EXPRESS
KENYA PLC

ANNUAL REPORT 2024

Diniz Holdings Limited

Table of Contents

Group Information

BOARD OF DIRECTORS	Dr. Christopher Walter Obura (Chairman) Hector Robert Diniz Kajal Thakker Davinder Singh Devgun
CHIEF EXECUTIVE OFFICER	Hector Robert Diniz
REGISTERED OFFICE **PRINCIPAL PLACE OF BUSINESS**	L.R. No. 12596/1 Express House Road A, Off Enterprise Road Industrial Area P.O. Box 40433, 00100 NAIROBI
INDEPENDENT AUDITOR	PKF Kenya LLP Certified Public Accountants P O Box 14077 - 00800 Nairobi
COMPANY SECRETARY	Equatorial Secretaries and Registrars Certified Public Secretaries P O Box 47323 – 00100 Nairobi
PRINCIPAL BANKERS	Diamond Trust Bank Kenya Limited Nairobi NCBA Bank Nairobi
LEGAL ADVISOR	Archer and Wilcock Advocates Nairobi
SHARE REGISTRAR	Custody and Registrars Services Limited NAIROBI
SUBSIDIARIES	Express Mombasa Limited Container Services Limited Airporter Limited

Notice of Annual General Meeting

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTICE IS HEREBY GIVEN that the Fifty Third Annual General Meeting of the company will be virtually/hybrid held on Thursday, 26th June 2025 at 11.00 a.m to conduct the following business:

1. To table the proxies and to note the presence of a quorum.
2. To read the notice convening the meeting.
3. To confirm the minutes of the Fifty Third Annual General Meeting of the Company held on 26th June 2024.
4. To receive, consider and adopt the Audited Financial Statements for the year ended 31st December 2024 together with the Chairman's Statement and the reports of the Directors and Auditors thereon.
5. To note that the Directors do not recommend payment of a dividend for the financial year ended 31st December 2024.
6. To approve the Directors' fees as indicated in the Audited Financial Statements for the year ended 31st December 2024.
7. "To re-elect a Director. Mr. Davindar Devgun Singh who retires by rotation in accordance with Article 113 of the Company's Articles of Association and being eligible, offers himself for re- election as a director of the company."
8. To note reappoint Messrs. PKF Kenya LLP, Certified Public Accountants having offered themselves to continue in office as external Auditors to the Company by virtue of section 721(2) of the Companies Act. 2015 and to authorize the Directors to fix their remuneration for the ensuing financial year.
9. Any Other Business of which due notice has been received.

BY ORDER OF THE BOARD

ESR KENYA LLP
SECRETARIES

DENNIS AROKA
ESR KENYA LLP
COMPANY SECRETARY
EXPRESS KENYA PLC

27th May 2025

Chairman’s Statement

"In times of change, resilience is not enough. We must also be bold."

It is both an honour and a responsibility to address you at a time when the rules of business continue to evolve. The past year was not merely a financial cycle-it was a test of vision, leadership, and our collective ability to adapt, evolve, and act with intention.

On the financials, the Company, under the able leadership of the Board and Management, sustained its operations despite prevailing headwinds.

ECONOMIC AND MARKET ENVIRONMENT

Kenya's economic environment remains challenging. Inflation, high input costs, and sectoral pressures have continued to impact business performance and investor confidence. These factors have put pressure on revenue and operations across industries.

In response, we have maintained a deliberate focus on efficiency, cost management, and adaptability. While the operating climate remains tough, Express Kenya PLC remains committed to navigating it with resilience and strategic focus. We are confident that the steps we are taking now will position us well for recovery and long-term growth.

STRATEGIC INITIATIVES

Our ambitions are grounded in operational discipline and a forward-thinking approach. Throughout 2024, we continued refining our internal processes, strengthening governance, and identifying new pathways to deliver sustainable value. These initiatives reflect our drive to future-proof the business and ensure relevance in an evolving marketplace.

APPRECIATION

To the Board, thank you for your guidance, oversight, and unwavering commitment. To our executive team and employees, your resilience and determination remain the cornerstone of our progress and to our shareholders: thank you for your continued trust and belief in our vision. Your support fuels our momentum and our pursuit of intelligent, long-term value creation.

In conclusion, with solid foundations in place and disciplined execution underway, we remai confident in the company's trajectory. The future holds promise, and together, we will shape it with clarity, courage, and consistency.

Yours Truly,

DR. C. W. OBURA
Chairman

Chief Executive Officer's Report

FOR THE YEAR ENDED DECEMBER 31, 2024

"In an era defined by transformation, we do not merely adapt—we lead. Each challenge is a call to innovate, and every shift in the landscape is an invitation to evolve. Let us move ahead with courage, clarity, and conviction—because true resilience lies in the power to reimagine, rebuild, and rise."

-Hector Diniz-
Chief Executive Officer

INTRODUCTION

Dear Shareholders,

As we look back on 2024, we do so with pride and a deep sense of purpose. In a time when global markets continued to experience volatility and local pressures tested even the most stable companies, Express Kenya PLC has stayed the course—grounded in discipline, driven by strategy, and guided by a vision that extends far beyond logistics.

We focused on strengthening our core business, improving financial resilience, and enhancing operational efficiency. These efforts have not only helped us weather challenging conditions but have also positioned us to respond decisively to new opportunities.With each milestone reached, we reaffirm our position as a dynamic force in Kenya's evolving economy.

2024 PERFORMANCE

This year, we deepened our commitment to operational excellence. Through aggressive cost control, better cash flow management, and rigorous internal reviews, we emerged leaner, more agile, and more financially resilient.Legal settlements from prior periods impacted cash flow, but these have now been substantially addressed, allowing us to sharpen our focus on expansion.

Liquidity-enhancing strategies—such as phased loan repayments and asset reviewsare yielding results. These actionsplace us on solid footing as we move into our next phase of growth.

WAY FORWARD

As we enter 2025, our priorities remain clear: to strengthen our financial foundation, unlock new value for shareholders, and deliver exceptional service to clients.

With a dynamic leadership team, a committed workforce, and a sharpened strategic focus, Express Kenya is well-positioned to seize emerging opportunities and continue delivering on our promise to stakeholders.

ENDING REMARKS

To our shareholders, partners, and customers: thank you for your continued trust. Together, we are not just navigating change—we are shaping it.

With the support of our experienced team and stakeholders, we have confidence that we will unlock new value.

Express Kenya PLC—Driven by Purpose. Powered by Vision. Ready for the Future.

Yours Truly,

HECTOR DINIZ
Chief Executive Officer

The directors submit their report and the audited financial statements of Express Kenya Public Limited Company (the company) and its subsidiaries (together, the group) for the year ended 31 December 2024, which present the financial position of the group and the company as at 31 December 2024 and their financial performance and cash flows for the year then ended.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

During the year 2024, the total turnover of the company and group decreased from Shs. 27,494,322 to Shs.26,378,184. The decrease was mainly attributed to vacating of 3 major tenants during the year and a significant reduction in the annual rent charged to BMK Cranes, a warehousing customer, from Shs. 882,000 to Shs. 70,000 per month, from September 2024, as a result of reduction in the storage space rented by the customer.

KEY PERFORMANCE INDICATORS

	Group		Company	
	2024 Kshs.	2023 Kshs.	2023 Kshs.	2023 Kshs.
Turnover (Shs)	26,378,184	27,494,322	26,378,184	27,494,322
(Loss) for the year (Shs)	(107,906,891)	(103,425,708)	(107,906,891)	(103,425,708)
Earnings Before Interest, Tax Depreciaition and Amortisation (EBITDA)(Shs)	7,689,643	2,996,392	7,689,643	2,996,392

PRINCIPAL RISKS AND UNCERTAINTIES

The group faces a number of risks and uncertainties including financial and operational risks and uncertainties. Changes to these factors, including the macro-economic effect of performance of the Kenyan economy affect the group's business.

In addition to the business risks discussed above, the group's activities expose it to a number of financial risks including credit risk, cash flow and foreign currency risk and liquidity risk as set out on Note 25 to the financial statements.

The group's Board has overall responsibility for its risk management processes in line with the risks mentioned above.

DIVIDEND

The directors do not recommend declaration of a dividend for the year (2023: Nil).

DIRECTORS

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

In accordance with the company's Articles of Association, no director is due for retirement by rotation.

STATEMENT AS TO DISCLOSURE TO THE COMPANY'S AUDITOR

With respect to each director at the time this report was approved:

a) there is, so far as the person is aware, no relevant audit information of which the group's auditor is unaware; and
b) the person has taken all the steps that the person ought to have taken as a director so as to be aware of any relevant audit information and to establish that the group's auditor is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITOR

PKF Kenya LLP, continues in office in accordance with the company's Articles of Association and Section 719 of the Kenyan Companies Act, 2015. The directors monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

Approved by the board of directors on 29TH APRIL 2025 and signed on its behalf by:

BY ORDER OF THE BOARD

DIRECTOR or COMPANY SECRETARY
NAIROBI.

Report of the Directors Remuneration

FOR THE YEAR ENDED DECEMBER 31, 2024

This report of directors' remuneration sets out the remuneration for the Board of Directors of the group.

DIRECTORS' REMUNERATION

2024

		Remuneration Kshs.	Total Kshs.
Dr. C. W. Obura	Chairman	-	-
Hector Diniz	Director	-	-
Kajal Thakker	Director	-	-
Davinder Singh Devgun	Director	-	-
Total		-	-

2023

		Remuneration Kshs.	Total Kshs.
Dr. C. W. Obura	Chairman	-	-
Hector Diniz	Director	-	-
Kajal Thakker	Director	-	-
Davinder Singh Devgun	Director	-	-
Total		-	-

The directors confirm that the report of the directors' remuneration has been prepared in line with the requirements of the Kenyan Companies Act, 2015 and the Capital Markets Authority Code of Corporate Governance for Issuers of Securities to The Public, 2015.

DIRECTOR
NAIROBI.

29th April 2025

Statement of Directors' Responsibilities

FOR THE YEAR ENDED DECEMBER 31, 2024

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and of the company as at the end of the financial year and of its profit or loss for that year. It also requires the directors to ensure that the group keeps proper accounting records that are sufficient to show and explain the transactions of the group and the company; that disclose, with reasonable accuracy, the financial position of the group and company and that enable them to prepare consolidated financial statements of the group and the company that comply with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015. The directors are also responsible for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

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

ii) Selecting and applying appropriate accounting policies; and

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

The Directors confirm that the financial statements give a true and fair view of the financial position of the group and of the company as at 31 December 2024 and of the group's and company's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Kenyan Companies Act, 2015.

