371)	47,774,671	(116,720,061)	(58,905,804)
Tax credit/(charge)	20,708,035	(38,818,642)	(840,534)	74,456
(Loss)/profit for the year	(390,091,336)	8,956,029	(117,560,595)	(58,831,348)

DIVIDEND

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

DIRECTORS

The directors who held office during the year and to the date of this report are shown on page 2.
In accordance with the company's Articles of Association, a minimum of three and maximum of five directors will retire every 2 years by rotation.

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

5th MAY 2016

Statement of Directors' Responsibilities

The Kenyan Companies Act (Cap 486) requires the directors to prepare consolidated financial statements for each financial year which give a true and fair view of the state of affairs of the company and its subsidiaries (the 'group') as at the end of the financial year and of the group's profit or loss for that year. It also requires the directors to ensure that the group maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the group.

The directors are also responsible for safeguarding the assets of the group. The directors accept responsibility for the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for:

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

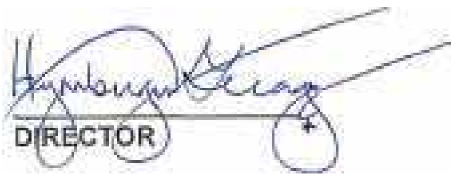
2. Selecting and applying appropriate accounting policies; and

3. Making accounting estimates and judgments that are reasonable in the circumstances.

The Directors are of the opinion that the consolidated financial statements give a true and fair view of the financial position of the group as at 31 December 2015 and of the financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act (Cap 486).

Based on the disclosures set out in Note 1(a) to the financial statements, the directors are of the opinion that the group will remain a going concern for at least the next twelve months from the date of this statement.

Approved by the board of directors on 5th May 2016 signed on its behalf by:



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 32 to 66 which comprise the consolidated and company statements of financial position as at 31 December 2015 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.

Director'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 Kenyan 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 judgment, 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 2015, and of the consolidated 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).

Emphasis of matter - preparation of financial statements on a going concern basis

Without qualifying our opinion, we draw attention to Note1 (a) to the financial statements which indicates that the group recognised a loss of Shs. 390 million for the year ended 31 December 2015 and as of that date, there was a net current liability position of Shs. 70 million, a deficiency in shareholders' funds of Shs. 42 million and had significant short term cash flow requirements. Whilst these conditions indicate the existence of a material uncertainty which may cast doubt about the group's ability to continue as a going concern, the financial statements have been prepared on a going concern basis based on the factors described in Note 1 (a).

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 examination of those books; and

(iii) the company and group's consolidated statement of financial position and the group's statement of profit or loss and other comprehensive income are in agreement with the books of account.

RKF Kenya.

Certified Public Accountants

NAIROBI

05-May-2016

The engagement partner responsible for the audit resulting in this independent auditor's report is
CPA Chaudhry Mohamed Asif - P/No. 2059.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	2015 Shs	2014 Shs
Revenue	3	259,773,044	687,300,740
Cost of sales		(233,493,419)	(447,026,877)
Gross profit		26,279,625	240,273,863
Fair value gain on investment property	17	26,615,782	109,029,279
Other operating income	4	18,930,997	5,849,071
Selling and distribution expenses		(30,562,039)	(53,983,001)
Administrative expenses		(290,762,396)	(213,113,280)
Other operating expenses		(28,581,915)	(27,704,325)
Operating (loss)/profit	5	(278,079,946)	60,351,607
Finance costs	7	(132,719,425)	(12,576,936)
Profit before tax		(410,799,371)	47,774,671
Tax credit/(charge)	8	20,708,035	(38,818,642)
(Loss)/profit for the year		(390,091,336)	8,956,029
Total comprehensive (loss)/income for the year		(390,091,336)	8,956,029
(Loss)/profit attributable to:			
- Owners of the parent		(367,646,022)	(17,876,737)
- Non-controlling interest		(22,445,314)	26,832,766
		(390,091,336)	8,956,029
(Loss) per share			
- basic and diluted	9	(0.91)	(0.04)

The notes on pages 37 to 66 form an integral part of these financial statements.

Report of the independent auditor - Page 31

Consolidated Statement of Financial Position

	Notes	2015 Shs	As at 31 December 2014 Shs
EQUITY			
Share capital	10	405,255,320	405,255,320
Share premium	11	68,842,038	68,842,038
Accumulated deficit		(552,816,344)	(185,170,322)
Equity attributed to owners of the company		(78,718,986)	288,927,036
Non-controlling interest		37,010,119	59,455,433
Total equity		(41,708,867)	348,382,469
Non-current liabilities			
Deposit for shares	12	153,786,882	221,932,298
Borrowings	13	12,060,267	214,548,863
Private placement bond	14	482,653,859	278,597,346
Deferred tax	15	124,919,085	149,579,632
		773,420,093	864,658,139
		731,711,226	1,213,040,608
REPRESENTED BY			
Non-current assets			
Property and equipment	16	68,647,673	55,496,443
Investment property	17	730,601,603	691,456,981
Intangible assets	18	2,164,411	3,692,385
Financial assets	20	2,000	2,000
		801,415,687	750,647,809
Current assets			
Inventories	21	2,910,285,575	2,481,657,003
Trade and other receivables	22	84,141,274	177,463,299
Cash and cash equivalents	23	66,473,170	308,867,974
		3,060,900,019	2,967,988,276
Current liabilities			
Deferred income	24	871,659,513	711,474,619
Trade and other payables	25	596,763,412	433,487,029
Deposits from sale of plots	25	883,597,915	985,819,956
Borrowings	13	704,853,776	370,113,960
Deposit for shares	12	67,671,665	-
Current tax		6,058,199	4,699,913
		3,130,604,480	2,505,595,477
Net current (liabilities)/assets		(69,704,461)	462,392,799
		731,711,226	1,213,040,608

The financial statements on pages 32 to 66 were approved and authorised for issue by the Board of Directors on 5th MAY 2016 and were signed on its behalf by:

DIRECTOR DIRECTOR

The notes on pages 37 to 66 form an integral part of these financial statements.
Report of the independent auditor - Page 31

Company Statement of Financial Position

			As at 31 December
		2015	2014
	Notes	Shs	Shs
EQUITY			
Share capital	10	405,255,320	405,255,320
Share premium	11	68,842,038	68,842,038
Accumulated deficit		(196,908,652)	(79,348,057)
		277,188,706	394,749,301
Non-current liabilities			
Borrowings	13	12,060,267	20,799,810
Private placement bond	14	482,653,859	278,597,346
		494,714,126	299,397,156
		771,902,832	694,146,457
REPRESENTED BY			
Non-current assets			
Property and equipment	16	64,520,907	63,137,029
Investment property	17	55,000,000	55,000,000
Intangible assets	18	2,164,411	3,533,815
Investment in subsidiaries	19	76,986,247	76,986,247
Financial assets	20	2,000	2,000
Trade and other receivables	22	542,400,000	267,900,000
Deferred tax	15	530,565	124,033
		741,604,130	466,683,124
Current assets			
Inventories	21	133,000,000	136,000,000
Trade and other receivables	22	226,509,293	144,373,285
Cash and cash equivalents	23	30,143,710	298,112,829
		389,653,003	578,486,114
Current liabilities			
Trade and other payables	25	343,748,928	337,060,463
Deposits from sale of plots	25	7,494,940	6,730,000
Borrowings	13	6,863,367	7,232,318
Current tax		1,247,066	-
		359,354,301	351,022,781
Net current assets		30,298,702	227,463,333
		771,902,832	694,146,457

The financial statements on pages 32 to 66 were approved and authorised for issue by the Board of Directors on 5th MAY 2016 and were signed on its behalf by:

DIRECTOR DIRECTOR

The notes on pages 37 to 66 form an integral part of these financial statements.

