Vision

To be a leading vehicle for wealth creation through sound resource mobilization.

Mission

To contribute to sustainable economic growth of our communities by pooling resources for sound, innovative and market driven investments that are professionally managed and guarantees maximum returns.

Our Slogan

Your Umbrella in fair weather'



CORPORATE INFORMATION

Board of Directors

- Mr. Ernest Mungai Gatoru
- Mr. Stanley M. Gachui
- Mr. Laban Musundi
- Ms. Joanne Muhatia
- Ms. Lucy Wangari Mwangi
- Mr. James Mwangi Wagura
- Ms. Angela Nyanjong
- Mr Michael Murichu
- Ms. Vivian Awuor

- Chairman
- Vice-Chairman
- Secretary
- Director
- Director
- Director
- Director
- Director
- Chief Executive Officer



Company Secretary

Gilbert Nyamweya Omoke

Registrar

Co-operative Bank of Kenya

Bankers

Kenya Commercial Bank Limited Moi Avenue Branch

P O Box 30081-00100

Nairobi, Kenya

Co-operative Bank

Nairobi Business Center Branch

P O Box 48231-00100

Nairobi, Kenya



Auditors

Mbai Ndeteni & Associates Certified Public Accountants P O Box 34112-00100

Nairobi, Kenya

Registered Office

Kimisitu Plaza

Woodlands Road, Kilimani

P O Box 37159-00200

Nairobi, Kenya



CHAIRMAN'S STATEMENT

Dear Shareholders

It is my pleasure to welcome you to the second KICL annual general meeting and to present to you the Annual report and the financial statements for the year ended 31stDecember, 2012

This is the first annual report since the company was registered in August 2010; given that the one in the year 2011 AGM was for a period of 16 and half months.

Economic Outlook and Performance

In the fiscal year 2011-2012 Kenya's GDP growth rate was 4.4% compared to 5.8% in the previous year, overall the economy was driven by the Real Estate business, Financial Services, Tourism and Agriculture Sectors

Our profits before tax for the year to 31st December 2012 stood at 13.98 million which is a growth of 10% compared to the last reporting to 31st December 2011.

The company has successfully managed to carry out three projects totalling to 33 acres of land mainly in Kitengela, the parcels being at the Ostrich farm. The current project is at Kitengela, Milimani area, Plans are underway for a concept Initiative that will see the plot owners to carry out development with assistance from KICL partners.

Please join me in my belief that despite many current economic challenges that the Real Estate Industry is going through, the company will continue posting positive results since this is guided by the recently launched KICLStrategic Plan 2013-2017 which will be implemented to the letter.

KICL Shares Drive

As we promised during the first KICL AGM the register was opened from 1st June, 2012 to 30th November, 2012 and six million shares were offered to both existing shareholders and members of KIMISITU SACCO. The targeted growth of 50% shareholding was achieved, however records shows that this growth was achieved from existing shareholders, and for this reason the KICL board is very grateful to you for believing in the potential of KICL. I am also happy to announce that our mother SACCO, Kimisitu is now the only corporate shareholder in KICL. The current shareholding is at 4.7 million shares

meaning we still have 5.3 million shares available

To provide the financial resources necessary to implement the strategic plan 2013-2017, the board has endorsed the need to open the register again this year. The remaining 5.3 million will be on offer, the price and time will be communicated in good time.

KICL Staff

During the first AGM shareholders requested the Board to consider employing a full time Chief Executive Officer (CEO) to enhance service delivery and set the foundation of the KICL corporate culture. I am pleased to announce to you that after a competitive interview process we managed to get a full time CEO. Kindly allow me to introduce to you KICL Chief Executive Officer Vivian Awuor Ogola.

We also established the need to recruit an Accounts Assistant, to manage the day to day financial affairs of the company. Jotham Opiyo joined KICL in late 2012 in this capacity; Jotham is not new to many of you as he provided similar services as an employee of KIMISITU SACCO. As the company business grow, there will be need to hire more staff through open recruitment

Corporate Governance

Your company continues to believe in the importance of good corporate governance and sees it as imperative to our business at all levels. The board is served by four board committees each with properly set terms of reference. A board charter is also available for corporate governance of the KICL board and committees The KICL board and staff attended a two day training in project development and business planning facilitated by one of our development partners Co-operative Consulting Services Itd.