In preparing these financial statements the directors have assessed the group's and company's ability to continue as a going concern as set out in Note 1(a) to the financial statements. The directors are of the opinion that the company and its subsidiaries will remain a going concern for at least the next twelve months from the date of this statement based on the factors described in Note 1(a).

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of directors on ....29th April.................... 2025 and signed on its behalf by:

.... DIRECTOR

.... DIRECTOR

Report of The Independent Auditor
To The Members Of Express Kenya Public Limited Company

FOR THE YEAR ENDED DECEMBER 31, 2024

OPINION

We have audited the consolidated financial statements of Express Kenya Public Limited Company and its subsidiaries (together, the group), set out on pages 13 to 60 which comprise the consolidated and company's statements of financial position as at 31 December 2024 and the consolidated and company's statements of profit or loss and other comprehensive income, the consolidated and company's statements of changes in equity and consolidated and company's statements of cash flows for the year then ended, and notes to the consolidated and company's financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the consolidated and company's financial position as at 31 December 2024, and of the consolidated and company's financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Kenyan Companies Act, 2015.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of consolidated financial statements in Kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note l(a) of the consolidated financial statements which indicates that during the year ended 31 December 2024, the group incurred a loss of Shs. 107,906,891 (2023: Shs. 103,425,708) and had accumulated losses of Shs. 606,456,980 (2023: Shs. 563,973,352). These events or conditions, along with other matters as set forth in Note l(a), indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There were no other key audit matters other than the matter described in the Material Uncertainty Related to Going Concern section of our report.

Report of The Independent Auditor
To The Members Of Express Kenya Public Limited Company (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the report of the directors, group information, schedule of direct costs and administrative expenditure, and schedule of other expenditure, included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, the corporate governance statement, the chairman's and managing director's statements, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this audit report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the corporate governance statement, chairman's statement and managing director's statement, and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Kenyan Companies Act, 2015 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible in overseeing the company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report of The Independent Auditor (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

As required by the Kenyan Companies Act, 2015 we report to you, based on our audit, that in our opinion:

i) the information given in the report of the directors on pages 4 and 5 is consistent with the financial statements; and

ii) the auditable part of the directors' remuneration report on page 4 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Charles Waigiri Mukunu, Practising certificate No. 2386.

....

For and on behalf of PKF Kenya LLP
Certified Public Accountants
Nairobi, Kenya

29th April 2025

383/25

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	2024 Kshs.	2023 Kshs.
Revenue from contracts with customers	2	26,378,184	27,494,322
Direct costs		(97,842,810)	(91,104,642)
Gross (loss)		(71,464,626)	(63,610,320)
Other operating income	3	620,000	-
Impairment gain/{loss)	4	22,466	(56,152)
Administrative expenses		(10,992,919)	(15,870,826)
Other operating expenses		(14,015,229)	(12,832,948)
Operating (loss)	5	(95,830,308)	(92,370,246)
Finance costs	7	(40,588,604)	(39,817,508)
(Loss) before tax		(136,418,912)	(132,187,754)
Tax	8	28,512,021	28,762,046
(Loss) for the year		(107,906,891)	(103,425,708)
(Loss) per share			
Basic and diluted (loss) per share	9	(2.26)	(2.17)

The notes on pages 21 to 60 form an integral part of these financial statements.

Report of the independent auditor - pages 9 to 12.

Company Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	2024 Kshs.	2023 Kshs.
Revenue from contracts with customers	2	26,378,184	27,494,322
Direct costs		(97,842,810)	(91,104,642)
Gross (loss)		(71,464,626)	(63,610,320)
Other operating income	3	620,000	-
Impairment gain/(loss)	4	22,466	(56,152)
Administrative expenses		(10,992,919)	(15,870,826)
Other operating expenses		(14,015,229)	(12,832,948)
Operating (loss)	5	(95,830,308)	(92,370,246)
Finance costs	7	(40,588,604)	(39,817,508)
(Loss) before tax		(136,418,912)	(132,187,754)
Tax	8	28,512,021	28,762,046
(Loss) for the year		(107,906,891)	(103,425,708)
(Loss) per share			
Basic and diluted (loss) per share	9	(2.26)	(2.17)

The notes on pages 21 to 60 form an integral part of these financial statements.

Report of the independent auditor - pages 9 to 12.

Consolidated Statement of Financial Position

FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	2024 Kshs.	2023 Kshs.
		As at 31 December	
EQUITY			
Share capital	10	238,557,405	238,557,405
Share premium	10	28,963,264	28,963,264
Revaluation reserve	11	750,915,228	816,338,491
Accumulated losses		(606,456,980)	(563,973,352)
Equity attributable to owners of the company		411,978,916	519,885,807
Non-current liabilities			
Borrowings	12	382,941,593	349,959,107
Lease liabilities	13	50,386,778	51,474,487
Deferred tax	14	380,267,261	408,779,282
		813,595,632	810,212,876
		1,225,574,548	1,330,098,683
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	15	275,892,847	298,790,240
Right-of-use assets	16	917,367,274	997,948,457
		1,193,260,121	1,296,738,697
Current assets			
Inventories	18	28,752,343	28,752,343
Trade and other receivables	19	13,296,107	11,347,520
Cash and cash equivalents	20	608,494	1,216,434
Tax recoverable		31,378,525	31,378,525
		74,035,469	72,694,822
Current liabilities			
Lease liabilities	13	1,087,709	473,575
Trade and other payables	21	40,633,333	38,861,261
		41,721,042	39,334,836
Net current assets		32,314,427	33,359,986
		1,225,574,548	1,330,098,683

The financial statements on pages 13 to 62 were approved and authorised for issue by the Board of Directors on ....29th April........... 2025 and were signed on its behalf by:

....

Dr. Christopher Walter Obura
DIRECTOR

Hector Robert Diniz
DIRECTOR

The notes on pages 21 to 60 form an integral part of these financial statements.
Report of the independent auditor - pages 9 to 12.

Company Statement of Financial Position

FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	As at 31 December 2024 Kshs.	2023 Kshs.
EQUITY			
Share capital	10	238,557,405	238,557,405
Share premium	10	28,963,264	28,963,264
Revaluation reserve	11	750,915,228	816,338,491
Accumulated losses		(608,509,005)	(566,025,377)
Equity attributable to owners of the company		409,926,892	517,833,783
Non-current liabilities			
Borrowings	12	382,941,593	349,959, 107
Lease liabilities	13	50,386,778	51,474,487
Deferred tax	14	380,267,261	408,779,282
		813,595,632	810,212,876
		1,223,522,524	1,328,046,659
REPRESENTED BY			
Non-current assets			
Property, plant and equipment	15	275,892,847	298,790,240
Right-of-use assets	16	917,367,274	997,948,457
		1,193,260,121	1,296,738,697
Current assets			
Inventories	18	28,752,343	28,752,343
Trade and other receivables	19	13,296,107	11,347,520
Cash and cash equivalents	20	608,494	1,216,434
Tax recoverable		31,378,525	31,378,525
		74,035,469	72,694,822
Current liabilities			
Lease liabilities	13	1,087,709	473,575
Trade and other payables	21	42,685,357	40,913,285
		43,773,066	41,386,860
Net current assets		30,262,403	31,307,962
		1,223,522,524	1,328,046,659

The financial statements on pages 13 to 62 were approved and authorised for issue by the Board of Directors on ....29th April............ 2025 and were signed on its behalf by:

....
Dr. Christopher Walter Obura
DIRECTOR

....
Hector Robert Diniz
DIRECTOR

The notes on pages 21 to 60 form an integral part of these financial statements-. Report of the independent auditor - pages 9 to 12.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	Share Capital Kshs.	Share Premium Kshs.	Revaluation Reserve Kshs.	Accumulated Losses Kshs.	Total Kshs.
Year ended 31 December 2023						
At start of year		238,557,405	28,963,264	877,391,885	(521,601,039)	623,311,515
(Loss) for the year		-	-	-	(103,425,708)	(103,425,708)
Transfer of excess depreciation	11	-	-	(87,219,135)	87,219,135	-
Deferred tax on excess depreciation transfer	11	-	-	26,165,741	(26,165,741)	-
At end of year		238,557,405	28,963,264	816,338,491	(563,973,352)	519,885,807
Year ended 31 December 2024						
At start of year		238,557,405	28,963,264	816,338,491	(563,973,352)	519,885,807
(Loss) for the year		-	-	-	(107,906,891)	(107,906,891)
Transfer of excess depreciation	11	-	-	(93,461,804)	93,461,804	-
Deferred tax on excess depreciation transfer	11	-	-	28,038,541	(28,038,541)	-
At end of year		238,557,405	28,963,264	750,915,228	(606,456,980)	411,978,916

The notes on pages 21 to 60 form an integral part of these financial statements.
Report of the independent auditor - pages 9 to 12.

Company Statement of Changes in Equity

FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	Share Capital Kshs.	Share Premium Kshs.	Revaluation Reserve Kshs.	Accumulated Losses Kshs.	Total Kshs.
Year ended 31 December 2023						
At start of year		238,557,405	28,963,264	877,391,885	(523,653,063)	621,259,491
(Loss) for the year		-	-	-	(103,425,708)	(103,425,708)
Transfer of excess depreciation	11	-	-	(87,219,135)	87,219,135	-
Deferred tax on excess depreciation transfer	11	-	-	26,165,741	(26,165,741)	-
At end of year		238,557,405	28,963,264	816,338,491	(566,025,377)	517,833,783
Year ended 31 December 2024						
At start of year		238,557,405	28,963,264	816,338,491	(566,025,377)	517,833,783
(Loss) for the year		-	-	-	(107,906,891)	(107,906,891)
Transfer of excess depreciation	11	-	-	(93,461,804)	93,461,804	-
Deferred tax on excess depreciation transfer	11	-	-	28,038,541	(28,038,541)	-
At end of year		238,557,405	28,963,264	750,915,228	(608,509,005)	409,926,892

The notes on pages 21 to 60 form an integral part of these financial statements.
Report of the independent auditor - pages 9 to 12.