Report of the independent auditor - Pages 31.

Consolidated Statement of Changes in Equity

Year ended 31 December 2014	Ordinary Share capital Shs	Share premium Shs	Retained earnings Shs	Total Shs	Non controlling interests Shs	Total equity Shs
At start of year	405,255,320	68,842,038	(167,293,585)	306,803,773	32,622,667	339,426,440
Total comprehensive (loss)/income for the year	-	-	(17,876,737)	(17,876,737)	26,832,766	8,956,029
At end of year	405,255,320	68,842,038	(185,170,322)	288,927,036	59,455,433	348,382,469
Year ended 31 December 2015						
At start of year	405,255,320	68,842,038	(185,170,322)	288,927,036	59,455,433	348,382,469
Total comprehensive (loss) for the year	-	-	(367,646,022)	(367,646,022)	(22,445,314)	(390,091,336)
At end of year	405,255,320	68,842,038	(552,816,344)	(78,718,986)	37,010,119	(41,708,867)

The notes on pages 37 to 66 form an integral part of these financial statements.

Report of the independent auditor - Page 31.

Consolidated Statement of Cash flows

	Notes	2015 Shs	2014 Shs
Operating activities			
Cash (used in) operations	26	(416,095,806)	(245,951,086)
Interest paid		(132,719,425)	(12,576,936)
Tax paid		(2,594,227)	(11,262,548)
Net cash (used in) operating activities		(551,409,458)	(269,790,570)
Investing activities			
Cash paid for purchase of property and equipment	16	(21,438,345)	(2,751,950)
Additions to investment property	17	(12,528,840)	(8,977,452)
Cash paid for purchase of intangible assets	18	(596,123)	(1,159,997)
Proceeds from disposal of property and equipment		1,190,000	51,500
Interest received		6,553,979	1,477,895
Net cash (used in) investing activities		(26,819,329)	(11,360,004)
Financing activities			
Proceeds from:			
-private placement bond		204,056,513	278,597,346
- borrowings		173,077,489	462,950,371
- deposits for shares		1,506,250	37,890,597
Repayment:			
- borrowings		(59,933,039)	(134,335,379)
- finance lease		(2,875,333)	(3,477,150)
- deposits for shares		(1,980,000)	-
- preference share capital		-	(75,000,000)
Net cash from financing activities		313,851,880	566,625,785
(Decrease)/increase in cash and cash equivalents		(264,376,907)	285,475,211
Movements in cash and cash equivalents			
At start of year		308,867,974	23,392,763
(Decrease)/increase		(264,376,907)	285,475,211
At end of year	23	44,491,067	308,867,974

The notes on pages 37 to 66 form an integral part of these financial statements.

Report of the independent auditor - Page 31.

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 as indicated otherwise 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 transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into 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, capital management and contingent liabilities are set out in note 28, 29 and 30 to the financial statements.

During the year ended 31 December 2015, the group recognised a net loss of Shs. 390 million compared to a profit of Shs. 9 million in 2014. The statement of financial position of the group indicates a net current liability position of Shs. 70 million compared to a net current asset position of Shs. 462 million in 2014. The statement of financial position also indicates a deficiency in shareholders' funds of Shs. 42 million.

The group was successful at raising funds amounting to Shs. 500 million before transaction costs through a private placement at the start of 2015/late 2014. During the current year, the group has invested these funds to further the progress at each of its projects. The year has also seen significant rationalisation of the management structure of the group which has also led to a revised overall long term strategic planning process. The group has consolidated its projects into the 3 main ones being Migaa, Lakeview and Lango. Mitini Scapes at Migaa has reached completion and is awaiting only final clearances before sales are recognised.

The group as part of the above rationalisation has also signed a significant joint venture agreement in respect of its Migaa project with a globally recognised sporting and recreational facilities company which will undertake the final development of these facilities at the project. This in turn is expected to significantly enhance the sales potential of the remaining land and facilities at the project.

Whilst the company has to date not defaulted on key project milestones, significant development effort and financing is necessary at each of the 3 projects mentioned above over the course of the next 12-24 months to achieve overall delivery deadlines. In addition, a substantial part of the group's borrowings fall due for repayment within the next 12 months as reported under Note 13. Total current borrowings amount to Shs. 704 million excluding finance costs on other long term borrowings.

The group has substantial access to real estate inventory at each of its three projects, which if realised, would provide cash inflows significantly in excess of the cash outflow needs above. However, the achievement of such sales are dependent on a number of factors such as the overall economic environment which are not in control of the management of the company. Therefore, this represents a material uncertainty which may in the short term cast doubt about the entities ability to meet its cash flow needs and continue as a going concern.

The directors are however confident that the redeveloped strategy and new governance team will deliver positively

Notes

a) Basis of preparation (Continued)

and will unlock the substantial sales and cash flow potential of the companies projects. Significant marketing efforts are underway and the initial indications are very positive. In addition, the company remains compliant with all of its borrowing terms and conditions and in the short term is able to access its real estate inventory as collateral to release additional borrowed funds to meet its obligations as they fall due over the next 12 months from the date of approval of these financial statements.

Based on the factors above and the group's risk management policies, the directors are of the opinion that the group remains well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

New and amended standards adopted by the group

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

New standards, amendments and interpretations issued but not effective

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

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

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

- Amendments issued in May 2014 to IAS 16 and IAS 38 'Intangible Assets' which will be effective for annual periods beginning on or after 1 January 2016 add guidance and clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate; however, this presumption can be rebutted in certain limited circumstances. - Amendment (Annual improvements to IFRSs 2012- 2014 Cycle, issued in September 2014) to IAS 19 'Employee Benefits' which will be effective for annual periods beginning on after 1 January 2016, clarifies that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.

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

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

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

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

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

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

Notes

a) Basis of preparation (Continued)

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

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

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

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

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

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

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

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

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

b) Key sources of estimation uncertainty

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

The directors have made the following assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- 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.