During the year, Mr. James Wagura resigned from the KICL Board and also as the Chairman of the Audit Committee due to personal reasons. I would like to take this opportunity to sincerely thank Mr. Wagura for his dedication and the commitment with which he served the Company.

We take this opportunity to inform you that the Board on the basis of articles 91 and 100 of the company's Articles of Association competitively sourced from the





general shareholders and appointed Mr. David Michael Murichu who is an accomplished Procurement and Logistics Officer at IOM (Somalia), as a replacement for Mr. Wagura. He brings to the Board his relevant expertise. It is the Board's hope that this meeting will ratify his appointment to the Board, therefore re-elect him to the Board. The Board has determined the purpose and number of committees required to support it in carrying out its duties and responsibilities and in guiding management. These committees have been established with' sets of specific terms of reference.

The Board committees namely: Executive Committee (Excom), Audit committee, Human Resource and Training and Investment committee.

Elections

According to articles 105, 107 and 110 of the Articles of Association a third of the Members of the Board will retire from the Board every two years. Though in the last AGM you confirmed the interim Board of Directors to serve for a period of 2 years, the board decided it was more equitable to observe the requirements of the articled of association firmly.

Two Board members, Ernest Gatoru and Joanne Muhatia are therefore retiring and are eligible for re-election as per the provisions of the articles of association.

Ernest Gatoru has offered himself for re-election; however Joanne has opted not to offer herself for re-election.

This meeting will also make confirmation of one who is a replacement of the Director who had resigned vide article 96 (e) of the articles of association.

The board announced the vacant position to the shareholders three months ago. From the applications received, the board will present two shareholders, from whom you will elect one to the board of directors of KICL.

Dividend

Despite the reduced growth in the Kenyan economy, your company's performance in 2012 was relatively successful since we managed to return a modest growth in profits. There is a high demand for financial resources to implement the strategy; however the opportunity cost for not declaring a dividend at a time of focus in increasing shareholders base could be high. In this regard the Board in accordance with article 121,122

and 125 of the articles of Association does hereby recommend a first and final dividend of Kshs.1.25 per share (12.5% par value) to be paid to shareholders whose names appears on KICL shares register as at the close of business, on 30th April 2013. Dividend will be paid net of withholding taxes.

Appointment of Auditors

The board has shortlisted three audit firms after a thorough competitive interview process as provided for by the KICL article 145 of the Articles of Association. Your board is proposing that the meeting appoint Messrs John Willis & Associates as the company auditors for 2013 books of accounts. The board also seeks your authority to fix their remuneration.

Strategic Plan

We launched the 2013-2017 strategic plan in October 2012. We have now revised it and incorporated the numerous inputs received from you during the special general meeting held in October 2012. The Board together with management has now embarked on its implementation and you will receive progress reports on a regular basis. We encourage you to visit KICL website which will be having several bulletins on where we are in the implementation.

Appreciation

The success of KICL would not be possible without the continued support of our Shareholders and other Stakeholders. On behalf of the Board, I take this opportunity to once again extend my sincere gratitude to you all.

I would also like to recognize the contribution of the Board of the organizations we have invested in without whom we would not have achieved the good performance. Finally I would like to appreciate the contribution and efforts of KICL staff and my fellow colleagues in the KICL Board and urge them on as we build KICL.

May God bless you all

Ernest M. Gatoru, *Chairman* 20 April, 2013



CHIEF EXECUTIVE OFFICER'S REPORT

On behalf of the Staff who runs the KICL, I would like to take this opportunity to thank the Board of Directors for their true dedication to serving the Company, timely support and flexible decision making which has enabled growth of KICL.

I would also like to thank the shareholders, who have loyally patronized our services and products, and the others who have offered insightful suggestions for improvement. May I also acknowledge the dedicated service of the staff, I am proud of you all.

The Financial year ended 31st December 2012, has been another successful year for Kimisitu Investment Co Ltd (KICL). I am pleased with the performance achieved financially and to inform you that we achieved positive growth in turnover, total assets, shareholders and profitability during the year under review as highlighted below.

The 4 most dangerous words in investing ar 'This time its different' Sir John Templeton

Financial Performance

Since KICL was incorporated it has not borrowed funds from banks and it adopted a strategy of financing investment activities from the share capital of the company and the day to day operations are financed from income generated from short term deposits and investments in banks.