Consoidated Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	2024 Kshs.	2023 Kshs.
Operating activities			
Cash from operations	22	7,579,323	2,182,156
Interest paid on borrowings		(2,576,688)	(5,046,005)
Interest paid on lease liabilities	13	(6,466,985)	(371,708)
Cash (used in) operating activities		(1,464,350)	(3,235,557)
Tax paid		-	(77,625)
Net cash (used in) operating activities		(1,464,350)	(3,313,182)
Investing activities			
Purchase of property, plant and equipment	15	(41,375)	(4,000,000)
Net cash (used in) investing activities		(41,375)	(4,000,000)
Financing activities			
(Repayment of) bank borrowings	12	-	(32,393,539)
(Repayment of) borrowings from directors	12	(4,751,097)	(9,466,601)
(Repayment of) borrowings from related parties	12	(2,245,413)	(1,772,434)
Proceeds from borrowings from related parties	12	-	34,500,000
Proceeds from borrowings from directors	12	8,093,500	27,768,000
(Payment) of principal portion of lease liabilities	13	(473,575)	(5,365,939)
Net cash from financing activities		623,415	13,269,487
(Decrease)/increase in cash and cash equivalents		(882,310)	5,956,305
Movement in cash and cash equivalents			
At start of year		1,216,434	(4,330,592)
(Decrease)/increase		(882,310)	5,956,305
Effect of exchange rate changes		274,370	(409,279)
At end of year	20	608,494	1,216,434

The notes on pages 21 to 60 form an integral part of these financial statements.
Report of the independent auditor - pages 9 to 12.

Company Statement of Cash Flows

FOR THE YEAR ENDED DECEMBER 31, 2024

	Notes	2024 Kshs.	2023 Kshs.
Operating activities			
Cash from operations	23	7,579,323	2,182,156
Interest paid on borrowings		(2,576,688)	(5,046,005)
Interest paid on lease liabilities	13	(6,466,985)	(371,708)
Cash (used in) operating activities		(1,464,350)	(3,235,557)
Tax paid		-	(77,625)
Net cash (used in) operating activities		(1,464,350)	(3,313,182)
Investing activities			
Purchase of property, plant and equipment	15	(41,375)	(4,000,000)
Net cash (used in) investing activities		(41,375)	(4,000,000)
Financing activities			
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Net cash from financing activities		623,415	13,269,487
(Decrease)/increase in cash and cash equivalents		(882,310)	5,956,305
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At start of year		1,216,434	(4,330,592)
(Decrease)/increase		(882,310)	5,956,305
Effect of exchange rate changes		274,370	(409,279)
At end of year	20	608,494	1,216,434

The notes on pages 21 to 60 form an integral part of these financial statements.
Report of the independent auditor - pages 9 to 12.

1. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policy information considered material in the preparation of these financial statements is set out below. The accounting policy information has been consistently applied to all the years presented, unless otherwise stated.

These financial statements comply with the requirements of the Kenyan Companies Act, 2015. The statement of profit or loss and other comprehensive income represent the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

A) BASIS OF PREPARATION

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Transfer between levels of the fair value hierarchy are recognised by the directors at the end of the reporting period during which the change occurred.

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

GOING CONCERN

During the year ended 31 December 2024, the group incurred a loss of Shs.107,906,891 (2023: Shs. 103,425,708) and it had accumulated losses of Shs. 606,456,980 (2023: Shs. 563,973,352). 'The directors consider it appropriate to prepare the group's financial statements on a going concern basis based on the factors described below:

Notes (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

A) BASIS OF PREPARATION (CONTINUED)

GOING CONCERN (CONTINUED)

	Group and Group	
	2024 Kshs.	2023 Kshs.
(Decrease)/increase in cash and cash equivalents	(882,310)	5,956,305
Cash profit for the year before tax	7,689,643	2,996,392
EBITDA	7,689,643	2,996,392

- a significant component of the loss relates to depreciation amounting to Shs. 103,519,951 (2023: Shs. 95,366,638) which does not represent a cash outflow;
- the management has implemented various cost rationalisation measures aimed at ensuring that the group is cash generative or neutral;
- the group has prepared cash flow projections for a period exceeding eighteen months to ensure that it meets its operating obligations;
- the group is pursuing part disposal and part redevelopment of a parcel of land to put up a street mall and a petrol station to generate cashflows in order to reduce third party debts. The disposal of 3 acres of land is at an advanced stage and expected to be completed in 2025 and such support is expected to continue into the future.

In addition to the above strategies employed by the management, the principal shareholder has continuously provided financial support to the group throughout the years.

Based on the above factors and the group's risk management policies, the directors are of the opinion that the group is well placed to continue in business for the foreseeable future.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE GROUP

The group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024. The group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

AMENDMENTS TO IAS 1 'CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT' AND 'NON-CURRENT LIABILITIES WITH COVENANTS'

The amendments to IAS 1 'Classification of Liabilities as Current or Non-current' and 'Non-current Liabilities with Covenants' (issued in January 2020 and October 2022) clarify the criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement for at least 12 months after the reporting date. In addition, a requirement has been introduced to require disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

AMENDMENTS TO IAS 7 AND IFRS 7 'SUPPLIER FINANCE ARRANGEMENTS' (ISSUED IN MAY 2023)

The amendments to IAS 7 and IFRS 7 'Supplier Finance Arrangements' (issued in May 2023), clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

A) BASIS OF PREPARATION (CONTINUED)

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY GROUP (CONTINUED)

AMENDMENT TO IFRS 16 'LEASE LIABILITY IN A SALE AND LEASEBACK' (ISSUED IN SEPTEMBER 2022)

The amendment requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments had no impact on the group financial statements.

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these consolidated 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 to IAS 21 'Lack of Exchangeability' (issued in August 2023), effective for annual periods beginning on or after 1 January 2025, with early adoption permitted, specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of an entity's financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

- Amendments to IFRS 9 and IFRS 7 'Classification and Measurement of Financial Instruments' (issued May 2024), effective for annual periods beginning on or after 1 January 2026, clarify that a financial liability is derecognised on the 'settlement date', i.e., when the related obligation is discharged, cancelled, expires or the liability otherwise qualifies for derecognition. They also introduce an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met.

  The amendments also clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features and the treatment of non-recourse assets and contractually linked instruments.

  They also require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income.

- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (issued in September 2014), applicable from a date yet to be determined, address a current conflict between the two standards and clarify that a gain or loss should be recognized fully when the transaction involves a business, and partially if it involves assets that do not constitute a business.

- IFRS 18 'Presentation and Disclosure in Financial Statements' (issued in April 2024), replaces IAS 1 'Presentation of Financial Statements'. IFRS 18 introduces new categories and subtotals the statement of profit or loss. It also requires disclosure of newly defined management-defined performance measures (MPM) and includes new requirements for the location, aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements (PFS) and the notes.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

A) BASIS OF PREPARATION (CONTINUED)

NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED BUT NOT EFFECTIVE (CONTINUED)

- Narrow-scope amendments have been made to IAS 7 Statement of Cash Flows, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest.

- IAS 33 Earnings per Share has been amended to include additional requirements that permit entities to disclose additional amounts per share, only if the numerator used in the calculation meets specified criteria.

  Some requirements previously included within IAS 1 have been moved to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which has been renamed IAS 8 Basis of Preparation of Financial Statements. IAS 34 Interim Financial Reporting has also been amended to require disclosure of MPMs.

  IFRS 18, and the amendments to the other accounting standards, is effective for reporting periods beginning on or after 1 January 2027 and will apply retrospectively. Early adoption is permitted and must be disclosed.

  The group is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

- IFRS 19 'Subsidiaries without Public Accountability: Disclosures' (issued in May 2024), effective for annual periods beginning on or after 1 January 2027, with early adoption permitted, allows subsidiaries without public accountability of a parent that prepares consolidated financial statements, available for public use, which comply with IFRS Accounting Standards (eligible entities) to elect to apply IFRS 19's reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. An entity applying IFRS 19 is required to disclose that fact as part of its general IFRS Accounting Standards compliance statement.

  Except where indicated above, the directors do not expect that adoption of these standards and interpretations will have a material impact on the financial statements in future periods. The group plans to apply the changes above, if applicable, from their effective dates.

B) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the group financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Revisions to estimates are recognised prospectively.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

B) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

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.

- **Useful lives, depreciation methods and residual values of property, plant and equipment, intangible assets and right-of-use assets**

  Management reviews the useful lives, depreciation methods and residual values of the items of property, plant and equipment, intangible assets and right-of-use assets on a regular basis. During the financial year, the directors determined no significant changes in the useful lives and residual values. The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are disclosed in notes 15, 16 and 17 respectively.

- **Fair value measurement and valuation.process**

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

- **Measurement of expected credit losses (ECL):**

  The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumption about future economic conditions and credit behaviour.

  A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

  - Determining criteria for significant increase in credit risk;
  - Choosing appropriate models and assumptions for the measurement of ECL;
  - Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and associated ECL; and
  - Establishing group's of similar financial assets for the purposes of measuring ECL.

  ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument.

  The measurement of ECLs are based primarily on the product of the instrument's Probability of Default (PD), Loss Given Default (LGD), and Exposure At Default (EAD).

  The ECL model applied for financial assets, other than trade receivables, contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition.

  - Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

  - Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

B) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

- **Measurement of expected credit losses (ECL) (continued)**

-When one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred, the financial asset is considered credit-impaired and is migrated to Stage 3, and an allowance equal to lifetime expected losses continues to be recorded or the financial asset is written off.

Assessment of significant increase in credit risk: The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. IFRS 9 however includes rebuttable presumptions that contractual payments that are overdue by more than 30 days will represent a significant increase in credit risk (stage 2) and contractual payments that are more than 90 days overdue will represent credit impairment (stage 3). The group uses these guidelines in determining the staging of its financial assets unless there is persuasive evidence available to rebut these presumptions.

Provision for expected credit losses of trade receivables and contract assets

The group uses a provision matrix to calculate EC Ls for trade receivables and contract assets.

The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the group's historical observed default rates. The group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amounts of the group's financial assets that are subject to impairment assessment are disclosed in notes 19 and 20.

- **Accounting for leases under IFRS 16**

Management has made various judgements and estimates under IFRS 16 as detailed below:

Incremental borrowing rate: to determine the incremental borrowing rate, the group:
- where possible, uses recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, currency and security.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

B) SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

- **Accounting for leases under IFRS 16(CONTINUED)**

Lease term/period: in determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of warehouses, the following factors are normally the most relevant:
- If there are significant penalties to terminate (or not extend), the group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the group is typically reasonably certain to extend (or not terminate).
- Otherwise, the group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in warehouses leases have not been included in the lease liability, because the group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

The carrying amounts of lease liabilities and right-of-use assets are disclosed in notes 13 and 16, respectively.

Impairment of non-financial assets

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset.

The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The carrying amounts of property, plant and equipment, right-of-use assets and intangible assets are disclosed in notes 15, 16 and 17, respectively.

Inventories - work-in-progress

The group reviews its work-in-progress at each reporting date. In determining the valuation of work-in-progress, the management makes judgement as to whether costs incurred towards the work in progress will be subsequently recovered.