Notes

b) Key sources of estimation uncertainty (Continued)

- Useful lives of property, plant 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 values to perform the valuation and provide inputs to the model issue.

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

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

Revenue recognition - Revenue in respect of the sale of property is recognised at a value representing the fair value of the land as at the date of the transaction with the remainder of the sales proceeds being recognized as the common infrastructure gets developed using 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 value gains and losses on investment property are based on professional valuations performed by and 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 assess whether or not the group has control over any entity based on whether or not the group has the practical ability to direct the relevant activities of the entity unilaterally. In making their judgement, the directors considered the 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 property 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. Revenue is recognized as follows:

i) Revenue from sale of land is recognized when the transaction with the buyer is substantially complete which coincides with the transfer to the buyer of 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 the land. Remaining revenue relating to infrastructure construction is recognized using the percentage of completion method.

ii) Interest income is accrued by reference to time in relation to the principal outstanding and the effective interest rate applicable.

iii) Dividend income is recognized when the shareholders right to receive payment has been established

iv) 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

Notes

e) Investment in subsidiaries/ consolidation (Continued)

relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies, where potential voting rights are held by the company and rights from other contractual arrangements etc.

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

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

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

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

f) Property and equipment

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.
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	2.50 (straight line)
Motor vehicles	25.00
Tractor	37.50
Furniture and fittings	30.00
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.

g) 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.

Notes

h) Intangible assets (Continued)

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 recognized 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 and rewards of ownership.

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Impairment of financial assets is recognised in 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.

Notes

i) Financial instruments (Continued)

Financial Liabilities

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 are discharged, 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 and deposits for such shares are classified as liabilities.

m) Share premium

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

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 reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

p) Accounting for leases

The Group as Lessee

Leases of assets where the group assumes substantially all the risks and rewards of ownership, are classified as finance leases. Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments.

The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the contingent rentals are recognised as expenses in the periods in which they are incurred. Such property and equipment is depreciated over its useful life.

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

Notes
(Continued)

q) Retirement benefit obligations

The group and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act.

The company's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

The company has no further obligation once the contributions have been paid.

r) Borrowing costs

Borrowing costs that are attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the asset based either on actual cost on specific borrowings or, in the case of general borrowings, based on a weighted average cost.

Capitalisation of borrowing costs ceases when all activities necessary to prepare the asset for its intended use or sale are complete. All other borrowing costs are recognised in profit or loss.

s) Comparatives

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

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 of 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 the immaterial 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, there is no single customer who represents more than 10% of the total group turnover (2014: Nil).

Notes
(Continued)

3. Revenue

	Group	
	2015 Shs	2014 Shs
Revenue from sale of property	259,773,044	687,300,740

4. Other operating income

Rental income	6,621,061	2,901,957
Interest income	6,553,979	1,477,895
Other income	5,347,832	1,440,426
Gain on disposal of property and equipment	408,125	28,793
	18,930,997	5,849,071

5. Operating (loss)/profit

	Group	
The following items have been charged in arriving at operating (loss)/profit:	2015 Shs	2014 Shs
Depreciation on property and equipment (Note 16)	7,505,240	7,129,830
Amortization of intangible assets (Note 18)	2,124,097	1,924,975
Auditors' remuneration		
- current year	3,580,000	3,580,000
- under provision in prior years	758,058	591,596
Directors' emoluments	45,852,500	2,892,857
Staff costs (Note 6)	83,776,047	113,966,424

6. Staff costs

Salaries and wages	78,287,665	107,102,013
Other staff costs	5,300,782	6,668,411
Pension costs:		
- National Social Security Fund	187,600	196,000
	83,776,047	113,966,424

7. Finance costs

Interest expense:		
- bank borrowings	72,001,392	5,003,243
- other borrowings	15,345,230	-
- private placement bond	39,344,792	-
- preference shares	5,787,288	6,615,000
- finance leases	240,723	958,693
	132,719,425	12,576,936

Notes
(Continued)

8. Tax

Current tax	3,952,512	6,703,582
Deferred tax (credit)/charge (Note 15)	(24,660,547)	32,115,060
Tax (credit)/charge	(20,708,035)	38,818,642

The tax on the group's (loss)/profit before tax differs from the theoretical amount that would arise using the basic rate as follows:

(Loss)/profit before tax	(410,799,371)	47,774,671
Tax calculated at a tax rate of 30% (2014: 30%)	(123,239,811)	14,332,401
Tax effect of:		
- income and expenses not taxable/allowable	11,532,255	(1,892,216)
- tax losses on which deferred tax has not been recognised	90,609,428	32,398,355
- effect of taxes on intra-group profits	-	5,330,206
- effect of lower tax rate on capital gains	-	(9,367,450)
- under/(over) provision in prior years	390,093	(1,982,654)
Tax (credit)/charge	(20,708,035)	38,818,642

9. (Loss) per share

- Basic

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

	Group	
	2015 Shs	**2014 Shs**
Net (loss) attributable to shareholders of the parent	(367,646,022)	(17,876,737)
Weighted average number of ordinary shares	405,255,320	405,255,320
(Loss) per share - basic and diluted	(0.91)	(0.04)

10. Share capital

	Group and company	
	2015 Shs	**2014 Shs**
Authorised:		
500,000,000 (2014: 500,000,000) ordinary shares of shs. 1	500,000,000	500,000,000
Issued and fully paid:		
405,255,320 (2014: 405,255,320) ordinary shares of Shs. 1	405,255,320	405,255,320

11. Share premium

	Group and company	
	2015 Shs	**2014 Shs**
At start and end of the year	68,842,038	68,842,038

Notes
(Continued)

12. Deposit for shares

	Group	
	2015 Shs	2014 Shs
Non current		
- Deposits for preference shares pending issue	59,583,332	125,748,748
- Deposits for ordinary shares pending allotment	94,203,550	96,183,550
	153,786,882	221,932,298
Current		
- Deposits for preference shares pending issue	67,671,665	-
	221,458,547	221,932,298

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 is 3 years with the right to receive a cumulative dividend at a rate of 20.5% p.a. to be paid together with capital upon redemption and rank in priority over ordinaryshares in repayment.
- The preference shares are secured by a first legal charge over property unit L.R. No. 29059 PDS W01 (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 issued 87 preference shares at a subscription price of Shs. 500,000 each.
- The tenure of the preference shares is 3 years with the right to receive cumulative dividend at a rate of 18% per annum.

(iii) Deposit for ordinary shares pending allotment relates to amounts received with respect to the reservation of shares to minority interest in the subsidiary companies. No shares had been allotted as at the statement of financial position date.

