KURWITU VENTURES LIMITED

FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE 2015

REPORT OF THE DIRECTORS

The directors submit their report FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE 2015.

1. **PRINCIPAL ACTIVITY**

The principal activity of the company is to provide sharia compliant investment products. Sharia compliant investment products are products that meet the requirements of the Sharia law and the principles articulated for Islamic finance.

An example of the sharia compliant investment product that Kurwitu ventures is offering is the sukuk securities (Islamic Bond). Sukuk securities are structured to comply with the Islamic investment principles which prohibit the charging and paying of interest. Sukuk structuring is done by attaching real asset and the holder of the sukuk instrument gets his return as a form rent or profit sharing.

2. **BACKGROUND**

Kurwitu Ventures was incorporated as private limited liability company on the 8th September 2006 and was issued with a certificate of Incorporation (C.128146).The original Share Capital was One hundred thousand (100,000) shares of shillings one hundred (100) each. At incorporation, the Registered Office was L.R 209/2527/4, Muindi Mbingu Street, Kantaria House.

The company was originally formed to provide Investment Consulting Services but in 2012, the Board of Directors decided to review the strategic plan of the company, which resulted in the injection of fresh capital into the company and change of strategic focus to become a vehicle for Sharia Compliant Investments.

In 2013 the Board of Directors decided to focus on restructuring the company and prepare it for a listing on the Nairobi Securities Exchange. Hence all effort was invested in the restructuring process and no revenue was posted to the company books in the year 2013 and 2014.

The company listed on the Growth Enterprise Market Segment (GEMS) of the Nairobi Securities Exchange on 13th November 2014

REPORT OF THE DIRECTORS

3. **RESULTS**
The results for the Company are set out on pages 7 of this report.

4. **DIVIDENDS**
The directors do not recommend payment of any dividend for this year.

5. **DIRECTORS**
The directors who served during the year were:

- Mr. Abdirahman Abdillahi (Since Incorporation 8/9/2006)
- Mr.Mohammed A. Hassan (Since Incorporation 8/9/2006)
- Mr. Abdikadir H Mohamed (Joined 13/11/2013)
- Mr. Isaak Jamal Ibrahim (Joined 3/3/2014)
- Mrs. Sumayya Hassan (Joined 3/3/2014)
- Mr. Abdulkadir M Haji (Joined 13/11/2013)

6. **AUDITORS**
Obwanga and Associates, Certified Public Accountants (K), have expressed their willingness to continue in office in accordance with Section 159 (2) of the Companies Act.

BY ORDER OF THE BOARD

SECRETARY………………………… **DATE** ……………………

KURWITU VENTURES LIMITED

FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE 2015

CORPORATE INFORMATION

1. **COMPANY SECRETARY**
   Morris Irungu Kariuki
   Certified Public Secretaries
   P.O BOX 100803-00101 Nairobi , Kenya.
   Physical Address: African Alliance YMCA Ground Floor State House Crescent Road.

2. **LEGAL ADVISOR**
   Mahmoud and Gitau Advocates
   P.O BOX 100803-00101 Nairobi , Kenya.
   Physical Address: African Alliance YMCA Ground Floor State House Crescent Road.

3. **PRINCIPAL BANKER**
   CFC Stanbic Bank
   P.O BOX 30550-00100 Nairobi, Kenya.
   Physical Address: CFCSTANBIC Centre, Chiromo Road Westlands.

4. **AUDITORS**
   Obwanga and Associates
   Certified Public Accountants of Kenya.
   P.O BOX 7370-00200, Nairobi, Kenya.
   Physical Address: Karen Triangle Estate ,House No.1, Karen Road .

5. **REGISTERED OFFICE**
   Kurwitu Ventures
   P.O BOX 105028-00101, Nairobi, Kenya.
   Woodland Office Park, Suite 2B, Woodlands Road, Hurlingham.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its Profit or Loss. It also requires the Directors to ensure that the company keeps proper accounting records that disclose with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company.

The Directors accept the responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with the International Financial Reporting Standards and the requirements of the Kenyan Companies Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its Loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatements.