C) SEGMENTAL REPORTING

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

Notes (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

D) REVENUE RECOGNITION

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

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the specific criteria have been met for each of the group's activities as described below.

The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved. The group bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of each arrangement.

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

E) INVESTMENT IN SUBSIDIARIES/CONSOLIDATION

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 December 2024. 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 investee; is exposed or has right to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

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

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. Assets, liabilities, income and expenses liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

E) INVESTMENT IN SUBSIDIARIES/CONSOLIDATION(CONTINUED)

- Changes in ownership interests in subsidiaries without change of control

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

- Disposal of subsidiaries

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

F) PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less accumulated depreciation and any accumulated impairment losses (except as stated below). Historical cost comprises expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Buildings are subsequently measured at fair value, based on periodic valuations, less subsequent depreciation.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and credited to revaluation reserve in equity except to the extent that the increase reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. Decreases that offset previous increases of the same asset are charged to other comprehensive income. All other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the 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. period in which they are incurred.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

F) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Rate
Leasehold improvements	over remaining lease period
Buildings	over remaining lease period
Plant and machinery	12.50
Furniture, fittings and equipment	12.50
Motor vehicles	25
Computers and copiers	30

Capital work in progress is not depreciated.

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

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating loss. On disposal of revalued assets amounts in the revaluation reserve relating to the particular assets being disposed of are transferred to retained earnings in the statement of changes in equity.

G) TRANSLATION OF FOREIGN CURRENCIES

Transactions in foreign currencies during the year are converted into Kenya Shillings {the functional currency), at the rates ruling at the transaction dates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

H) FINANCIAL INSTRUMENTS

Financial instruments are recognised when, and only when, the group becomes party to the contractual provisions of the instrument.

Financial assets

Purchases or sales of financial assets are recognised initially using the trade date accounting, which is the date the group commits itself to the purchase or sale.

The group classifies its financial assets into the following categories:

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

H) FINANCIAL INSTRUMENTS (CONTINUED)

Financial assets (continued)

i) Amortised cost:

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost; the carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured.

ii) Fair Value Through Other Comprehensive Income (FVTOCI):

At initial recognition of a financial asset, the group determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The group reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the group has not identified a change in its business models.

iii) Fair Value Through Profit or Loss (FVTPL):

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the statement of profit or loss and other comprehensive income.

Notwithstanding the above, the group may:
- on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income.

- on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the group has transferred substantially all risks and rewards of ownership, or when the group has no reasonable expectations of recovering the asset.

Impairment

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

The group recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost or at fair value through other compressive income (FVTOCI):

- cash and cash equivalents
- trade and other receivables

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade and other receivables and for financial instruments for which:
- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

H) FINANCIAL INSTRUMENTS (CONTINUED)

Financial asset (continued)

Impairment

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the reporting date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

All financial liabilities are classified as non-current except those held for trading, those expected to be settled in the group's normal operating cycle, those payable or expected to be paid within 12 months of the reporting date and those which the group does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

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

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

I) CASH AND CASH EQUIVALENTS

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

J) INTANGIBLE ASSETS - COMPUTER SOFTWARE

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

K) INVENTORIES - WORK-IN-PROGRESS

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

L) 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. In this case, the tax is also recognised in other comprehensive income or equity.

Current tax

The current income tax charge/credit is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

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 amounts for financial reporting purposes at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of he deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Offsetting

The group offsets deferred tax assets and deferred tax liabilities if, and only if, it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

Value Added Tax (VAT)

Expenses and assets are recognised net of the amount of VAT except:

- when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- receivables and payables are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

M) ACCOUNTING FOR LEASES

The group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The group as a lessee:

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the group recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the group is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the group's incremental borrowing rate is used.

For leases that contain non-lease components, the group allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

Leasehold land and buildings are subsequently carried at revalued amounts, based on periodic valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses. All other right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. Depreciation is calculated using the straight-line method to write down the cost of each asset to its residual value over its estimated useful life. If ownership of the underlying asset is not expected to pass to the group at the end of the lease term, the estimated useful life would not exceed the lease term.

Increases in the carrying amount arising on revaluation are recognised in other comprehensive income and accumulated in equity under the heading of revaluation reserve. Decreases that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases are recognised in profit or loss. Annually, the difference between the depreciation charge based on the revalued carrying amount of the asset recognised in profit or loss and depreciation based on the asset's original cost (excess depreciation) is transferred from the revaluation reserve to the retained earnings.

The group as lessor:

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the lessee are classified as finance leases. All other leases are classified as operating leases Payments received under operating leases are recognised as income in profit or loss on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

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

Notes (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

1. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

N) IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL

At the end of each reporting period, the group reviews the carrying amounts of its tangible and intangible 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 asset is estimated in order to determine the extent of the impairment loss (if any).

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually.

An impairment loss is recognised for the amount by which the carrying amount of an asset or a cash generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In this case, management determines the recoverable amount of the CGU to which the asset belongs.

A CGU is the smallest identifiable group of assets that generates cash flows that are largely independent of cash inflows from other assets or groups of assets.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation

Impairment losses of continuing operations are recognised in profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

O) 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 group’s contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

P) SHARE CAPITAL AND SHARE PREMIUM

Ordinary shares are classified as equity.

Any amounts received over and above the par value of the shares issued are classified as 'share premium' in equity.

Q) COMPARATIVES

There were no changes in presentation in the current year.

2. SEGMENT INFORMATION

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

- **Warehousing:** includes storage of customers' goods in the group's warehousing facility.
- **Real estate:** includes the real estate development arm of the group.

Clearing and forwarding and real estate segments are currently dormant. The group's main operating segment remains that of warehousing.

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

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

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

During the year, the group recognised revenue of Shs. 8,150,704 (2023: Shs. 10,399,609) from a single customer that represents 30.38% (2023: 37.82%) of total turnover.

The segment results are as follows:

Year ended 31 December 2024

	Warehousing Kshs.	Real estate Kshs.	Total Kshs.
Revenue	26,378,184	-	26,378,184
Direct costs	(97,842,810)	-	(97,842,810)
Gross (loss)	(71,464,626)	-	(71,464,626)
Other operating income (Note 3)	620,000	-	620,000
Impairment reversals (Note 4)	22,466	-	22,466
Operating and administrative expenses	(25,008,148)	-	(25,008,148)
Finance costs (Note 7)	(40,588,604)	-	(40,588,604)
(Loss) before tax	(136,418,912)	-	(136,418,912)
Tax credit (Note 8)	28,512,021	-	28,512,021
(Loss) for the year	(107,906,891)	-	(107,906,891)

During the year, the group had no revenue or expenditure relating to the real estate and clearing and forwarding segment.

2. SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2023	Warehousing Kshs.	Real estate Kshs.	Total Kshs.
Revenue	27,494,322	-	27,494,322
Direct costs	(91,104,642)	-	(91,104,642)
Gross (loss)	(63,610,320)	-	(63,610,320)
Impairment provisions (Note 4)	(56,152)	-	(56,152)
Operating and administrative expenses	(28,703,774)	-	(28,703,774)
Finance costs (Note 7)	(39,817,508)	-	(39,817,508)
(Loss) before tax	(132,187,754)	-	(132,187,754)
Tax credit (Note 8)	28,762,046	-	28,762,046
(Loss) for the year	(103,425,708)	-	(103,425,708)

Other segment items included in profit or loss are:

	Warehousing Kshs.	Real estate Kshs.	Total Kshs.
Year ended 31 December 2024			
Depreciation on property, plant and equipment	22,938,768	-	22,938,768
Year ended 31 December 2023			
Depreciation on property, plant and equipment	21,631,260	-	21,631,260

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

	Warehousing Kshs.	Real estate Kshs.	Total Kshs.
Year ended 31 December 2024			
Assets	1,207,164,722	28,752,343	1,235,917,065
Liabilities	475,049,413	-	475,049,413
Year ended 31 December 2023			
Assets	1,309,302,651	28,752,343	1,338,054,994
Liabilities	440,768,430	-	440,768,430

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

Segment liabilities comprise operating liabilities, corporate borrowings and provision for legal claims. They exclude deferred tax.

3. OTHER OPERATING INCOME	Group		Company	
	2024 Kshs.	2023 Kshs.	2024 Kshs.	2023 Kshs.
Miscellaneous income	620,000	-	620,000	-

4. IMPAIRMENT PROVISIONS

Expected Credit (gains)/losses on cash and bank balances (Note 20)	(10,300)	13,086	(10,300)	13,086
Expected Credit (gains)/losses on trade receivable balances (Note 19)	(12,166)	43,066	(12,166)	43,066
	(22,466)	56,152	(22,466)	56,152

5. OPERATING (LOSS)

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

Depreciation on property, plant and equipment (Note 15)	22,938,768	21,631,260	22,938,768	21,631,260
Depreciation on right-of-use assets (Note 16)	80,581,183	73,735,378	80,581,183	73,735,378
Auditors' remuneration				
- current year	900,000	1,200,000	900,000	1,200,000
- (over)/underprovision in prior years	(564,980)	250,300	(564,980)	250,300
Bad debts written off	166,960	-	166,960	-
Operating lease rentals	2,725,165	2,675,704	2,725,165	2,675,704
Repairs and maintenance	654,428	1,248,521	654,428	1,248,521
Staff costs (Note 6)	5,466,493	6,827,564	5,466,493	6,827,564

6. STAFF COSTS

Salaries and wages:				
- administrative	4,969,028	6,398,511	4,969,028	6,398,511
Staff welfare and other costs	151,466	140,317	151,466	140,317
Pension costs:				
- National Social Security Fund	191,847	132,880	191,847	132,880
- Defined Contribution Scheme	154,152	155,856	154,152	155,856
	5,466,493	6,827,564	5,466,493	6,827,564

The average number of persons employed during the year, by category, were:	Group and Company 2024 Number	2023 Number
Management and administration	9	11

7. Finance costs

	Group and Company 2024 Kshs.	2023 Kshs.
Interest expense:		
- bank overdraft	-	774,951
- bank loan	-	4,271,054
- other borrowings	40,851,172	32,546,450
- lease liabilities	6,466,985	371,708
Foreign exchange (gain)/loss	(6,729,553)	1,853,345
	40,588,604	39,817,508