We opened KICL register to enable the company boost our share capital from 30% to the current 55% and this has enabled the company to undertake major projects without having to borrow from banks whose interest rates has been very high in the year 2012.

KICL launched her strategic plan in October 2012, much capital will be needed to finance her future projects which will be more real estate products than what is being offered currently; and in this connection I do hereby request you to express interest in purchasing additional shares once the Board opens up the KICL register.

We are pleased with the performance achieved and to inform you that we achieved positive growth in turnover, assets, Share capital and profitability during the year. As highlighted in the summary below.

Key Performance Indicators Year 2011 Vs 2012

	2012	2011	CHANGE 201	2
STATISTICAL KPI'S			No	
Share Holders	1082	851	231	27%
Shares	4,721,937	3,037,045	1,684,892	55%
Share Capital	51,807,573	30,370,450	21,437,123	71%
Investments	35,000,000	40,896,669	(5,896,669)	-14%
OPERATING KPI'S				
INCOME	Kshs	Kshs	Kshs	
Other Interest Income	2,394,908	2,146,439	248,469	12%
Sales	22,616,554	16,850,884	5,765,670	34%
TOTAL INCOME	25,011,462	18,997,323	6,014,139	32%
RUNNING EXPENSES				
Staff Costs	4,737,737	2,167,206	2,570,531	119%
Office & Administration expenses	5,664,808	3,626,001	2,038,807	56%
Financial Charges	627,980	389,986	237,994	61%
	11,030,525	6,183,193	4,847,332	



Products

During the last AGM shareholders requested for cheaper but prime plots and despite land prices having increased tremendously we managed to trade with Thirty(33)acres at Kitengela, Ostrich farm area also known as Enkasiti. We managed to get 10 acres for which we had an overwhelming demand which saw us get more land within the same vicinity, the plots were sold for Kshs375,000 and Kshs410,000 respectively. We take this opportunity to thank all our esteemed customers, both Shareholder and non-Shareholders participated in this project.

There has been a request from Shareholders that we get them prime and affordable plot that they can develop immediately. In view of this need, KICL acquired 10 acres land recently at the prestigious Milimani area in Kitengela. The company meanwhile recently held an open day on 16th March, 2013 and the turnout was good with over 50 potential customers attending. We urge you to participate in acquiring the said plots and any other projects that we shall be rolling out.

Further to this, we are also prospecting for other viable parcels and or properties in various areas in such places like; Ngong, Kangundo road, Mombasa road, Thika road and others, allow me to request all of you to volunteer information on where to get land and KICL will do the rest. We shall be rolling out a market research questionnaire for you to complete in order to enable us know which areas are of interest to you and enable us serve you better

TITLE DEEDS

Katani plots

We do admit that the above title deeds have taken longer than expected. We started working on the transfer documents in October 2012, and wish to thank all of you for the quick responses to signing the document, the only handicap is the process in the Lands office, given the ongoing transition in government however, we give our word that we shall embark on the title processing and those who have not signed shall be asked to process their titles by themselves in view of the timeline given.

Kitengela 1 Plots

We must say that we are pleased by the response from the group of customers in this project who have been diligent to sign the transfer forms for title deeds processing. This has been completed and the documents are to be sent to the Land office.

Kitengela II Plots

Wish to thank all the customers who participated in the

Balloting of the plots which was held in January 2013. The transfer forms are in progress and the customers will soon be invited to sign the documents.

Technology

Kimisitu Investment Co Ltd has identified Technology as a growth and competitive platform. To this end we are in the process of sourcing for Software that will indeed meet our needs in terms of service delivery. We have also introduced the SMS alerts to enable us to communicate to our Shareholders effective. Lined up in the pipeline are an improved interactive Website, an interactive Facebook page and Twitter pages.

Shareholders' Registration

As per our Chairman's statement, Let us be our brothers keeper and share with each of our colleagues at our duty stations and work places in the benefits from investment in KICL. This will enable us grow our share capital to Kshs 100M mark and also to enable us give quality investments as well.

Marketing and Education

In response to Shareholders request on marketing KICL, which is fairly a new organization to the KIMISITU fraternity, we shall embark on running marketing open days in the various organizations that are affiliated with Kimisitu SACCO since this is where we do draw our Shareholders, we therefore do request you to market KICL and wish to persuade each and every one of us to take up the appointment and responsibility of being "KICL AMBASSADORS".