13. Borrowings

	Group		Company	
The borrowings are made up as follows:	2015 Shs	2014 Shs	2015 Shs	2014 Shs
Non-current				
Bank loans	12,060,267	213,353,544	12,060,267	20,218,811
Finance leases	-	1,195,319	-	580,999
	12,060,267	214,548,863	12,060,267	20,799,810
Current				
Bank loans	682, 143, 760	367,706,033	6,428,580	6,428,580
Finance leases	727,913	2,407,927	434,787	803,738
Bank overdraft (Note 23)	1,982,103	-	-	-
	704,853,776	370, 113,960	6,863,367	7,232,318
	716,914,043	584,662,823	18,923,634	28,032, 128

Notes

13. Borrowings (Continued)

The borrowings are secured by the following:

- 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 803 on L.R. No. 29059, Nairobi registered in the name of Mitini Scapes Development Limited.
- Corporate guarantee by Home Afrika Limited supported by first legal charge of Shs. 100,000,000 over the unit PDS F01 on L.R. No. 29059.
- Fixed and floating debenture for an amount of Shs. 100,000,000 over all the assets of Lakeview Heights Development Limited
- Legal charge of Shs. 400,000,000 over property known as unit No. M0014 situated on L.R. No. 29059, Kiambu.
- Corporate guarantee and indemnity from Home Afrika Communities Limited, Home Afrika Limited, Tulip Trustee Limited and Linyanti Limited for an amount of Shs. 400,000,000.

	Group		Company	
Weighted average effective interest rates at the reporting date were:	2015 Shs	2014 Shs	2015 Shs	2014 Shs
Bank borrowings	18.9%	18.8%	18.0%	18.0%
Finance lease liabilities	19.5%	21.2%	21.6%	21.6%

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:	2015 Shs	2014 Shs	2015 Shs	2014 Shs
Between 1 and 2 years	5,631,687	205,991,893	11,250,015	12,857,160
Between 2 and 5 years	6,428,580	7,361,651	810,252	7,361,650
	12,060,267	213,353,544	12,060,267	20,218,810

Undrawn facilities as at the reporting date were as follows:	Group	
	2015 Shs	2014 Shs
Bank borrowings	117,769,796	206,865,267

Notes

13. Borrowings (Continued)

Gross finance lease liabilities - minimum lease payments	Group		Company	
	2015 Shs	2014 Shs	2015 Shs	2014 Shs
Not later than 1 year	832,162	3,730,200	534,360	1,068,720
Later than 1 year and not later than 5 years	-	2,021,010	-	1,068,720
Total gross finance leases	832,162	5,751,210	534,360	2,137,440
Future interest expense on finance leases	(104,249)	(2,147,964)	(99,573)	(752,703)
Present value of finance leases	727,913	3,603,246	434,787	1,384,737
Present value of finance leases - minimum lease payments				
Not later than 1 year	727,913	2,407,927	434,787	803,738
Later than 1 year and not later than 5 years	-	1,195,319	-	580,999
	727,913	3,603,246	434,787	1,384,737

14. Private Placement Bond

	Group and company	
	2015 Shs	2014 Shs
Principal amount at par value	500,000,000	301,100,030
Expenses attributable to the issuing of the bond	(17,346,141)	(22,502,684)
	482,653,859	278,597,346

In 2014, the company raised Shs. 500,000,000 through the issue of a 5 year private placement bond. Interest on the corporate bond is at 17% per annum payable semi-annually in arrears The notes are issued in denominations of Shs. 100,000. The final maturity of the Notes will be 16 December 2019. However, there is early redemption any time after 18 December 2017 by the issuer in whole or in part on any interest payment date on provision of a notice of no more than 90 days or less than 30 days. The notes are partially secured by first legal charge on land, Unit Number PDS W01 situated on L.R. No 29059, Kiambu included within inventories.

15. Deferred tax

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

	Group	
	2015 Shs	2014 Shs
At start of year	149,579,632	117,464,572
(Credit)/charge to profit or loss (Note 8)	(24,660,547)	32,115,060
At end of year	124,919,085	149,579,632

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:

Notes

15. Deferred tax (Continued)

	At start of year Shs	Charge/(credit) to profit or loss Shs	At end of year Shs
Deferred tax liabilities			
Fair value gain on investment property	159,836,945	7,430,081	167,267,026
Deferred tax assets			
Property and equipment	(1,515,288)	338,711	(1,176,577)
Tax losses carried forward	(8,742,025)	(32,429,339)	(41,171,364)
	(10,257,313)	(32,090,628)	(42,347,941)
Net deferred tax liability	149,579,632	(24,660,547)	124,919,085

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. 131,749,803 (2014: Shs. 41,140,374) in respect of tax losses carried forward amounting to Shs. 370,282,020 (2014: Shs. 137,134,580) 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	16,205,533	31 December 2021
- tax losses arising in 2013	85,589,927	31 December 2022
- tax losses arising in 2014	35,339,120	31 December 2023
- tax losses arising in 2015	302,031,430	31 December 2024

	Company	
	2015 Shs	2014 Shs
At start of year	(124,033)	(49,577)
Charge to profit or loss	(406,532)	(74,456)
At end of year	(530,565)	(124,033)

	At start of year Shs	Charge/(credit) to profit or loss Shs	At end of year Shs
Deferred tax liabilities			
Fair value gain on investment property	554,654	(554,654)	-
Deferred tax (assets)			
Property and equipment	(466,722)	383,985	(82,737)
Intangible assets	(211,965)	(235,863)	(447,828)
	(678,687)	148,122	(530,565)
	(124,033)	(406,532)	(530,565)

Deferred tax assets amounting to Shs. 51,111,819 (2014: Shs. 17,098,169) in respect of tax losses carried forward amounting to Shs. 170,372,728 (2014: Shs. 56,993,897) that can be carried forward against future taxable profits have not been recognised as there is no certainty of recoverability of such losses. These tax losses expire as follows:

	Shs	Expiry
- tax losses arising in 2014	56,993,897	31 December 2023
- tax losses arising in 2015	113,378,831	31 December 2024