8. Tax

	Group 2024 Kshs.	2023 Kshs.	Company 2024 Kshs.	2023 Kshs.
Current tax	-	-	-	-
Deferred tax (credit) (Note 14)	(28,512,021)	(28,762,046)	(28,512,021)	(28,762,046)
	(28,512,021)	(28,762,046)	(28,512,021)	(28,762,046)
The tax on the group's and company's (loss) before tax differs from the theoretical amount that would arise using the basic rate as follows:				
(Loss) before tax	(136,418,912)	(132,187,754)	(136,418,912)	(132,187,754)
Tax calculated at a tax rate of 30% (2023: 30%)	(40,925,674)	(39,656,326)	(40,925,674)	(39,656,326)
Tax effect of:				
- expenses not deductible for tax purposes	313,474	11,756,666	313,474	11,756,666
- tax loss brought forward	(154,915,380)	(155,777,766)	(154,915,380)	(155,777,766)
- tax loss carried forward	167,015,559	154,915,380	167,015,559	154,915,380
Tax (credit)	(28,512,021)	(28,762,046)	(28,512,021)	(28,762,046)

9. BASIC AND DILUTED (LOSS) PER SHARE

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

	Group		Company	
	2024	2023	2024	2023
Net (loss) attributable to shareholders (Shs.)	(107,906,891)	(103,425,708)	(107,906,891)	(103,425,708)
Number of ordinary shares (Number)	47,711,481	47,711,481	47,711,481	47,711,481
Basic and diluted (loss) per share (Shs.)	(2.26)	(2.17)	(2.26)	(2.17)
Weighted average number of shares	47,711,481	47,711,481	47,711,481	47,711,481

10.Share capital

	Group and Company	
	2024 Kshs.	2023 Kshs.
Authorised: 250,000,000 (2023: 250,000,000) ordinary shares of Shs. 5 each	1,250,000,000	1,250,000,000
Issued and fully paid: 47,711,481 (2023: 47,711,481) ordinary shares of Shs. 5 each	238,557,405	238,557,405
Share premium	28,963,264	28,963,264

11. Revaluation reserve

	Group and Company	
	2024 Kshs.	2023 Kshs.
Leasehold land (right-of-use asset)	606,244,345	658,759,972
Buildings	144,670,883	157,578,519
	750,915,228	816,338,491
The movement of the reserve is as follows:		
At start of year	816,338,491	877,391,885
Transfer of excess depreciation	(93,461,804)	(87,219,135)
Deferred tax on excess depreciation	28,038,541	26,165,741
At end of year	750,915,228	816,338,491

11. REVALUATION RESERVE(CONTINUED)

	Group and Company	
	2023 Kshs.	2023 Kshs.
Leasehold land (right-of-use asset)		
At start of year	658,759,972	707,621,798
Transfer of excess depreciation	(75,022,324)	(69,802,609)
Deferred tax on excess depreciation (Note 14)	22,506,697	20,940,783
At end of year	606,244,345	658,759,972
Buildings		
At start of year	157,578,519	169,770,087
Transfer of excess depreciation	(18,439,480)	(17,416,526)
Deferred tax on excess depreciation (Note 14)	5,531,844	5,224,958
At end of year	144,670,883	157,578,519

The revaluation reserve arose upon the revaluation of leasehold land (right-of-use asset) and buildings. The reserve is not distributable.

12. BORROWINGS

	Group and Company	
	2024 Kshs.	2023 Kshs.
Non-current		
Borrowings from related parties (Note 24)	164,559,730	158,329,742
Borrowings from directors (Note 24)	218,381,863	191,629,365
	382,941,593	349,959,107

Reconciliation of liabilities arising from financing activities:	Related parties Kshs.	Directors Kshs.	Total Kshs.
Year ended 31 December 2024			
At start of year	158,329,742	191,629,365	349,959,107
Interest charged to profit or loss	17,441,077	23,410,095	40,851,172
Unrealised foreign exchange (gain)	(6,388,988)	-	(6,388,988)
Cash flows:			
- operating activities (interest paid)	(2,576,688)	-	(2,576,688)
- proceeds from borrowings	-	8,093,500	8,093,500
- (repayment) of borrowings	(2,245,413)	(4,751,097)	(6,996,510)
At end of year	164,559,730	218,381,863	382,941,593

12. BORROWINGS (CONTINUED)

Reconciliation of liabilities arising from financing activities (continued):	Bank borrowing Kshs.	Related parties Kshs.	Directors Kshs.	Total Kshs.
Year ended 31 December 2023				
At start of year	32,393,539	110,284,790	154,612,688	297,291,017
Interest charged to profit or loss	4,271,054	13,831,172	18,715,278	36,817,504
Unrealised foreign exchange (gain)	-	1,486,214	-	1,486,214
Cash flows:				
- operating activities (interest paid)	(4,271,054)	-	-	(4,271,054)
- proceeds from borrowings	-	34,500,000	27,768,000	62,268,000
- (repayment) of borrowings	(32,393,539)	(1,772,434)	(9,466,601)	(43,632,574)
At end of year	-	158,329,742	191,629,365	349,959,107

Borrowings from related parties and directors are unsecured and are not payable within the next 12 months.

Weighted average effective interest rates at the year end were:	Group and Company	
	2024 %	2023 %
- borrowings from related parties	12	12
- borrowings from directors	12	12

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

In the opinion of the directors, the carrying amounts of short-term borrowings approximate to their fair value and it is impracticable to assign fair values to the company's long-term liabilities due to inability to forecast interest rate and exchange rate changes.

The carrying amounts of borrowings are denominated in the following currencies:	Group and Company	
	2024 Kshs.	2023 Kshs.
Kenya Shillings	352,312,152	313,163,203
United States Dollar	30,629,441	36,795,904
	382,941,593	349,959,107

Maturity based on the repayment structure of non-current borrowings is as follows:	Group and Company	
	2024 Kshs.	2023 Kshs.
Between 1 and 2 years	30,629,441	36,795,904
No fixed maturity period	352,312,152	313,163,203
	382,941,593	349,959,107

13. LEASE LIABILITIES

Non-current	50,386,778	51,474,487
Current	1,087,709	473,575
	51,474,487	51,948,062

13. LEASE LIABILITIES (CONTINUED)

	Group and Company	
	2024 Kshs.	2023 Kshs.
Reconciliation of lease liabilities:		
At start of year	51,948,062	5,365,939
Additions in the year	-	51,948,062
Interest charged to profit or loss	6,466,985	371,708
Cash flows:		
- operating activities (interest paid)	(6,466,985)	(371,708)
- payments under leases	(473,575)	(5,365,939)
At end of year	51,474,487	51,948,062

Lease liabilities are secured by a right over the leased assets.

The exposure of the group's leases to interest rate changes and the contractual repricing dates at the reporting date are as follows:

0 - 12 months	1,087,709	473,575
1 - 5 years	19,682,852	14,340,793
Over 5 years	30,703,926	37,133,694
	51,474,487	51,948,062

Weighted average effective interest rates at the reporting date were 12.5%.

The carrying amounts of the group's lease liabilities are denominated in Kenya shillings.

Maturity based on the repayment structure of lease liabilities is as follows:
Gross lease liabilities - minimum lease payments

	Group and Company	
	2024 Kshs.	2023 Kshs.
Not later than 1 year	7,461,102	6,940,560
Later than 1 year and not later than 5 years	46,587,273	43,336,998
Over 5years	37,199,775	47,911,152
Total gross lease	91,248,150	98,188,710
Future interest expense on leases liabilities	(39,773,663)	(46,240,648)
Present value of lease liabilities	51,474,487	51,948,062

Present value of lease liabilities - minimum lease payments

Not later than 1 year	1,087,709	473,575
Over 1 year	50,386,778	51,474,487
	51,474,487	51,948,062

14. DEFERRED TAX

Deferred tax is calculated, in full, on all temporary differences under the liability method using principal tax rates of 30% (2023: 30%). The movement on the deferred tax account i 275,892,847

	Group and Company	
	2023 Kshs.	2023 Kshs.
At start of year	408,779,282	437,541,328
(Credit)/charge to profit or loss (Note 8)	(28,512,021)	(28,762,046)
At end of year	380,267,261	408,779,282

Deferred tax liabilities in the statement of financial position, deferred tax (credit) to profit or loss are attributable to the following items

Notes (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

14. DEFERRED TAX (CONTINUED)

Deferred tax liabilities in the statement of financial position, deferred tax (credit) to profit or loss are attributable to the following items:

Year ended 31 December 2024

	At start of year Kshs.	(Credit)/charge to profit or loss Kshs.	At end of year Kshs.
Deferred tax liabilities			
Property, plant and equipment	61,018,074	(1,192,856)	59,825,219
Revaluation - buildings	67,533,652	(5,531,844)	62,001,808
Revaluation - leasehold land	282,325,703	(22,506,697)	259,819,006
Right of use assets	15,584,419	(1,558,442)	14,025,977
Unrealised exchange gain	-	2,018,866	2,018,866
	426,461,848	(28,770,973)	397,690,875
Deferred tax (assets)			
Provisions	(1,542,144)	6,740	(1,535,404)
Unrealised exchange loss	(556,004)	110,139	(445,864)
Lease liabilities	(15,584,419)	142,073	(15,442,346)
	(17,682,566)	258,952	(17,423,614)
Net deferred tax liability	408,779,282	(28,512,021)	380,267,261

Year ended 31 December 2023

	At start of year Kshs.	(Credit)/charge to profit or loss Kshs.	At end of year Kshs.
Deferred tax liabilities			
Property, plant and equipment	62,065,464	(1,047,390)	61,018,074
Revaluation - buildings	72,758,610	(5,224,958)	67,533,652
Revaluation - leasehold land	303,266,486	(20,940,783)	282,325,703
Right of use assets	1,070,615	14,513,804	15,584,419
	439,161,175	(12,699,327)	426,461,848
Deferred tax (assets)			
Provisions	(1,299)	(1,540,846)	(1,542,145)
Deferred exchange losses	(8,766)	8,766	-
Unrealised exchange loss	-	(556,004)	(556,004)
Lease liabilities	(1,609,782)	(13,974,637)	(15,584,419)
	(1,619,847)	(16,062,719)	(17,682,567)
Net deferred tax liability	437,541,328	(28,762,046)	408,779,281

Deferred tax assets on tax losses carried forward and deductible temporary differences are only recognised to the extent of certainty of availability of sufficient future taxable profits to utilise such losses and deductible temporary differences against. Deferred tax assets amounting to Shs. 167 million (2023: Shs. 154.9 million) in respect of tax losses carried forward amounting to Shs. 556.7 million (2023: Shs. 516.4 million) that can be carried forward indefinately against future taxable profits have not been recognised.