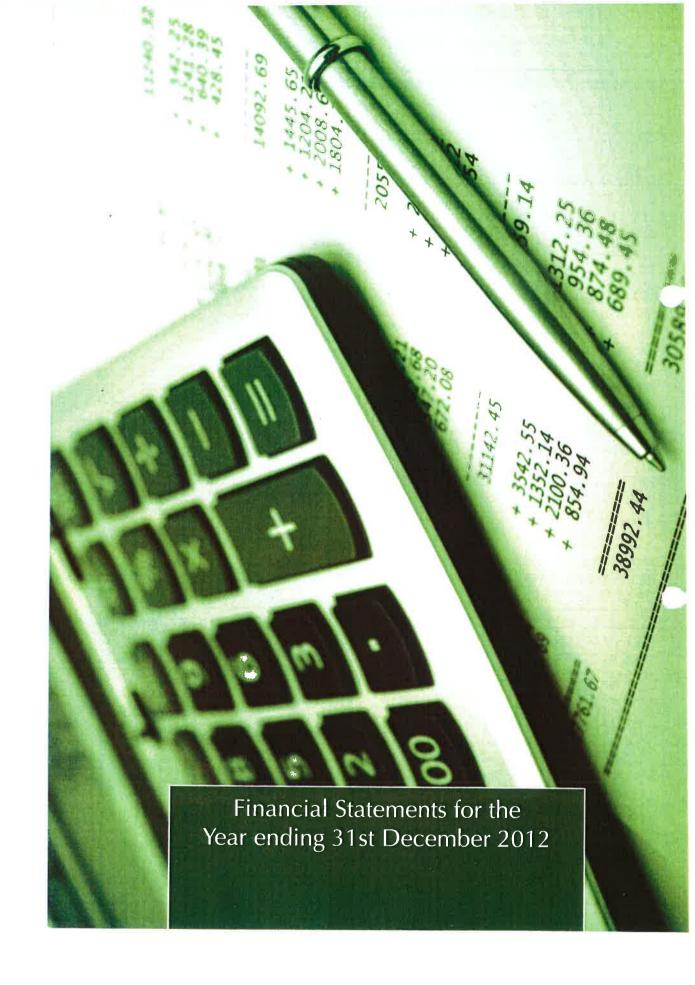
What does the future hold for us?

This is a question that each of us is asking themselves, as KICL we wish to embark on larger projects like Development of houses, or Joint ventures where if we have a plot, we can partner with a developer which will be at a subsidized rate to our shareholders. We would also like to partner with developers such that we can negotiate better and affordable prices for their developments for our shareholders.

In conclusion, I would like to thank the Board for their support, staff for the diligence and shareholders for believing in us. I wish to thank also our strategic partners for their support and I wish everyone a prosperous 2013.

Wheatt Awuor Ogola, Chief Executive Officer

20 April, 2013





KIMISITU INVESTMENT COMPANY LIMITED REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER 2012

The members of the Board of Directors submit their annual report together with the audited financial statements for the financial year ended 31st December, 2012.

1. Incorporation

The company is incorporated in Kenya under the Company's Act, Cap. 486 and is domiciled in Kenya.

2. Principal Activity

The principal activities of the company are;

- Purchase and sale of land
- Leasing of properties
- Mortgaging of property
- Any other deal in land or property of any tenure.

3. Dividend

The Board of Directors have made a provision for dividends on shares at the rate of Kshs 1.25 per share.

4. The Board of Directors

The members of the Board of Directors who served during the year and to the date of this report are as listed on page 1.

5. Independent Auditor

The Company's auditors, Messrs; **Mbai Ndeteni & Associates**, have expressed their willingness to continue in office.

By Order of the Board;

Chairman

13th April 2013

KIMISITU INVESTMENT COMPANY LIMITED STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE BOARD FOR THE YEAR ENDED 31 DECEMBER 2012

The members of the Board are responsible for preparing the financial statements for each accounting period, which give a true and fair view of the state of affairs of the Company as at the end of the period and of its operating results for that period. The members of the Board are also required to ensure that the Company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The members of the Board are also responsible for safe guarding the assets of the Company.