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

DIRECTOR …………………………..**DIRECTOR**………………………

DATE …………………………………

OBWANGA AND ASSOCIATES

Certified Public Accountants (k)
Karen Road
Karen Triangle Estate
P.O Box 7370- 00200
Nairobi
E-mail:odira@obwangaandassociates.co.ke
Tel. 0720-700670

Oginga Odinga Street
Jethwa House 1st Floor
Kisumu
Tel. 0724 – 874 491

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KURWITU VENTURES LIMITED FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE 2015

Report on the Financial Statements

We have audited the accompanying financial statements of **KURWITU VENTURES LIMITED** set out on pages 7 to 20 which comprise the statement of financial position as at 31st December 2014, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

KURWITU VENTURES LIMITED

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF KURWITU VENTURES LTD (Cont'd)

In making those risk assessments, we considered the internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the company's internal controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the accompanying financial statements give a true and fair view of the state of financial affairs of the company as at 31st December 2014 and of its profit/(loss) 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).

Report on other Legal Requirements

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

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

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

iii) The company's balance sheet and income statement are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is
CPA SAMSON ODOYO OBWANGA-P/NO 1653.

OBWANGA AND ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS (K)

DATE: ....

KURWITU VENTURES LIMITED

FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE 2015

STATEMENT OF COMPREHENSIVE INCOME

	NOTES	2015 KSHS	2014 KSHS
Income			
Income		-	-
Other Income			
Bank Interest		938	-
Total Income		**938**	**-**
Total Expenditure	5	(12,080,783)	(8,122,883)
Operating Profit /(Loss)		(12,079,845)	(8,122,883)
Profit/(Loss) before Tax		(12,079,845)	(8,122,883)
Deferred Tax (Current Tax)	9	3,623,954	2,436,865
Profit/(Loss) after Tax		**(8,455,891)**	**(5,686,018)**
		============	==========

KURWITU VENTURES LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2015

	NOTES	2015 KSHS	2014 KSHS
ASSETS			
Non Current Assets			
Property, Plant and Equipment	10	2,768,402	3,033,959
Free Hold Land	11	102,000,000	102,000,000
		104,768,402	105,033,959
Current Assets			
Bank & Cash Balances	12	906,641	12,167,208
Trade & Other Receivables	13	689,130	689,130
Related Party Receivables		20,000	-
Deferred Tax Asset	14	6,410,283	2,786,329
		8,026,054	15,642,667
Total Assets		**112,794,456**	**120,676,626**
EQUITY AND LIABILITIES			
Equity			
Share Capital	15	10,227,200	10,227,200
Share Premium Account	16	99,692,870	99,692,870
Retained Earnings		(11,633,090)	(3,177,199)
		98,286,980	106,742,871
Long Term Liabilities			
Shareholders Loan	17	14,088,700	12,788,700
CURRENT LIABILITIES			
Trade and Other Payables	18	418,776	1,145,055
Total Equity and Liabilities		**112,794,456**	**120,676,626**

The financial statements on pages 7 to 20 were approved by the Board of Directors

on ……………………………….2015 and signed on its behalf

by: DIRECTOR…………………………… DIRECTOR……………………

KURWITU VENTURES LIMITED

FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE 2015

STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	TOTAL
	KSHS	KSHS	KSHS	KSHS
Year 2014				
Bal as at 1 Jan 2015	10,227,200	99,692,870	(3,177,199)	106,742,871
Issue of Shares	-	-	-	-
Issue of Cash	-	-	-	-
Total Comprehensive Loss	-	-	(8,455,891)	(8,455,891)
As at 30th June 2014	**10,227,200**	**99,692,870**	**(11,633,090)**	**98,286,980**
Year 2014				
Balance as at 1 Jan 2014	7,840,000	97,080,070	2,508,819	107,428,889
Issue of Shares	2,387,200	-	-	2,387,200
Issue of Cash	-	2,612,800	-	2,612,800
Total Comprehensive Loss	-	-	(5,686,018)	(5,686,018)
As at 31st Dec 2014	**10,227,200**	**99,692,870**	**(3,177,199)**	**106,742,871**