15. PROPERTY, PLANT AND EQUIPMENT - GROUP

Year ended 31 December 2024

	Leasehold Improvements Kshs.	Buildings Kshs.	Pant and Machinery Kshs.	Furniture, Fittings and Equipment Kshs.	Motor Vehicles Kshs.	Computers and copiers Kshs.	Capital work in progress Kshs.	Total Kshs.
Cost or valuation								
At start of year	3,189,655	312,800,000	15,500,991	35,628,825	2,724,562	37,847,134	4,000,000	411,691,167
Additions	-	-	-	41,375	-	-	-	41,375
At end of year	3,189,655	312,800,000	15,500,991	35,670,200	2,724,562	37,847,134	4,000,000	411,732,542
Comprising								
Cost	3,189,655	-	15,500,991	35,670,200	2,724,562	37,847,134	4,000,000	98,932,542
Valuation	-	312,800,000	-	-	-	-	-	312,800,000
	3,189,655	312,800,000	15,500,991	35,670,200	2,724,562	37,847,134	4,000,000	411,732,542
Depreciation								
At start of year	2,666,552	20,660,876	15,500,991	33,628,704	2,639,620	37,804,184	-	112,900,927
Charge for the year	523,103	22,126,357	-	255,187	21,236	12,885	-	22,938,768
At end of year	3,189,655	42,787,233	15,500,991	33,883,891	2,660,856	37,817,070	-	135,839,695
Carrying amount	-	270,012,767	-	1,786,309	63,706	30,064	4,000,000	275,892,847

Depreciation expense has been charged in profit or loss as follows:	Kshs.
Direct costs	22,147,593
Establishment expenses	791,175
Total	22,938,768

Leasehold improvements and plant and machinery were fully depreciated as at end of year.

Capital work in progress relates to renovation works for the new premises.

15. PROPERTY, PLANT AND EQUIPMENT - COMPANY

Year ended 31 December 2024

	Leasehold Improvements Kshs.	Buildings Kshs.	Pant and Machinery Kshs.	Furniture, Fittings and Equipment Kshs.	Motor Vehicles Kshs.	Computers and copiers Kshs.	Capital work in progress Kshs.	Total Kshs.
Cost or valuation								
At start of year	3,189,655	312,800,000	15,500,991	35,628,825	2,724,562	37,847,134	4,000,000	411,691,167
Additions	-	-	-	41,375	-	-	-	41,375
At end of year	3,189,655	312,800,000	15,500,991	35,670,200	2,724,562	37,847,134	4,000,000	411,732,542
Comprising								
Cost	3,189,655	-	15,500,991	35,670,200	2,724,562	37,847,134	4,000,000	98,932,542
Valuation	-	312,800,000	-	-	-	-	-	312,800,000
	3,189,655	312,800,000	15,500,991	35,670,200	2,724,562	37,847,134	4,000,000	411,732,542
Depreciation								
At start of year	2,666,552	20,660,876	15,500,991	33,628,704	2,639,620	37,804,184	-	112,900,927
Charge for the year	523,103	22,126,357	-	255,187	21,236	12,885	-	22,938,768
At end of year	3,189,655	42,787,233	15,500,991	33,883,891	2,660,856	37,817,070	-	135,839,695
Carrying amount	-	270,012,767	-	1,786,309	63,706	30,064	4,000,000	275,892,847

Depreciation expense has been charged in profit or loss as follows:	Kshs.
Direct costs	22,147,593
Establishment expenses	791,175
Total	22,938,768

Leasehold improvements and plant and machinery were fully depreciated as at end of year.

Capital work in progress relates to renovation works for the new premises.

15. PROPERTY, PLANT AND EQUIPMENT - GROUP

Year ended 31 December 2023

	Leasehold Improvements Kshs.	Buildings Kshs.	Pant and Machinery Kshs.	Furniture, Fittings and Equipment Kshs.	Motor Vehicles Kshs.	Computers and copiers Kshs.	Capital work in progress Kshs.	Total Kshs.
Cost or valuation								
At start of year	3,189,655	312,800,000	15,500,991	35,628,825	2,724,562	37,847,134	-	407,691,167
Additions	-	-	-	-	-	-	4,000,000	4,000,000
At end of year	3,189,655	312,800,000	15,500,991	35,628,825	2,724,562	37,847,134	4,000,000	411,691,167
Comprising								
Cost	3,189,655	312,800,000	15,500,991	35,628,825	2,724,562	37,847,134	4,000,000	98,891,167
Valuation	-	-	-	-	-	-	-	312,800,000
	3,189,655	312,800,000	15,500,991	35,628,825	2,724,562	37,847,134	4,000,000	411,691,167
Depreciation								
At start of year	2,028,621	-	15,500,991	33,342,972	2,611,306	37,785,777	-	91,269,667
Charge for the year	637,931	20,660,876	-	285,732	28,314	18,407	-	21,631,260
At end of year	2,666,552	-	15,500,991	33,628,704	2,639,620	37,804,185	-	112,900,927
Carrying amount	523,103	292,139,124	-	2,000,121	84,942	42,949	4,000,000	298,790,240

Depreciation expense has been charged in profit or loss as follows:	Kshs.
Direct costs	20,689,190
Establishment expenses	942,070
Total	21,631,260

Property and machinery was fully depreciated as at end of year.

Notes (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

15. PROPERTY, PLANT AND EQUIPMENT - COMPANY

Year ended 31 December 2023

	Leasehold Improvements Kshs.	Buildings Kshs.	Pant and Machinery Kshs.	Furniture, Fittings and Equipment Kshs.	Motor Vehicles Kshs.	Computers and copiers Kshs.	Capital work in progress Kshs.	Total Kshs.
Cost or valuation								
At start of year	3,189,655	312,800,000	15,500,991	35,628,825	2,724,562	37,847,134	-	407,691,167
Additions	-	-	-	-	-	-	4,000,000	4,000,000
At end of year	3,189,655	312,800,000	15,500,991	35,628,825	2,724,562	37,847,134	4,000,000	411,691,167
Comprising								
Cost	3,189,655	312,800,000	15,500,991	35,628,825	2,724,562	37,847,134	4,000,000	98,891,167
Valuation	-	-	-	-	-	-	-	312,800,000
	3,189,655	312,800,000	15,500,991	35,628,825	2,724,562	37,847,134	4,000,000	411,691,167
Depreciation								
At start of year	2,028,621	-	15,500,991	33,342,972	2,611,306	37,785,777	-	91,269,667
Charge for the year	637,931	20,660,876	-	285,732	28,314	18,407	-	21,631,260
At end of year	2,666,552	20,660,876	15,500,991	33,628,704	2,639,620	37,804,185	-	112,900,927
Carrying amount	523,103	292,139,124	-	2,000,121	84,942	42,950	4,000,000	298,790,240

Depreciation expense has been charged in profit or loss as follows:	Kshs.
Direct costs	20,689,190
Establishment expenses	942,070
Total	21,631,260

Capital work in progress relates to renovation works for the new premises.

15. PROPERTY, PLANT AND EQUIPMENT - GROUP AND COMPANY

Buildings were professionally valued on 31 December 2022 by Redfearn Valuers Limited on the basis of open market value for buildings. The carrying amounts of the properties were adjusted to the revalued amounts and the resultant surplus net of deferred tax was credited to other comprehensive income.

In determining the valuations for buildings, the valuer refers to current market conditions including recent sales transactions of similar properties - assuming the highest and best use of the properties. There has been no change in the valuation technique used during the year compared to prior years.

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

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

	Group and Company	
	2024 Kshs.	2023 Kshs.
Cost	141,556,623	141,556,623
Accumulated depreciation	(74,979,799)	(71,292,922)
Net book value	66,576,824	70,263,701

16. RIGHT-OF USE ASSETS

	Group and Company		
	Lease of buildings Kshs.	Leasehold land Kshs.	Total Kshs.
At start of year	69,791,646	1,016,167,057	1,085,958,703
Depreciation			
At start of year	17,843,584	70,166,662	88,010,246
Depreciation charge for the year	5,194,806	75,386,377	80,581,183
At end of year	23,038,390	145,553,039	168,591,429
As at 31 December 2024	46,753,256	870,614,018	917,367,274
As at 31 December 2023	51,948,062	946,000,395	997,948,457

The group leases office space. The office space lease that was typically for a period of 5 years 3 months with no option to renew expired on 31 December 2023. The lease did not contain any restrictions or covenants other than the protective rights of the lessor or carries a residual value guarantee.

The current office space was leased out on 1 October 2023 running for a period of 10 years with an option to renew. The lease contains conditions and covenants including the protective rights of the lessor or carries a residual value guarantee.

Leasehold land was professionally valued on 31 December 2022 by Redfearn Valuers Limited on the basis of open market value for leasehold land. The carrying amount of the leasehold land was adjusted to the revalued amounts and the resultant surplus net of deferred tax was credited to other comprehensive income.

Notes (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

16. RIGHT-OF USE ASSETS (CONTINUED)

In determining the valuations for leasehold land, the valuer refers to current market conditions including recent sales transactions of similar properties - assuming the highest and best use of the properties. There has been no change in the valuation technique used during the year compared to prior years.

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

If the leasehold land was stated on the historical cost basis, the amounts would be as follows:

	Group and Company	
	2024 Kshs.	2023 Kshs.
Cost	6,734,985	6,734,985
Accumulated depreciation	(2,184,318)	(1,820,265)
Net book value	4,550,667	4,914,720

17. INTANGIBLE ASSETS - COMPUTER SOFTWARE

Cost		
At start and end of year	306,000	306,000
Amortisation		
At start and end of year	306,000	306,000
Carrying amount	-	-

18. INVENTORIES

At start and end of year	28,752,343	28,752,343

Inventories relate to work-in-progress for the real estate development project.

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2024 Kshs.	2023 Kshs.	2024 Kshs.	2023 Kshs.
Trade receivables	84,828,410	86,653,866	84,828,410	86,653,866
Less: expected credit loss allowance	(81,299,945)	(81,312,111)	(81,299,945)	(81,312,111)
Net trade receivables	3,528,465	5,341,755	3,528,465	5,341,755
Prepayments, deposits and other receivables	7,007,052	3,245,175	7,007,052	3,245,175
Receivable from related parties (Note 24)	2,760,590	2,760,590	2,760,590	2,760,590
	13,296,107	11,347,520	13,296,107	11,347,520

19. TRADE AND OTHER RECEIVABLES (CONTINUED)

	Group		Company	
	2024 Kshs.	2023 Kshs.	2024 Kshs.	2023 Kshs.
Movement in expected credit losses				
At start of year	81,312,111	81,269,045	81,312,111	81,269,045
(Recoveries)/additional provisions	(12,166)	43,066	(12,166)	43,066
At end of year	81,299,945	81,312,111	81,299,945	81,312,111

The carrying amounts of trade and other receivables are denominated in Kenya Shillings.