The members of the Board accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates in conformity with International Financial Reporting Standards. The members of the Board are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company as at 31 December, 2012 and of its operating results for the year then ended.

The members of the Board further accept responsibility for the maintenance of accounting records which have been relied upon in the preparation of these financial statements, as well as on the adequacy of the systems of internal financial controls.

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

Approved by the Board of Directors on 13th April 2013 and signed by;

Chairman

Director

Director





report of the auditors to the shareholders of kimisitu investment Company limited for the year ended 31 december 2012

Basis of the Audir

We have audited the accompanying financial statements of the Company set out on pages 13 to 24 which have been prepared on the basis of the accounting policies and standards set out in note 2 of these statements. These financial statements comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, cash flow statement for the year ended 31st December 2012, and a summary of significant accounting policies and other explanatory notes as well as detailed profit and loss account.

Responsibilities of the Board Members on the financial statements

The Board members are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reports Standards and in compliance with the requirements of the Companies Act, Cap. 486. 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.

Responsibilities of the Auditors

Our responsibility is to express an independent opinion on the 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 our audit so as to obtain reasonable assurance whether the financial statements are free from material misstatement, due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Basis of our Opinion:

An audit involves performing procedures, on a test basis, to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depended on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors considered the internal control 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 effectiveness of the company's internal controls.

An audit also includes an evaluation of the appropriateness of accounting policies and the reasonableness of significant accounting estimates made by the Board in the preparation of the financial statements as well as an evaluating the overall presentation of the financial statements.

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

Our Opinion

In our opinion, proper records of accounts have been kept and the financial statements, which are in agreement therewith, give a true and fair view of the state of the company's financial affairs at 31st December, 2012 and of the profit and cash flow for the year then ended and comply with the requirements of the Companies Act, Cap 486, Laws of Kenya, and in accordance with the applicable International Financial Reporting Standards.

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF KIMISITU INVESTMENT COMPANY LIMITED FOR THE YEAR ENDED 31 DECEMBER 2012 (CONT'D)

Report on other legal and regulatory requirements:

As required by the Kenya 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 examinations of those books; and
- iii) The financial statements of the company are in agreement with the books of account.

Mbai Ndeteni & Associates

Mbri Adorei & A. Dasts

Certified Public Accountants (Kenya)





KIMISITU INVESTMENT COMPANY LIMITED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	12 months Year 2012 Kshs	17 months Year 2011 Kshs
Operations Income			
Net income from sale of property		22,616,554	16,850,884
Other income		2,394,908	2,146,439
Total income		25,011,462	18,997,323
Expenditure			
Staff costs		4,737,737	2,167,206
Office and administration costs		5,664,808	3,626,001
Financial charges		627,980	389,986
Total Expenditure		11,030,525	6,183,193
Profit before tax		13,980,937	12,814,130
Taxation	10	(2,910,077)	(3,296,897)
Profit after taxation		11,070,860	9,517,233

Note:

Detailed analysis of the income and expenditure above are reflected on page 23.

KIMISITU INVESTMENT COMPANY LIMITED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2012

Assets Non Current Assets	Note	12 months Year 2012 Kshs	17 month Year 2011 Kshs
Fixed assets Total Non-current Assets 102,617	3	420,865	102,617 420,865
Current Assets Inventory Trade and other receivables Cash and cash equivalents	4 5 6	2,961,631 21,864,440 50,185,550	492,477 3,284,288 44,884,026
Total Current Assets Total Assets		75,011,621 75,432,486	48,660,791 48,763,408
Equity and Liabilities Equity Share capital Share premium Retained earnings	7 7 (pg 15)	47,214,370 4,593,203 8,712,115	30,370,450 5,872,779
Total Equity		60,519,688	36,243,229
Current Liabilities Trade and other payables Dividends payable Taxation payable Total Current Liabilities 14,912,798 12,520,180	8 9 10	5,919,275 6,083,448 2,910,074	5,578,829 3,644,454 3,296,897
Total Equity and Liabilities		75,432,486	48,763,408

The financial statements on pages 13 to 24 were approved by the Board of Directors and authorised for issue on 13th April 2013 and signed on their behalf by;

Chairman

Director

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KIMISITU INVESTMENT COMPANY LIMITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