16. Property and equipment

Group

Year ended 31 December 2015	Building Shs	Tractor Shs	Motor vehicles Shs	Computer equipment Shs	Furniture and fittings Shs	Office equipment Shs	Total Shs
Cost							
At start of year	33,138,104	4,457,686	9,240,860	5,113,610	13,150,830	14,936,906	80,037,996
Disposal	-	-	(1,390,000)	-	-	-	(1,390,000)
Additions	-	-	-	-	7,035,771	14,240,574	21,438,345
At end of year	33,138,104	4,457,686	7,850,860	5,275,610	20,186,601	29,177,480	100,086,341
Depreciation							
At start of year	3,954,375	2,716,402	5,198,583	3,273,638	4,923,153	4,475,403	24,541,553
Disposal	-	-	(608,125)	-	-	-	(608,125)
Charge for the year	1,535,639	652,981	810,880	596,902	1,875,296	2,033,542	7,505,240
At end of year	5,490,014	3,369,383	5,401,338	3,870,540	6,798,449	6,508,945	31,438,668
Net book value	27,648,090	1,088,303	2,449,522	1,405,070	13,388,153	22,668,536	68,647,673
Year ended 31 December 2014							
Cost							
At start of year	52,616,104	4,457,686	9,240,860	4,717,250	12,517,380	13,280,966	96,830,246
Transfer to investment property	(19,478,000)	-	-	-	-	-	(19,478,000)
Disposal	-	-	-	(66,200)	-	-	(66,200)
Additions	-	-	-	462,560	633,450	1,655,940	2,751,950
At end of year	33,138,104	4,457,686	9,240,860	5,113,610	13,150,830	14,936,906	80,037,996
Depreciation							
At start of year	4,586,772	1,671,632	3,851,157	2,564,783	3,747,770	2,980,902	19,403,016
Transfer to investment property	(1,947,800)	-	-	-	-	-	(1,947,800)
Disposal	-	-	-	(43,493)	-	-	(43,493)
Charge for the year	1,315,403	1,044,770	1,347,426	752,348	1,175,383	1,494,501	7,129,830
At end of year	3,954,375	2,716,402	5,198,583	3,273,638	4,923,153	4,475,403	24,541,553
Net book value	29,183,729	1,741,284	4,042,277	1,839,972	8,227,678	10,461,504	55,496,443

Notes
(Continued)

16. Property and Equipment (continued)

Company

Year ended 31 December 2015

Cost	Motor Building Shs	Computer vehicles Shs	Furniture Equipment Shs	Office and fittings Shs	Equipment Shs	Total Shs
At start of year	56,994,527	4,984,860	3,182,495	10,078,018	4,833,458	80,073,358
Disposal	-	(1,390,000)	-	-	-	(1,390,000)
Additions	-	-	162,000	6,252,495	7,308	6,421,803
At end of year	56,994,527	3,594,860	3,344,495	16,330,513	4,840,766	85,105,161
Depreciation						
At start of year	6,682,594	2,669,528	2,059,809	4,082,938	1,441,461	16,936,329
Disposal	-	(608,125)	-	-	-	(608,125)
Charge for the year	1,535,639	379,145	385,406	1,530,947	424,913	4,256,050
At end of year	8,218,233	2,440,548	2,445,215	5,613,885	1,866,374	20,584,254
Net book value	48,776,294	1,154,312	899,281	10,716,628	2,974,392	64,520,907

Year ended 31 December 2014

Cost	Motor Building Shs	Computer vehicles Shs	Furniture Equipment Shs	Office and fittings Shs	Equipment Shs	Total Shs
At start of year	105,332,467	4,984,860	3,076,395	10,035,136	4,490,308	127,919,166
Transfer to investment property	(48,337,940)	-	-	-	-	(48,337,940)
Disposal	-	-	(66,200)	-	-	(66,200)
Additions	-	-	172,300	42,882	343,150	558,332
At end of year	56,994,527	4,984,860	3,182,495	10,078,018	4,833,458	80,073,358
Depreciation						
At start of year	8,480,302	1,897,751	1,640,790	3,226,498	956,890	16,202,231
Transfer to investment property	(4431020)	-	-	-	-	(4431020)
Disposal	-	-	(43,493)	-	-	(43,493)
Charge for the year	2,633,312	771,777	462,512	856,440	484,571	5,208,611
At end of year	6,682,594	2,669,528	2,059,809	4,082,938	1,441,461	16,936,329
Net book value	50,311,933	2,315,332	1,122,687	5,995,080	3,391,997	63,137,029

Buildings amounting to Shs. 48,776,294 have been pledged as security against borrowings as disclosed in Note 13. All additions made during the year were made through cash payments included in property and equipment are the following assets where the company is a lessee under a finance lease.

Notes

16. Property and Equipment (continued)

	Motor Vehicle	
	2015	2014
	Shs	Shs
Cost	3,594,860	3,594,860
Accumulated depreciation	2,440,548	2,078,278
Net book value	1,154,312	1,516,582

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

17. Investment Property

Group **Year ended 31 December 2015**	**Buildings** **Shs**	**Land** **Shs**	**WIP** **Shs**	**Total** **Shs**
At start of year	55,000,000	602,017,848	34,439,133	691,456,981
Additions	-	-	12,528,840	12,528,840
Fair value gains	-	26,615,782	-	26,615,782
At end of year	55,000,000	628,633,630	46,967,973	730,601,603
Year ended 31 December 2014				
At start of year	-	530,458,369	25,461,681	555,920,050
Transfers from property and equipment	17,530,200	-	-	17,530,200
Additions	-	-	8,977,452	8,977,452
Fair value gains	37,469,800	71,559,479	-	109,029,279
At end of year	55,000,000	602,017,848	34,439,133	691,456,981

Company

Year ended 31 December 2015

	Buildings **Shs**	**Total** **Shs**
At start of year	55,000,000	55,000,000
Fair value gain	-	-
At end of year	55,000,000	55,000,000
Year ended 31 December 2014		
Transfers from property and equipment	43,906,920	43,906,920
Fair value gain	11,093,080	11,093,080
At end of year	55,000,000	55,000,000

Notes

17. Investment Property (Continued)

The fair value of investment property was determined by reference to the market prices of similar properties of the type and in the area in which the property is situated. The valuation was carried out by Acumen Valuers Limited an independent professional valuer with recent experience in the location and category of the investment property being valued.

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.

Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Fair value**
Group:	**Shs**	**Shs**	**Shs**	**Shs**
Land and building held as				
investment property	-	-	730,601,603	730,601,603
Company:				
Building held as investment property	-	-	55,000,000	55,000,000

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 40.66% as at 31 December 2015 (38.02% as at 31 December 2014). 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.