KURWITU VENTURES LIMITED

FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE 2015

STATEMENT OF CASH FLOWS

	2015 KSHS	2014 KSHS
Operating Activities		
Profit /(Loss) Before Tax	(12,079,845)	(8,122,883)
Adjusted for:		
Depreciation	437,917	444,324
Profit Before Working Capital Changes	**(11,641,928)**	**(7,678,559)**
Changes in Working Capital		
Decrease (Increase) in Trade and Other Receivables	(20,000)	(689,130)
Increase (Decrease) in Trade and Other Payables	(726,279)	1,074,644
Net Cash Generated from Operating Activities	(746,279)	**(7,293,045)**
Investing Activities		
Purchase of Fixed Assets	(172,360)	(3,360,065)
Net Cash Used in Investing Activities	(172,360)	(3,360,065)
Financing Activities		
Proceeds from Share Premium	-	2,612,800
Proceeds from Issue of Shares	-	2,387,200
Proceeds from Share Holders Loan	1,300,000	12,788,700
	1,300,000	17,788,700
Net Changes in Cash and Cash Equivalents	(11,260,567)	7,135,590
Cash and Cash Equivalent at the beginning	12,167,208	5,031,618
Cash and Cash Equivalent 31st Dec	**906,641**	**12,167,208**

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Statement of Compliance
The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

Basis of Preparation
The financial statements are prepared under the historical cost convention as modified by the revaluation of certain assets. The principal accounting policies adopted in the preparation of these financial statements remain unchanged from the previous year and are set out below:

Foreign Currency Translation
Assets and liabilities expressed in foreign currencies are translated into Kenya Shillings at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies during the year are translated at the rates ruling at the dates of the transactions. The resulting gains and losses are dealt with in the income statement.

Property, Plant and Equipment
All property, plant and equipment are initially recorded at cost. Buildings, plant, machinery, furniture and fittings are subsequently shown at market value, based on regular valuations by external independent valuers, less subsequent depreciation. All other property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses.

Increases in the carrying amount arising on revaluation are credited to a revaluation reserve. Decreases that offset previous increases of the same asset are charged against the revaluation reserve; all other decreases are charged to the income statement.

Each year, excess depreciation representing the additional depreciation following revaluations of property, plant and equipment over depreciation based on historical, is transferred from revaluation surplus to revenue reserve.

Depreciation is calculated on a reducing balance basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life as follows:

Motor Vehicles	25%
Furniture, Fittings and Office Equipment	12.5%
Computers	30%

NOTES TO THE FINANCIAL STATEMENTS (continued)

Property, plant and equipment are periodically reviewed for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on the disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit. Upon the disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to revenue reserves.

Leasehold Land
Payments to acquire leasehold interest in land are treated as prepaid operating lease rentals and amortized over the periods of the lease.

Investment Property
Investment property is treated as long term investment and carried at market value for existing use as determined regularly by external independent valuers. Investment property is not subject to depreciation. Changes in the carrying amount are dealt with in the income statement.
Upon the disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rental income from operating leases is recognized on a straight line basis over the term of the relevant leases. Rental payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

Assets held under finance leases are recognized as assets of the company at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Financial Instruments
Financial assets and financial liabilities are recognized on the company's balance sheet when the company becomes a party to the contractual provisions of the instruments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Trade Receivables
Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Trade Payables
Trade payables are stated at their nominal value.

Cash and Cash Equivalents
For the purpose of the cash flow statement, cash equivalents include short liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from the banks repayable within three months from the dates of advance.

Taxation
The income tax expense represents the sum of the current tax payable and the deferred taxation. Current taxation is provided on the basis of the results for the year, as shown in the financial statements, adjusted in accordance with tax legislation.

Retirement benefit obligations
The company contributes to the statutory National Social Security Fund. This is a defined contribution scheme registered under the National Social Security Act. The company's obligations under the scheme are limited to specific contributions legislated from time to time and are currently limited to a maximum of Kshs. 200 per month per employee. The company's contributions are charged to the income statement in the year to which they relate.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the company's accounting policies management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities within the next financial year. The estimates and associated assumptions are based on historical experience and other factors that are considered to the relevant. Actual results may differ from these estimates including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Key sources of estimation uncertainty
The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date that has a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Property, Plant and Equipment
Critical estimates are made by the directors in determining depreciation rates of property, plant and equipment and whether assets are impaired.