8	Note	Share capital Kshs	Retained earnings Kshs	Total equity Kshs
At 1 January, 2012 Issue during the year Extraordinary item	- 11	30,370,450 21,437,123	5,872,779 = (2,329,727)	36,243,229 21,437,123 (2,329,727)
Profit for the period after taxation			11,070,860	11,070,860
Dividend proposed		51,807,573	14,613,912 (5,901,796)	66,421,485 (5,901,796)
At 31 December, 2012		51,807,573	8,712,115 J	60,519,688
		Share capital Kshs	Retained earnings Kshs	Total equity
At 1 August, 2010 Issue during the period		30,370,450	K5H5	Kshs 30,370,450
Profit for the period after taxation			9,517,233	9,517,233
Dividend proposed		30,370,450	9,517,233 (3,644,454)	39,887,683 (3,644,454)
At 31 December, 2011		30,370,450	5,872,779	36,243,229

KIMISITU INVESTMENT COMPANY LIMITED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2012

		12 months Year 2012	17 months Year 2011
-9	Note	Kshs	Kshs
Cashflow from operating activities			(4)
Profit before taxation		13,980,937	12,814,130
Adjustment for:			
Depreciation		120,734	26,760
Extraordinary item	11	(2,329,727)	120
		11,771,944	12,840,980
(Increase)/Decrease in debtors		(18,580,152)	(3,284,288)
Increase/(Decrease) in trade and other paya	bles	340,446	5,578,829
(Increase)/ Decrease in inventory		(2,469,154)	(492,477)
Income taxes paid		(3,296,900)	
		(12,233,816)	14,642,953
Cashflows from investing activities			
Purchase of fixed assets		(438,981)	(129,377)
		(438,981)	(129,377)
Cashflow from financing activities			
Paid up share capital		21,437,123	30,370,450
Dividends paid		(3,462,802)	
		17,974,321	30,370,450
Net cashflow from all activities		5,301,524	44,884,026
Cash and Cash equivalents at start of the	e period	44,884,026	
Cash and Cash equivalents at end of the	period	50,185,550	44,884,026





1. Incorporation

The Company which is a public company limited by shares was incorporated on 13th August 2010 and commenced its operations immediately.

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

a) Basis of preparation:

i) Statement of compliance

The financial statements are prepared in accordance and in compliance with the relevant International Financial Reporting Standards (IFRS), and are presented in the functional currency, Kenya Shillings (Kshs).

ii) Basis of measurement

The measurement basis applied in the financial statements is the historical cost convention basis, except where otherwise stated in the accounting policies below.

iii) Use of estimates and judgments

The preparation of the financial statements in conformity with International Financial Reporting Standards requires the use of management judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and payments during the reporting period. It also requires the board to exercise judgment in the process of applying the accounting policies adopted by the Company. Although such estimates and assumptions are based on the board's best knowledge of current events and actions, actual results ultimately may differ from those estimates. Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period of income in which the estimate is reviewed and in any future periods affected.

b) Recognition of Income

Sales income and other income are recognized on receipt and any balance thereof recognized as amount receivable in the period in which the company transacts business, and the customer has accepted the service.

All expenses are recognized in the period when incurred and any balance thereof recognized as amount payable.

c) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks.

d) Employee benefits

Retirements benefits obligation

The employees of the company contribute to the National Social Security Fund, a national retirement benefit scheme. Contributions are determined by the local statute and the company's contributions are

charged to the profit and loss account in the period which they relate. The company also contributes to staff provident fund held by CFC life insurance Company at the rate of 12.5% of the employees' pensionable pay while the employees pay 5% of their individual pensionable pay.

Staff medical insurance cover

The company has and operates a group personal accident cover for staff, group life assurance cover for staff and a medical insurance cover for the employees and their immediate next of kin.

e) Property and equipment

Depreciation is calculated on a reducing balance method at annual rates estimated to write off the cost of the assets over their expected useful lives at the following annual rates;

Computer equipment	30.0%
Office equipment	12.5%
Furniture & fittings	12.5%

f) Taxation

Tax on operating results for the period comprises the current charge and deferred tax. Current tax is provided on the results in the period as shown in the financial statements adjusted in accordance with the tax legislation.