18. Intangible assets

Group

Year ended 31 December 2015	**Computer Software Shs**	**Website costs Shs**	**Total Shs**
Cost			
At start of year	5,300,457	1,183,800	6,484,257
Additions	596,123	-	596,123
At end of year	5,896,580	1,183,800	7,080,380
Accumulated amortisation			
At start of year	1,766,642	1,025,230	2,791,872
Amortisation for the year	1,965,527	158,570	2,124,097
At end of year	3,732,169	1,183,800	4,915,969
Carrying amount	2,164,411	-	2,164,411

Notes

18. Intangible assets (Continued)

Year ended 31 December 2015	Computer Software Shs	Website costs Shs	Total Shs
Cost			
At start of year	4,140,460	1,183,800	5,324,260
Additions	1,159,997	-	1,159,997
At end of year	5,300,457	1,183,800	6,484,257
Accumulated amortisation			
At start of year	-	866,897	866,897
Amortisation for the year	1,766,642	158,333	1,924,975
At end of year	1,766,642	1,025,230	2,791,872
Carrying amount	3,533,815	158,570	3,692,385

Company

Cost	Computer Software 2015 Shs	Computer Software 2014 Shs
At start of year	5,300,457	4,140,460
Additions	596,123	1,159,997
At end of year	5,896,580	5,300,457
Amortisation		
At start of year	1,766,642	-
Amortisation for the year	1,965,527	1,766,642
At end of year	3,732,169	1,766,642
Net book value	2,164,411	3,533,815

19. Investment in Subsidiaries

Company Name	Country of incorporation	Holding 2015	Holding 2014	Company 2015 Shs	Company 2014 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	100,000
Smart Plots Limited	Kenya	100%	100%	100,000	100,000
Home Afrika Communities Limited	Kenya	60%	60%	2,100,000	2,100,000
Migaa Management Limited	Kenya	52%	52%	52,000	52,000
				76,986,247	76,986,247

The composition of the group is as follows:

Name	Country of incorporation	Proportion of ownership interest 2015	Proportion of ownership interest 2014	Proportion owned via subsidiary companies 2015	Proportion owned via subsidiary companies 2014	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
Smart Plots 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

19. Investment 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 power 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 based on unaudited management accounts of the subsidiaries.

	Home Afrika Communities Limited		Suburban Limited		Moru Ridge Limited	
	2015 Shs	2014 Shs	2015 Shs	2014 Shs	2015 Shs	2014 Shs
Current assets	1,396,568,992	1,400,185,484	90,082,354	102,111,491	932,771,140	713,517,147
Non-current assets	693,225,166	642,110,343	969,833	1,160,786	40,180	69,700
Current liabilities	1,362,636,901	(1,439,145,838)	(138,431,892)	(146,710,216)	(1,045,735,248)	(565,328,737)
Non-current liabilities	(453,822,947)	(249,398,712)	-	-	-	(193,134,733)
Equity attributable to						
owners of the company	161,840,585	229,824,395	(28,487,823)	(21,768,969)	(67,814,357)	(31,287,097)
Non-controlling interests	107,933,723	120,426,892	(18,991,882)	(21,768,970)	(45,209,571)	(13,689,526)

Notes
(Continued)

19. Investment in Subsidiaries (continued)

Summarized Financial Information (continued)

Home Afrika Communities

	Home Afrika Communities Limited		Suburban Limited		Moru Ridge Limited	
	2015 Shs	2014 Shs	2015 Shs	2014 Shs	2015 Shs	2014 Shs
Revenue	263,191,910	488,720,380	3,328,800	77,217,200	-	-
Expenses	(343,423,464)	(409,551,854)	(7,270,566)	(87,303,540)	(68,035,004)	(17,093,726)
(Loss)/profit for the year	(80,231,554)	79,168,526	(3,941,766)	(10,086,340)	(68,035,004)	(17,093,726)
(Loss)/profit attributable to owners of the company	(48,138,933)	47,501,116	(1,970,883)	(5,043,170)	(40,821,003)	(10,256,236)
(Loss)/profit attributable to the non-controlling interests	(32,092,622)	31,667,410	(1,970,883)	(5,043,170)	(27,214,002)	(6,837,490)
Net cash (out)/in flow from operating activities	(242,244,542)	52,998,206	(1,149,086)	(6,933,061)	(175,670,408)	(187,304,357)
Net cash (out) flow from investing activities	(26,720,616)	(9,496,202)	-	-	-	(82,000)
Net cash in/(out) flow from financing activities	269,224,868	(40,419,858)	-	-	173,077,489	193,134,733
Net cash in/(out) flow	259,710	3,082,146	(1,149,086)	(6,933,061)	(2,592,919)	5,748,376

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.

Notes
(Continued)

20. Financial assets

			Group and company	
			2015	2014
Available-for-sale	**Incorporation**		**Shs**	**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.

21. Inventories

	Group		Company	
	2015 Shs	2014 Shs	2015 Shs	2014 Shs
Plots held for sale	258,475,310	256,800, 765	133,000,000	136,000,000
Units held for sale	14,646,558	14,646,558	-	-
Work in progress	2,637, 163,707	2,210,209,680	-	-
	2,910,285,575	2,481,657,003	133,000,000	136,000,000

Inventory with a cost amounting to Shs. 106,878, 163 have been pledged as security against preference shares with a gross face value of Shs. 600,000,000 as disclosed in Note 10.
Inventory with a cost amounting to Shs. 36,405,588 have been pledged as security against private placement bond of Shs. 500,000,000 as disclosed in Note 14.

22. Trade and other receivables

	Group		Company	
	2015 Shs	2014 Shs	2015 Shs	2014 Shs
Non current				
Receivables from related parties (Note 27(iii))	-	-	542,400,000	267,900,000
Current				
Trade receivables	27,011,221	71,250,000	611,221	5,250,000
Less: impairement provision	(25,000,000)	-	-	-
Net trade receivables	2,011,221	71,250,000	611,221	5,250,000
Other receivables	24,317,440	15,934,545	873,208	873,208
Deposits and prepayments	111,785,260	50,540,181	1,437,454	775,244
Less: impairement provision	(78,884,000)	-	-	-
Shareholders account	500,000	600,000	-	-
Due from directors	-	5,735,500	-	-
Receivables from related parties (Note 27(iii)	30,146,853	33,403,073	223,587,410	137,474,833
Less: impairement provision	(5,735,500)	-	-	-
	84, 141,274	177,463,299	226,509,293	144,373,285
	84,141,274	177,463,299	768,909,293	412,273,285

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. The directors have made a provision for the portion of the receivable whose recovery is in doubt.
The carrying amounts of the group's/company's trade and other receivables are denominated in Kenya shillings.
Trade receivables that are aged past 90 days are considered past due.
Individually impaired receivables mainly relate to customers, who are in unexpectedly difficult economic situations.
The other classes within trade and other receivables do not contain impaired assets.

Notes
(Continued)

23. Cash and Cash Equivalents

Cash and cash equivalents	Group 2015 Shs	2014 Shs	Company 2015 Shs	2014 Shs
Cash at bank and in hand	41,473,170	308,867,974	30,143,710	298,112,829
Short term bank deposits	25,000,000	-	-	-
	66,473,170	308,867,974	30,143,710	298,112,829

For the purpose of the statement cash flow, the year end cash and cash equivalents comprise the following:

	Group 2015 Shs	2014 Shs	Company 2015 Shs	2014 Shs
Cash and bank balance	66,473,170	308,867,974	30,143,710	298,112,829
Bank overdraft (Note 13)	(21,982,103)	-	-	-
	44,491,067	308,867,974	30,143,710	298,112,829

The company's cash and bank balances are held with major Kenyan financial institutions 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.