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

20. CASH AND CASH EQUIVALENTS

	Group and Company	
	2024 Kshs.	2023 Kshs.
Cash at bank and in hand	608,494	1,216,434
For the purposes of the statement of cash flows, the year-end cash and cash equivalents comprise the following:		
The carrying amounts of cash and cash equivalents are denominated in the following currencies:		
Kenya Shillings	485,058	361,190
United States Dollar	123,436	855,244
	608,494	1,216,434
Movement in provision expected credit losses		
At start of year	17,417	4,331
Expected credit loss allowance: - (Decrease)/increase in provision for the year	(10,300)	13,086
At end of year	7,117	17,417

Notes (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2024 Kshs.	2023 Kshs.	2024 Kshs.	2023 Kshs.
Trade payables	14,745,291	14,376,778	14,745,291	14,376,778
Accruals and other payables	20,550,812	22,169,797	20,550,812	22,169,797
Payable to related parties (Note 24)	5,337,230	2,314,686	7,389,254	4,366,710
	40,633,333	38,861,261	42,685,357	40,913,285

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

	Group		Company	
	2024 Kshs.	2023 Kshs.	2024 Kshs.	2023 Kshs.
Kenya Shillings	40,633,333	38,847,721	42,685,357	40,899,745
United States Dollar	-	13,540	-	13,540
	40,633,333	38,861,261	42,685,357	40,913,285

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

	0-3 Months Kshs.	4-12 Months Kshs.	Total Kshs.
Year ended 31 December 2024 - Group			
Trade payables	283,241	14,462,050	14,745,291
Accruals and other payables	3,485,930	17,064,882	20,550,812
Payable to related parties	1,540,861	3,796,369	5,337,230
	5,310,032	35,323,301	40,633,333
Year ended 31 December 2024 - Company			
Trade payables	283,241	14,462,050	14,745,291
Accruals and other payables	3,485,930	17,064,882	20,550,812
Payable to related parties	1,540,861	5,848,393	7,389,254
	5,310,032	37,375,325	42,685,357
Year ended 31 December 2023 - Group			
Trade payables	469,780	13,906,998	14,376,778
Accruals and other payables	9,103,073	13,066,724	22,169,797
Payable to related parties	434,233	1,880,453	2,314,686
	10,007,086	28,854,175	38,861,261
Year ended 31 December 2023 - Company			
Trade payables	469,780	13,906,998	14,376,778
Accruals and other payables	9,103,073	13,066,724	22,169,797
Payable to related parties	434,233	3,932,477	4,366,710
	10,007,086	30,906,199	40,913,285

22. CASH FROM OPERATIONS

Reconciliation of (loss) before tax to cash to cash from operations	Group 2024 Kshs.	Group 2023 Kshs.	Company 2024 Kshs.	Company 2023 Kshs.
(Loss) before tax	(136,418,912)	(132,187,754)	(136,418,912)	(132,187,754)
Adjustments for:				
Depreciation on property, plant and equipment (Note 15)	22,938,768	21,631,260	22,938,768	21,631,260
Depreciation on right-of-use assets (Note 16)	80,581,183	73,735,378	80,581,183	73,735,378
Interest expense	47,318,157	37,964,163	47,318,157	37,964,163
Net foreign exchange (gain)/loss	(6,729,553)	1,853,345	(6,729,553)	1,853,345
Cash flows from operating activities before changes in working capital	7,689,643	2,996,392	7,689,643	2,996,392
Changes in working capital:				
- trade and other receivables	(1,881,631)	(5,970,885)	(1,881,631)	(5,970,885)
- trade and other payables	1,771,311	5,156,649	1,771,311	5,156,649
Cash from operations	7,579,323	2,182,156	7,579,323	2,182,156

23. INVESTMENT IN SUBSIDIARIES

	Country of incorporation	Holding	Company 2024 Kshs.	Company 2023 Kshs.
Express Mombasa Limited	Kenya	100%	284,800	284,800
Container Services Limited	Kenya	100%	1,694,552	1,694,552
Airporter Limited	Kenya	79%	619,808	619,808
Impairment			(2,599,160)	(2,599,160)
			-	-

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

24. RELATED PARTY TRANSACTIONS AND BALANCES

Etcoville Holdings Limited which owns 44.84% (2023: 44.84%) of the company's shares has significant influence over the company. The remaining 55.16% (2023: 55.16%) of the shares are widely held. The ultimate parent company is Etcoville Investments Limited.

The following transactions were carried out with related parties:

Notes (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

24. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

i) Interest charged

	Group		Company	
	2024 Kshs.	2023 Kshs.	2024 Kshs.	2023 Kshs.
Other related party	17,441,077	13,831,172	17,441,077	13,831,172
Directors	23,410,095	18,715,278	23,410,095	18,715,278
	40,851,172	32,546,450	40,851,172	32,546,450

ii) Outstanding balances arising

	Group		Company	
	2024 Kshs.	2023 Kshs.	2024 Kshs.	2023 Kshs.
Receivable from related parties (Note 19)	2,760,590	2,760,590	2,760,590	2,760,590
Payable to related parties (Note 21)	5,337,230	2,314,686	7,389,254	4,366,710
Borrowings from related parties (Note 12)	164,559,730	158,329,742	164,559,730	158,329,742
Borrowings directors (Note 12)	218,381,863	191,629,365	218,381,863	191,629,365
Receivables from related parties can be analysed as follows:				
Other related parties	2,600,994	2,580,794	2,361,714	2,010,898
Subsidiaires	-	-	239,280	569,896
Parent	159,596	179,796	159,596	179,796
	2,760,590	2,760,590	2,760,590	2,760,590
Payable to related parties can be analysed as follows:				
Other related parties	5,337,230	2,314,686	5,165,971	2,194,667
Subsidiaires	-	-	2,223,283	2,172,043
	5,337,230	2,314,686	7,389,254	4,366,710

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

Movement in borrowing from related parties:	Group and company	
	2024 Kshs.	2023 Kshs.
At start of year	158,329,742	110,284,790
Interest	17,441,077	13,831,172
Proceeds from borrowings	-	34,500,000
Repayments	(4,822,101)	(1,772,434)
Foreign exchange (gain)/loss	(6,388,988)	1,486,214
At end of year	164,559,730	158,329,742

24. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

Borrowing from related parties can be analysed as follows:	Group and company 2024 Kshs.	2023 Kshs.
- other related parties	164,559,730	158,329,742

Borrowing from related parties is subject to interest, unsecured and not repayable in the next 12 months.

Movement in borrowing from directors	Group and company 2024 Kshs.	2023 Kshs.
At start of year	191,629,365	154,612,688
Interest	23,410,095	18,715,278
Proceeds	8,093,500	27,768,000
Repayments	(4,751,097)	(9,466,601)
At end of year	218,381,863	191,629,365

Borrowing from directors is subject to interest, unsecured and not repayable in the next 12 months.

25. RISK MANAGEMENT OBJECTIVES AND POLICIES

FINANCIAL RISK MANAGEMENT

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

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

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

(a) Market risk

- Foreign exchange risk

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

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

	Group		Company	
	2024 Kshs.	2023 Kshs.	2024 Kshs.	2023 Kshs.
Effect on (loss) - (decreease)	2,135,420	2,516,794	2,135,420	2,516,794

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

25. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

- Interest rate risk

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

The table on page 53 summarises the effect on post-tax (loss) had interest rates been 1% higher, with all other variables held constant. If the interest rates were lower by 1%, the effect would have been the opposite.

	Group		Company	
	2024 Kshs.	2023 Kshs.	2024 Kshs.	2023 Kshs.
Effect on (loss) - increase	2,547,901	2,044,224	2,547,901	2,044,224

(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.

If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, 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.

In assessing whether the credit risk on a financial asset has increased significantly, the group compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the group considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort. There is a
rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due.

For this purpose, default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations. However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the group does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are recognised on a collective basis. For such purposes, the group groups financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument; and
- industry in which the debtor operates.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract;
- it is probable that the debtor will enter bankruptcy; and
- the disappearance of an active market for the financial asset because of financial difficulties.

25. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

The gross carrying amount of financial assets with exposure to credit risk at the reporting date was as follows:

	Lifetime expected credit losses			
	Group		Company	
	2024 Kshs.	2023 Kshs.	2024 Kshs.	2023 Kshs.
As at 31 December				
Trade receivables	84,828,410	86,653,866	84,828,410	86,653,866
Prepayments, deposits and other receivables	7,007,052	3,245,175	7,007,052	3,245,175
Receivable from related parties	2,760,590	2,760,590	2,760,590	2,760,590
Cash at bank	615,611	1,233,851	615,611	1,233,851
Gross carrying amount	95,211,663	93,893,482	95,211,663	93,893,482
Loss allowance	(81,307,062)	(81,329,528)	(81,307,062)	(81,329,528)
Exposure to credit risk	13,904,601	12,563,954	13,904,601	12,563,954

Financial assets for which the loss allowance has been measured at an amount equal to lifetime expected credit losses have been analysed above based on their credit risk ratings as follows:

a) financial assets for which credit risk has increased significantly since initial recognition but that are not credit impared:
b) trade receivables for which the loss allowance is always measured at an amount equal to lifetime expected credit losses, based as a practical expedient, on provision matrices.

The age analysis of the trade receivables at the end of each year was as follows:

	Not past due Kshs.	30 to 90 days past due Kshs.	90 to 180 days past due Kshs.	Over 180 days past due Kshs.	Total Kshs.
As at 31 December 2024	962,918	(33,547)	2,599,094	81,299,945	84,828,410
As at 31 December 2023	-	2,157,318	3,184,437	81,312,111	86,653,866

25. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (Continued)

The changes in the loss allowance during the year were as follows:

Basis for measurement of loss allowance

	Lifetime expected credit losses		
	Cash and cash equivalents Kshs.	**Trade and other receivables Kshs.**	**Total Kshs.**
Year ended 31 December 2024			
At start of year	17,417	81,312,111	81,329,528
Changes relating to assets	(10,300)	(12,166)	(22,466)
At end of year	7,117	81,299,945	81,307,062

Basis for measurement of loss

	Lifetime expected credit losses		
	Cash and cash equivalents Kshs.	**Trade and other receivables Kshs.**	**Total Kshs.**
Year ended 31 December 2023			
At start of year	4,331	81,269,045	81,273,376
Changes relating to assets	13,086	43,066	56,152
At end of year	17,417	81,312,111	81,329,528

The group does not hold any collateral against the past due or impaired receivables. The management continues to actively follow up past due receivables.

(c) Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities. Cash flows forecasting is performed by the finance department of the group by monitoring the group'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 (where applicable) on any of its borrowing facilities.