Impairment
At each balance sheet date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Provisions and Contingent Liabilities
The company reviews its obligations at each balance sheet date to determine whether provisions need to be made and it there are any contingent liabilities.

3. CAPITAL MANAGEMENT

The Directors of the company manage the financial affairs with a view to maintaining reasonable liquidity to meet all operating expenses for major long term investments result to the Banking facilities has been made.

4. RISK MANAGEMENT

Credit Risk
Credit risk is a major factor especially because of the Company's age in the market and limited market share. The Company has to depend on Loans from Directors and Amounts from issue of shares.

Interest Rate Risks
Reliable overdraft and loan facilities are limited . Interest rate risks are prevalent as the rate fluctuates from time to time. The market rates are affected by the International Financial market conditions and during credit crunch, the interest rates become uncontrollable.

	NOTES	2015 KSHS	2014 KSHS
5. Expenditure			
Project Expenses		1,383,338	-
Travel and Accommodation		822,047	634,327
Motor Vehicle Expenses		11,100	27,430
Insurance Expenses		11,121	7,574
Entertainment Expenses		108,322	237,156
Website Development		6,249	60,000
Advertisement and Marketing		100,000	277,200
Conference and Meeting Expenses		58,935	198,768
Listing Expenses		664,594	744,320
Professional Fees		-	2,009,350
Audit and Accounting Fees		40,000	80,000
Newspapers and Periodicals		47,432	9,760
Postage & Telephone		63,172	163,500
Internet and Computer Expenses		55,320	48,894
Printing & Stationery		59,750	69,270
Rent and Rates		1,598,771	1,015,101
Utilities		35,787	29,120
Legal Fees		541,000	191,000
Medical Fees		43,917	645,575
Office Expenses		121,041	120,159
Staff Costs	6.	2,822,873	194,668
Directors Remuneration	7.	2,999,016	900,000
Depreciation Expense		437,917	444,324
Bank Charges		10,711	15,387
Repairs and Maintenance		38,370	-
Total Expenditure		**12,080,783**	**8,122,883**

KURWITU VENTURES LIMITED

FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE 2015

NOTES TO THE FINANCIAL STATEMENTS (continued)

		NOTES	2015 KSHS	2014 KSHS
6.	**Staff Costs**			
	Salaries and Wages		2,812,473	146,585
	National Social Security Fund Contributions		10,400	1,600
	Staff Training		-	46,483
			2,822,873	**194,668**
7.	**Directors Remuneration**			
	Directors Remuneration		2,999,016	900,000

Directors Remuneration are fees for services offered by the executive director to the Company during the year.

		NOTES	2015 KSHS	2014 KSHS
8.	**Profit (Loss) Before Taxation**			
	Profit (Loss) before tax is stated after charging:			
	Audit and Accounting Fees		40,000	80,000
	Depreciation		437,917	444,324
	Staff Costs	6.	2,822,873	194,668
	Directors Remuneration	7.	2,999,016	900,000
			6,299,806	**1,618,992**
9.	**Taxation**			
	Represents 30% of the loss incurred or taxable profit realized.			
	Current Tax Computation			
	Net Profit / (Loss) as per account		(12,079,845)	(8,122,883)
	Add Back:			
	Depreciation		437,917	444,324
			(11,641,928)	(7,678,559)
	Less:			
	Wear and Tear Allowance		(437,917)	(444,324)
	Taxable Profit /(Loss) for the year		(12,079,845)	(8,122,883)
	Current Tax Charge (Credit) @ 30%		**(3,623,954)**	**(2,436,865)**