24. Deferred income

	Group 2015 Shs	2014 Shs
Deferred income	871,659,513	711,474,619

Deferred income represents unrecognised revenue on account of ongoing construction.

25. Payables

	Group 2015 Shs	2014 Shs	Company 2015 Shs	2014 Shs
Trade and other payables				
Trade payables	269,618,646	197,783,459	12,620,479	36,405,335
Accruals	158,419,155	93,051,322	30,252,775	14,061,697
Deposit for service charge and shares	16,216,248	29,880,250	-	-
Other payables	34,254,131	29,428,619	29,583,288	28,782,235
Payable to related parties (Note 27(iii))	118,255,232	83,343,379	271,292,386	257,811,196
	596,763,412	433,487,029	343,748,928	337,060,463
Deposits from sale of plots	883,597,915	985,819,956	7,494,940	6,730,000
Total trade and other payables	1,480,361,327	1,419,306,985	351,243,868	343,790,463

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:

Notes
(Continued)

25. Trade and other payables (continued)

Year ended 31 December 2015

	0 to 1 month Shs	2 to 3 months Shs	4 to 12 months Shs	Total Shs
Trade payables	14,236,453	115,743,818	139,638,375	269,618,646
Accruals	40,663,320	50,225,022	67,530,813	158,419,155
Deposit from sale of plots	21,150,000	76,003,663	786,444,252	883,597,915
Deposit for service charge and shares	-	2,300,400	13,915,848	16,216,248
Other payables	-	5,766,784	28,487,347	34,254,131
Payable to related parties (Note 27(iii))	13,499,098	-	104,756,134	118,255,232
	89,548,871	250,039,687	1,140,772,769	1,480,361,327

Year ended 31 December 2014

	0 to 1 month Shs	2 to 3 months Shs	4 to 12 months Shs	Total Shs
Trade payables	50,431,507	13,778,949	133,573,003	197,783,459
Accruals	57,649,935	-	35,401,387	93,051,322
Deposit from sale of plots	-	-	985,819,956	985,819,956
Deposit for service charge and shares	-	-	29,880,250	29,880,250
Other payables	-	29,428,619	-	29,428,619
Payable to related parties (Note 27(iii))	-	-	83,343,379	83,343,379
	108,081,442	43,207,568	1,268,017,975	1,419,306,985

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

Year ended 31 December 2015

	0 to 1 month Shs	2 to 3 months Shs	4 to 12 months Shs	Total Shs
Trade payables	7,289,579	4,534,610	796,290	12,620,479
Accruals	3,675,000	9,461,479	17,116,296	30,252,775
Deposit from sale of plots	1,000,000	6,494,940	-	7,494,940
Other payables	-	2,624,650	26,958,638	29,583,288
Payable to related parties (Note 27(iii))	2,436,598	-	268,855,788	271,292,386
	14,401,177	23,115,679	313,727,012	351,243,868

Year ended 31 December 2014

	0 to 1 month Shs	2 to 3 months Shs	4 to 12 months Shs	Total Shs
Trade payables	22,626,386	13,778,949	-	36,405,335
Accruals	14,061,697	-	-	14,061,697
Deposit from sale of plots	-	-	6,730,000	6,730,000
Other payables	-	10,242,490	18,539,745	28,782,235
Payable to related parties (Note 27(iii))	-	-	257,811,196	257,811,196
	36,688,083	24,021,439	283,080,941	343,790,463

Notes
(Continued)

26. Cash (Used In) Operations

Reconciliation of (loss)/profit before tax to cash (used in) operations:	Group 2015 Shs	2014 Shs
(Loss)/profit before tax	(410,799,371)	47,774,671
Adjustments for:		
Depreciation on property and equipment (Note 16)	7,505,240	7,129,830
Amortization intangible assets (Note 18)	2,124,097	1,924,975
Fair value (gain) on investment property (Note 17)	(26,615,782)	(109,029,279)
Interest expense (Note 7)	132,719,425	12,576,936
Gain on disposal of property and equipment	(408,125)	(28,793)
Interest income (Note 4)	(6,553,979)	(1,477,895)
Changes in working capital:		
- inventories	(428,628,572)	(288,864,899)
- trade and other receivables	93,322,025	32,993,832
- trade and other payables	61,054,342	(347,171,899)
- deferred income	160,184,894	398,221,435
Cash (used in) operations	(416,095,806)	(245,951,086)

27. Related Party Transactions and Balances

The following transactions were carried out with related parties:

i)Sale of goods and services	Company 2015 Shs	2014 Shs
Project management fees charged to subsidiary companies	-	44,000,000

	Company 2015 Shs	2014 Shs
Sale of plots and office suites to other related parties e.g directors and shareholders and companies related by virtue of common directors and shareholders	-	226,500,000

ii) Key management personnel compensation

	Group 2015 Shs	Group 2014 Shs	Company 2015 Shs	Company 2014 Shs
Short term employee benefits	86,672,508	51,654,303	49,880,158	39,429,903

iii) Outstanding balances arising from payments to/received from related parties

	Group 2015 Shs	Group 2014 Shs	Company 2015 Shs	Company 2014 Shs
Receivable from related parties (Note 22)	30,146,853	33,403,073	765,987,410	405,374,833
Receivables from related parties can be analysed as follows:				
- Subsidiaries	-	-	763,936,106	403,730,528
- Other related parties - minority interests	30,146,853	33,403,073	2,051,304	1,644,305
	30,146,853	33,403,073	765,987,410	405,374,833

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

Notes
(Continued)

27. Related Party Transactions and Balances (continued)

iii) Outstanding balances arising from payments to/received from related parties

	Group 2015 Shs	2014 Shs	Company 2015 Shs	2014 Shs
Payable to related parties (Note 25)	118,255,232	83,343,379	271,292,386	257,811,196
Payables from related parties can be analysed as follows:				
- Subsidiaries	-	-	246,909,197	252,516,096
- Other related parties e.g. Directors, shareholders	118,255,232	83,343,379	24,383,189	5,295,100
	118,255,232	83,343,379	271,292,386	257,811,196

28. 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 2015, if interest rates at that date had been 1 percentage point lower with all other variables held constant, post-tax loss for the year would have been Shs. 3,895,748 (2014: 213,750) lower, 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. 1% represents the maximum expected 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.

Notes

28. Risk Management Objectives and Policies (Continued)

(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 13 and 25 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.