3. Financial Risk Management, objectives and policies

The Company's activities expose it to a variety of financial Risks including liquidity risks, market risks and credit risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential side effects on its financial performance. Risk management is carried out by the management of the Company who identifies, evaluates and hedges financial risks under policies approved by the Board of Directors. A description of significant risks factors is given below with the risk management policies applicable.

a) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and availability of funding from adequate and reliable sources of funds. Funds are raised mainly from revenue, loans from directors and receipts from related party entities. Due to the dynamic nature of the Company's operations, the management maintains flexibility in funding and limits dependence on any one source of funds. The Company continually assesses the liquidity risk by identifying and monitoring changes in the funding required meeting business goals and overall strategy.





The table below analyses the Company's financial liabilities that will be settled on a net basis

Due on demand Kshs	Due after one year Kshs	Total Kshs
5,919,275	*	5,919,275
2,910,074	85	2,910,074
8,829,349		8,829,349
Due on demand Kshs	Due after one year Kshs	Total Kshs
1,657,037		1,657,037
3,293,799		3,293,799
4,950,836	2	4,950,836
	5,919,275 2,910,074 8,829,349 Due on demand Kshs 1,657,037 3,293,799	Kshs Kshs 5,919,275 2,910,074 8,829,349 Due on demand Kshs Shs 1,657,037 3,293,799

b) Market risk

Market risk is the risk that changes in market prices such as interest rate and foreign exchange rates which affect the company's income or value of its holdings of financial instruments.

Foreign exchange risk

The Company does not operate under any foreign currency, thus it has no risk exposure arising from foreign exchange currency.

ii. Cash flow and fair value interest rate risk

The Company has no significant interest bearing assets. Its receipts and operating cash flows are independent of changes in market interest rates.

c) Credit risk

Credit risks arises from cash and cash equivalents, deposits with banks as well as trade and other receivables. The Company does have a significant concentration of credit risks arising from the fixed deposit and call bank accounts as shown in the financial statements.

iii. Cash flow and fair value interest rate risk

The Company has no significant interest bearing assets. Its receipts and operating cash flows are independent of changes in market interest rates.

d) Credit risk

Credit risks arises from cash and cash equivalents, deposits with banks as well as trade and other receivables. The Company does have a significant concentration of credit risks arising from the fixed deposit and call bank accounts as shown in the financial statements.

3. Fixed assets				
	mputers & ccessories Kshs	Office equipment Kshs	Furniture & fittings Kshs	Total Kshs
Cost				110110
At 1.1.2012	60,500	31,677	37,200	129,377
Additions during the period	260,700	24,086	154,195	438,981
. At 31.12.2012	321,200	55,763	191,395	568,358
Depreciation At 1.1.2012	18,150	3,960	4,650	26,760
Charge for the period	90,915	6,475	23,343	120,734
At 31.12.2012	109,065	10,435	27,993	147,494
Net Book Value				
At 31.12.2012	212,135	45,328	163,402	420,865
At 31.12.2011	42,350	27,717	32,550	102,617

4. Inventory

	12 months	17 months
	Year 2012	Year 2011
	Kshs	Kshs
Katani	492,477	492,477
Kitengela 1	905,152	
Kitengela 2	1,564,002	
	2,961,631	492,477
5. Trade & other receivables	/	
Trade receivables	21,819,092	2,714,500
Katani welfare loan	30,000	OE:
Refundable deposits	5,000	5,000
Staff receivable	10.348	

6. Cash & cash equivalents Current bank account Fixed deposit accounts Cash in hand

Bank interest receivable

21,864,440	3,284,288
14,796,441 35,318,836 70,273	3,964,621 40,896,669 22,736
50,185,550	44,884,026

564,788





	12 months Year 2012 Kshs	17 months Year 2011
7. Share capital Authorised share capital: 10,000,000 Ordinary Shares of Kshs 10 each;	100,000,000	Kshs
Issued and fully paid up: Share capital	100,000,000	100,000,000
(4,721,437 Ordinary Shares of Kshs 10 each) Share premium	47,214,370 4,593,203	30,370,450
	51,807,573	30,370,450
8. Trade and other payables		
Trade creditors	2	864,000
Accrued expenses	380,237	191,037
Provision for property allocation expenses	3,344,216	2,498,000
Tax on director's allowances Directors' fee (10% of net	32,010	8
profit before taxation)	1,553,437	1,423,792
Other creditors	609,375	602,000
	5,919,275	5,578,829
7		

The directors have recommended directors' fee of 10% of the company profits before taxation.