KURWITU VENTURES LIMITED

FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED 30TH JUNE 2015

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. NON CURRENT ASSETS

COST 2015	Motor Vehicle	Computers	Furniture Fittings.	Total
	Kshs	Kshs	Kshs	Kshs
As at 1.01.2015	200,000	116,240	3,293,465	3,609,705
Additions	-	49,000	123,360	172,360
As at 30.06.2015	200,000	165,240	3,416,825	3,782,065
DEPRECIATION				
As at 1.01.2015	25,000	78,086	472,660	575,746
Charge for the year	43,750	26,146	368,021	437,917
	68,750	104,232	840,681	1,013,663
NET BOOK VALUE				
As at 30.06.2015	**131,250**	**61,008**	**2,576,144**	**2,768,402**
	======	======	======	======
2014				
As at 1.01.2014	-	81,240	168,400	249,640
Additions	200,000	35,000	3,125,065	3,360,065
As at 31.12.2014	200,000	116,240	3,293,465	3,609,705
DEPRECIATION				
As at 1.01.2014	-	61,734	69,688	131,422
Charge for the year	25,000	16,352	402,972	444,324
	25,000	78,086	472,660	575,746
NET BOOK VALUE				
As at 31.12.2014	**175,000**	**38,154**	**2,820,805**	**3,033,959**
	======	======	======	======

NOTES TO THE FINANCIAL STATEMENTS (continued)

		2015 KSHS	2014 KSHS

11. During the year 2013, the company acquired property in Lamu: Lamu/Hindi Magongoni/599,756,782,783 and Lamu/Lake Kenyatta II /509 & 522 for a total of Kshs 102,000,000.

    The fair value model has been applied for the Investment Property. The company commissioned an independent quality valuer to determine the fair value of investment property on 6th September 2013 on the basis of open market value. The open market value of all properties was determined using the ruling market values. This Valuation was done by Knight Frank Valuers Ltd.

12. **Cash and Bank Balances**

	2015 KSHS	2014 KSHS
CFC Stanbic Bank (Kshs)	828,949	9,276,909
CFC Stanbic Bank (Usd)	51,256	2,889,256
Cash in Hand	26,436	1,043
	906,641	**12,167,208**

The Company's cash and Bank balances are held with a major Kenyan financial institution and, insofar as the directors are able to measure any credit risk to the assets, it is deemed to be limited.
The carrying amounts of the Company's cash and cash equivalents are dominated in Kenya shillings.

13. **Trade and Other Receivables**

	2015 KSHS	2014 KSHS
Rent Deposit	647,130	647,130
Parking Deposit	42,000	42,000
	689,130	**689,130**

In the opinion of the directors, the carrying amounts of trade and other receivables represent their fair value and the Company's exposure to debt is limited.

NOTES TO THE FINANCIAL STATEMENTS (continued)

		2015 KSHS	2014 KSHS
14.	**Deferred Tax**		
	Balance Brought Forward	(2,786,329)	(349,464)
	Current Tax	(3,537,726)	(2,436,865)
		(6,324,055)	**(2,786,329)**

Deferred tax is calculated, in full, on all temporary timing differences under the liability method using a principal tax rate of 30%.

		2015 KSHS	2014 KSHS
15.	**Share Capital**		
	Authorized Shares 125,000@100	12,500,000	12,500,000
	Issued and Fully Paid 102,272 @100	10,227,200	10,227,200

The issued and paid up share capital of the group was increased during the year from 78,400 to 102,272 Shares by the issuance of 23,872 fully Paid at Shs.100 each.

		2015 KSHS	2014 KSHS
16.	**Share Premium**		
	Balance Brought Forward	99,692,870	97,080,070
	Issue of Cash	-	2,612,800
		99,692,870	**99,692,870**
17.	**Shareholders Loan**		
	Loan from Shareholders	14,088,700	12,788,700
		14,088,700	**12,788,700**

Shareholders Loan is interest free with no set repayment date.

NOTES TO THE FINANCIAL STATEMENTS (continued)

		2015 KSHS	2014 KSHS
18.	**Trade and Other Payables**		
	Audit and Accounting Fees	120,000	80,000
	Trade Payables (Suppliers)	87,578	76,894
	Directors Advances to the Company	211,198	988,161
		418,776	**1,145,055**

Trade payables are stated at their nominal value. Director's advances to the company are at no interest charge.

19.	**Earnings Per Share**		
	Earnings Per Share	(118)	(79)

20. **INCORPORATION**

The company is incorporated in Kenya under the Kenyan Companies Act.

21. **CURRENCY**

The accounts are prepared in Kenya Shillings (KSHS). All foreign currency transactions have been converted into Kenya Shillings using the rate at the closing rate in accordance with International Accounting Standard No. 21.