Year ended 31 December 2015	Interest rate %	Less than 1 year Shs	1 - 5 years Shs	More than 5 years Shs	Total Shs
Interest bearing liabilities					
- Bank loans	18.9%	811,068,931	14,339,657	-	825,408,588
- Private placement bond	17.0%	85,000,000	500,000,000	-	585,000,000
- Finance leases	19.5%	869,856	-	-	869,856
- Bank overdrafts		21,982,103	-	-	21,982,103
Non-interest bearing liabilities					
- Deposit for shares	-	67,671,665	153,786,882	-	221,458,547
- Trade and other payables	-	1,480,361,327	-	-	1,480,361,327
		2,466,953,882	668,126,539	-	3,135,080,421
Year ended 31 December 2014					
Interest bearing liabilities					
- Bank loans	18.8%	437,128,932	253,464,010	-	690,592,942
- Private placement bond	17.0%	51,187,005	301,100,030	-	352,287,035
- Finance leases	22.5%	3,730,200	2,021,010	-	5,751,210
Non-interest bearing liabilities					
- Deposit for shares	-	-	221,932,298	-	221,932,298
- Trade and other payables	-	1,419,306,985	-	-	1,419,306,985
		1,911,353,122	778,517,348	-	2,689,870,470

Notes

28. Risk Management Objectives and Policies (Continued)

Year ended 31 December 2015

	Interest rate %	Less than 1 year Shs	1 - 5 years Shs	More than 5 years Shs	Total Shs
Interest bearing liabilities					
- Bank loans	18.0%	7,585,724	14,231,115	-	21,816,839
- Private placement bond	17.0%	85,000,000	500,000,000	-	585,000,000
- Finance leases	21.6%	528,701	-	-	528,701
Non-interest bearing liabilities					
- Trade and other payables	-	351,243,868	-	-	351,243,868
		444,358,293	514,231,115	-	958,589,408

Year ended 31 December 2014

	Interest rate %	Less than 1 year Shs	1 - 5 years Shs	More than 5 years Shs	Total Shs
Interest bearing liabilities					
- Bank loans	18.0%	7,585,724	23,858,197	-	31,443,921
- Private placement bond	17.0%	51,187,005	301,100,030	-	352,287,035
- Finance leases	21.6%	1,068,720	1,068,720	-	2,137,440
Non-interest bearing liabilities					
- Trade and other payables	-	343,790,463	-	-	343,790,463
		403,631,912	326,026,947	-	729,658,859

29. 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).

Notes
(Continued)

30. Contingent Liabilities

The group is in receipt of certain claims for damages and other remuneration from former employees. Amounts payable based on agreement entered into with the former employees as of the date of approval of these financial statements have been provided for where material. Disputed amounts have not been provided for as the company does not believe that these are payable based on legal and other advice received. It is not possible to predict with certainty any further amounts that may be payable following completion of the ongoing discussions in this regard.

Home Afrika Communities Limited (a subsidiary) received preliminary claims from the Kenya Revenue Authority. The company has disputed the assessment and lodged a formal objection through their tax consultant. There has been no further development in this regard. No provision for this has been recognised in these financial statements based on defences available against such claims. It is not possible to determine with certainty the amounts that may be payable.

31. Incorporation

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

32. Presentation Currency

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

Company Statement of Profit or Loss and Other Comprehensive Income

	2015 Shs	2014 Shs
Revenue	21,000,000	65,322,413
Cost of sales	(3,000,000)	(4,500,000)
Gross profit	18,000,000	60,822,413
Other operating income	7,565,011	11,981,873
Selling and distribution	(3,644,036)	(8,161,814)
Administrative expenses	(87,575,936)	(105,598,454)
Other operating expenses	(11,556,200)	(12,638,403)
Operating (loss)	(77,211,161)	(53,594,385)
Finance costs	(39,508,900)	(5,311,419)
(Loss) before tax	(116,720,061)	(58,905,804)
Tax (charge)/credit	(840,534)	74,456
(Loss) for the year	(117,560,595)	(58,831,348)
Total comprehensive (loss) for the year	(117,560,595)	(58,831,348)
(Loss) per share		
- Basic	(0.29)	(0.15)

Schedule of Expenditure

1. SELLING AND DISTRIBUTION EXPENSES

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
Marketing fees	14,682,573	30,851,022	3,180,376	6,077,174
Commissions	7,073,376	6,629,800	210,000	410,000
Advertising and sales promotion	8,806,090	16,502,179	253,660	1,674,640
Total selling and distribution expenses	30,562,039	53,983,001	3,644,036	8,161,814

2. ADMINISTRATIVE EXPENSES

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
Employment:				
Salaries and wages	78,475,265	107,298,013	41,956,789	57,495,966
Medical	3,541,108	4,137,796	1,509,674	2,493,415
Staff training and welfare	1,759,674	2,530,615	287,600	1,089,669
Total employment costs	83,776,047	113,966,424	43,754,063	61,079,050
Other administrative expenses:				
Directors and committee allowances	45,852,500	2,892,857	19,560,000	428,571
Provision for doubtful debts	109,619,500	-	-	-
Meetings expenses	902,936	5,410,250	902,936	4,927,672
Legal and professional fees	34,377,625	70,752,520	16,823,684	28,528,734
Vehicle running	923,009	1,232,983	451,872	705,541
Office expenses	2,835,679	2,396,292	737,891	1,420,230
Postages and telephones	1,804,308	2,230,566	1,742,978	2,111,418
Audit fees				
- current year	3,580,000	3,580,000	600,000	600,000
- under provision in prior years	758,058	591,596	344,580	305,014
Travelling and accommodation	1,977,187	6,447,750	348,954	3,256,123
Donations	421,530	592,562		342,562
Computer expenses	1,024,456	1,224,423	433,565	566,008
Printing and stationery	1,995,060	995,490	1,520,333	913,656
Bank charges and commissions	671,741	511,610	112,320	125,918
Secretarial fees	242,760	287,957	242,760	287,957
Total other administrative expenses	206,986,349	99,146,856	43,821,873	44,519,404
Total administrative expenses	290,762,396	213,113,280	87,575,936	105,598,454

3. OTHER OPERATING EXPENSES

	Group		Company	
	2015	2014	2015	2014
	Shs	Shs	Shs	Shs
Establishment:				
Depreciation on property and equipment	7,505,240	7,129,830	4,256,050	5,208,611
Repairs and maintenance	613,042	849,930	277,042	256,576
Service charge	2,384,171	2,371,105	2,384,171	2,371,104
Insurance	2,280,284	3,385,277	1,775,170	2,309,452
Security	9,957,554	8,175,533	-	-
Amortization intangible asset	2,124,097	1,924,975	1,965,527	1,766,642
Electricity	2,289,996	1,639,507	532,040	560,043
Rent	896,231	1,673,252	-	-
Licence and subscriptions	531,300	554,916	366,200	165,975
Total other operating expenses	28,581,915	27,704,325	11,556,200	12,638,403

PROXY FORM

I/We, ____ of ________________________

being a member of the above-named company, 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 30th day of June 2016, and at any adjournment thereof.

As witness my/our hand this ______________day of _________________________ 2016.

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.

Morningside Park,
Ngong Road, near Adams Arcade

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Telephone : +254 (020) 2772000
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