9. Proposed dividend

At 31 December	6,083,448	3,644,454
Proposed dividends	5,901,796	3,644,454
	181,652	90
Paid during the period	(3,462,802)	
At the beginning	3,644,454	*
o: i toposed dividend		

The directors have recommended payment of dividend of Kshs 1.25 (2010:Kshs 1.20) per share.

10. Taxation

At 31 December	2,910,074	3,296,897
Provision for current period	2,910,077	3,296,897
Current period payments	(3,296,900)	п
Beginning of year	3,296,897	

Corporate tax payable has been computed at a rate of 30% of the adjusted taxable net profit.

	12 months Year 2012 Kshs	17 months Year 2011 Kshs
11.Extraordinary item		
Extraordinary item is as a result of;		
Directors fees for the year 2011	285,782	-
Katani property allocation expenses		
for the year 2011	2,043,945	-
	2,329,727	18

Directors fees relate to under provision of directors fees for the year 2011. Katani property allocation expenses relate to expenses incurred for the Katani property purchased in the year 2011. The property allocation expenses are included in the tax computation for the year 2012.

12. Profit before tax

Profit before tax is stated after charging;		
Audit fee provision	176,400	69,600
Depreciation	120,733	26,760





KIMISITU INVESTMENT COMPANY LIMITED DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	12 months Year 2012 Kshs	17 months Year 2011 Kshs
Income	1/2112	KSIIS
Sales		
152 Plots of KJD 51085/31992/31993	62,060,000	387
69 Plots of KJD 39001 143 plots of Block 2/54	25,975,000	<u>9</u> €0
143 piots of block 2/54	CAURS HARDS	87,275,142
07 275 142	88,035,000	
87,275,142 Cost of sales		
Opening stock	100 1==	
Purchase of KJD 51085/31992/31993	492,477	2
Purchase of KJD 39001	46,967,239 20,920,361	#
Purchase of Block 2/54	20,920,301	70.016.725
Less closing stock	(2,961,631)	70,916,735 (492,477)
-		
Gross profit from property operations	65,418,446	70,424,258
eross pront from property operations	22,616,554	16,850,884
Other Income		
Fixed and call deposits bank interest	2,394,908	2,146,439
Total other income	2,394,908	2,146,439
Net Income for the year	25,011,462	18,997,323
E D.	•	1 - 70 0 1 70 2 15
Expenditure:		
Staff costs Directors' remuneration and fees		
Staff salaries & benefits	1,553,437	1,423,792
Medical cover	2,476,203	715,547
Employer pension contribution	318,148	
Employer NSSF contribution	230,314	27,267
Staff recruitment expenses	4,200	600
salarities emperioes	155,435	7
Office and administration costs	4,737,737	2,167,206
Rent	480,000	
Incorporation costs	400,000	1,552,082
Plot viewing and search expenses	70,941	223,560
Share registry service fees	450,050	524,520
Board training expenses	381,218	338,000
Board sitting allowances	1,136,165	531,951
AGM expenses	1,290,610	=
Other board expenses	-	73,923
Printing and stationery	174,105	17,264
Transport and travel expenses	98,329	219,619
Telephone and communication	62,809	1,750
Advertisement expenses	108,054	39,933

KIMISITU INVESTMENT COMPANY LIMITED DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012 (CONT'D)

	12 months Year 2012 Kshs	17 months Year 2011 Kshs
Marketing	378,644	13113
Audit fees	176,400	69,600
Professional and legal fees	109,800	
Tax consultancy fees		17,400
Strategic plan consultancy fees	249,268	5
Entertainment	119,442	÷
Website development, hosting and maintenance	103,000	9
Internet domain	7,500	單
Katani welfare	131,882	12
Other office expenses	136,591	16,399
	5,664,808	3,626,001
Financial charges		
Bank charges	63,292	41,261
Withholding tax on bank interest	443,955	321,965
Depreciation	120,733	26,760
	627,980	389,986
Total Expenditure	11,030,525	6,183,193
Profit for the period before taxation	13,980,937	12,814,130
Taxation for the year	(2,910,077)	(3,296,897)
Net profit for the period after taxation	11,070,860	9,517,233