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

Notes 12, 13 and 21 disclose the maturity analysis of borrowings, lease liabilities and trade and other payables, respectively.

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

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

25. RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

	Interest Rate %	Less than 1 year Kshs.	1-5 years Kshs.	Over 5 years Kshs.	Total Kshs.
Year ended 31 December 2024 - Group					
Interest bearing liabilities:					
-Borrowing from related parties	12.0%	-	290,010,472	-	290,010,472
-Borrowing from directors	12.0%	-	384,863,460	-	384,863,460
Lease liabilities	12.5%	7,461,102	46,587,273	37,199,775	91,248,150
Non-interest bearing liabilities:					
- Trade and other payables	-	40,633,333	-	-	40,633,333
		48,094,435	721,461,204	37,199,775	806,755,414
Year ended 31 December 2024 - Company					
Interest bearing liabilities:					
-Borrowing from related parties	12.0%	-	290,010,472	-	290,010,472
-Borrowing from directors	12.0%	-	384,863,460	-	384,863,460
Lease liabilities	12.5%	7,461,102	46,587,273	37,199,775	91,248,150
Non-interest bearing liabilities:					
- Trade and other payables	-	42,685,357	-	-	42,685,357
		50,146,459	721,461,204	37,199,775	808,807,438

	Interest Rate %	Less than 1 year Kshs.	1-5 years Kshs.	Over 5 years Kshs.	Total Kshs.
Year ended 31 December 2023 - Group					
Interest bearing liabilities:					
-Borrowing from related parties	12.0%	-	279,031,104	-	279,031,104
-Borrowing from directors	12.0%	-	337,716,418	-	337,716,418
Lease liabilities	12.5%	6,940,560	43,336,998	47,911,152	98,188,710
Non-interest bearing liabilities:					
- Trade and other payables	-	38,861,261	-	-	38,861,261
		45,801,821	660,084,520	47,911,152	753,797,492
Year ended 31 December 2023 - Company					
Interest bearing liabilities:					
-Borrowing from related parties	12.0%	-	279,031,104	-	279,031,104
-Borrowing from directors	12.0%	-	337,716,418	-	337,716,418
Lease liabilities	12.5%	6,940,560	43,336,998	47,911,152	98,188,710
Non-interest bearing liabilities:					
- Trade and other payables	-	40,913,285	-	-	40,913,285
		47,853,845	660,084,520	47,911,152	755,849,516

Notes (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2024

26. CAPITAL MANAGEMENT

The group's objectives when managing capital are:

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

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

The gearing ratios at 31 December 2024 and 2023 were as follows:

	Group		Company	
	2024 Kshs.	2023 Kshs.	2024 Kshs.	2023 Kshs.
Total borrowings (Note 12)	382,941,593	349,959,107	382,941,593	349,959,107
Less, cash and cash equivalents (Note 20)	(608,494)	(1,216,434)	(608,494)	(1,216,434)
Net debt	382,333,099	348,742,673	382,333,099	348,742,673
Total equity	411,978,916	519,885,807	409,926,892	517,833,783
Gearing ratio (%)	93%	67%	93%	67%

27. CONTINGENT LIABILITIES

The group is a defendant in various legal actions. After seeking appropriate legal advice, the directors are of the opinion that the outcomes of such actions are not expected to give rise to any significant losses other than as provided for in the financial statements.

28. INCORPORATION

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

29. PRESENTATION CURRENCY

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

SCHEDULE OF DIRECT COSTS AND ADMINISTRATIVE EXPENDITURE

FOR THE YEAR ENDED DECEMBER 31, 2024

1. DIRECT EXPENSES

	Group		Company	
	2024 Kshs.	2023 Kshs.	2024 Kshs.	2023 Kshs.
Insurance	308,840	248,790	308,840	248,790
Depreciation on right-of-use assets	75,386,377	70,166,662	75,386,377	70,166,662
Depreciation on property, plant and equipment	22,147,593	20,689,190	22,147,593	20,689,190
Total direct costs	97,842,810	91,104,642	97,842,810	91,104,642

2. ADMINISTRATIVE EXPENSES

	Group 2024 Kshs.	Group 2023 Kshs.	Company 2024 Kshs.	Company 2023 Kshs.
Employment:				
Salaries and wages	5,315,027	6,687,247	5,315,027	6,687,247
Staff welfare and other costs	151,466	140,317	151,466	140,317
Total employment costs	5,466,493	6,827,564	5,466,493	6,827,564
Other administration expenses:				
Postages and telephones	426,808	439,008	426,808	439,008
Advertisement expenses	316,713	425,291	316,713	425,291
Travelling and transport	128,110	48,812	128,110	48,812
Printing and stationery	34,944	57,945	34,944	57,945
Subscriptions and periodicals	331,781	(95,321)	331,781	(95,321)
Audit fees - current year	900,000	1,200,000	900,000	1,200,000
- (over)/underprovision in prior years	(564,980)	250,300	(564,980)	250,300
Legal and professional fees	3,231,689	5,628,961	3,231,689	5,628,961
Annual General Meeting expenses	281,471	283,505	281,471	283,505
Bank charges and commissions	94,302	88,649	94,302	88,649
Fines and penalties	12,939	501,764	12,939	501,764
Bad debts written off	166,960	_	166,960	_
Miscellaneous expenses	165,689	214,348	165,689	214,348
Total other administration expenses	5,526,426	9,043,262	5,526,426	9,043,262
Total administrative expenses	10,992,919	15,870,826	10,992,919	15,870,826

3. OTHER OPERATING EXPENSES

	Group		Company	
	2024 Kshs.	2023 Kshs.	2024 Kshs.	2023 Kshs.
Establishment:				
Rent and rates	2,725,165	2,675,704	2,725,165	2,675,704
Electricity and water	817,984	775,081	817,984	775,081
Repairs and maintenance	654,428	1,248,521	654,428	1,248,521
Insurance	-	11,050	-	11,050
Licences	115,050	263,000	115,050	263,000
Security expenses	3,716,621	3,348,806	3,716,621	3,348,806
Depreciation on right-of-use assets	5,194,806	3,568,716	5,194,806	3,568,716
Depreciation on property, plant and equipment	791,175	942,070	791,175	942,070
Total other operating expenses	14,015,229	12,832,948	14,015,229	12,832,948

4. FINANCE COSTS

	Group		Company	
	2024 Kshs.	2023 Kshs.	2024 Kshs.	2023 Kshs.
Interest expense:				
- bank overdraft	-	774,951	-	774,951
- bank loan	-	4,271,054	-	4,271,054
- other borrowings	40,851,172	32,546,450	40,851,172	32,546,450
- lease liabilities	6,466,985	371,708	6,466,985	371,708
Foreign exchange (gain)/loss	(6,729,553)	1,853,345	(6,729,553)	1,853,345
Total finance costs	40,588,604	39,817,508	40,588,604	39,817,508

Company's Top 30 Shareholders

FOR THE YEAR ENDED DECEMBER 31, 2024

Rank	Name	Domicile	Total Shares	%
1.	ETCOVILLE HOLDINGS LIMITED	LC	21,392,898	44.84%
2.	AIRPORT TRADE CENTRE LIMITED	LC	6,461,538	13.54%
3.	DINIZ HOLDINGS LIMITED	LC	5,846,153	12.25%
4.	NDUNGU,PAUL WANDERI	LI	1,912,090	4.01%
5.	SARAJ PROPERTIES LIMITED	LC	1,478,400	3.10%
6.	DINIZ,HECTOR ROBERT	LI	1,391,100	2.92%
7.	MUSANGI,ANDREW MUKITE	LI	698,000	1.46%
8.	NDUNGU,DANIEL KARANJA	LI	574,556	1.20%
9.	HYDERY (P) LIMITED	LI	460,100	0.96%
10.	STANDARD CHARTERED NOMINEES A/C 9397	LC	457,054	0.96%
11.	DINIZ,SYDELLE MARISE NATALIA	LC	318,300	0.67%
12.	SUNTRA NOMINEES A/C 0351	LC	255,800	0.54%
13.	SHAH,VISHAL SUDHIRKUMAR	LI	230,000	0.48%
14.	DEVGUN,DAVINDAR SINGH	LI	189,000	0.40%
15.	SHAH,KUNAL KAMLESH;BID,EKTA BIMAL KUNAL	LI	154,300	0.32%
16.	ELEGANT HOLDINGS LIMITED	LC	150,800	0.32%
17.	ENKULU INVESTMENTS LTD	LC	110,000	0.23%
18.	kotecha,Shivani Ajay;KOTECHA,SHEIL AJAY	LI	107,597	0.23%
19.	SOIN,GURVEEN KAUR	LI	106,000	0.22%
20.	GOCO,ROBINSON NGIGI	LI	98,007	0.21%
21.	MUKUI,JOSEPHAT KIMATA WA	LI	92,331	0.19%
22.	SHAH,MITAL MANSUKHLAL KESHAVJI;SHAH,MANSUKHL SALKESHAVJI; SHAH,NIRMALABEN MANSUKHLAL KESHAVJI	LI	73,200	0.15%
23.	NDONGA,SAMUEL KARIUKI	LI	58,500	0.12%
24.	FRANCIS P NGILLAH	LI	55,027	0.12%
25.	SHAH,SAVITABEN VELJI RAICHAND	LI	53,556	0.11%
26.	CONTINENTAL LOGISTICS NETWORK LTD.	LC	50,258	0.11%
27.	CARVALHO,LUSITANO ROSARIO	LI	50,222	0.11%
28.	STANDARD CHARTERED KENYA NOMINEES LTD A/C KE003970	FC	50,000	0.10%
29.	GUDKA,SHALIN RAMESHCHANDRA	LI	48,000	0.10%
30.	WANEE,ISAAC IRUNGU	LI	47,900	0.10%
	SHARES SELECTED		42,970,687	90.06%
	SHARES NOT SELECTED - 3,990 Shareholders		4,740,794	9.94%
	SHARES ISSUED		47,711,481	100.00%

PROXY FORM FOR THE ANNUAL GENERAL MEETING 26 TH JULY 2025

I/We -- Of P.O. Box --

Share Account No -- being a shareholder of EXPRESS KENYA PLC hereby appoint

Please tick one only

1. Mr/ Mrs/ Ms.-- ☐

of P O Box --

Proxy Mobile No --

Proxy Email address.--

OR

2. The Chairman of the Meeting ☐

as my/our proxy to attend and on a poll vote for me/us on my /our behalf at the Annual General Meeting of the Company to be held virtually on Thursday, 26th July 2025 at 10.00 a.m and at any adjournment thereof.

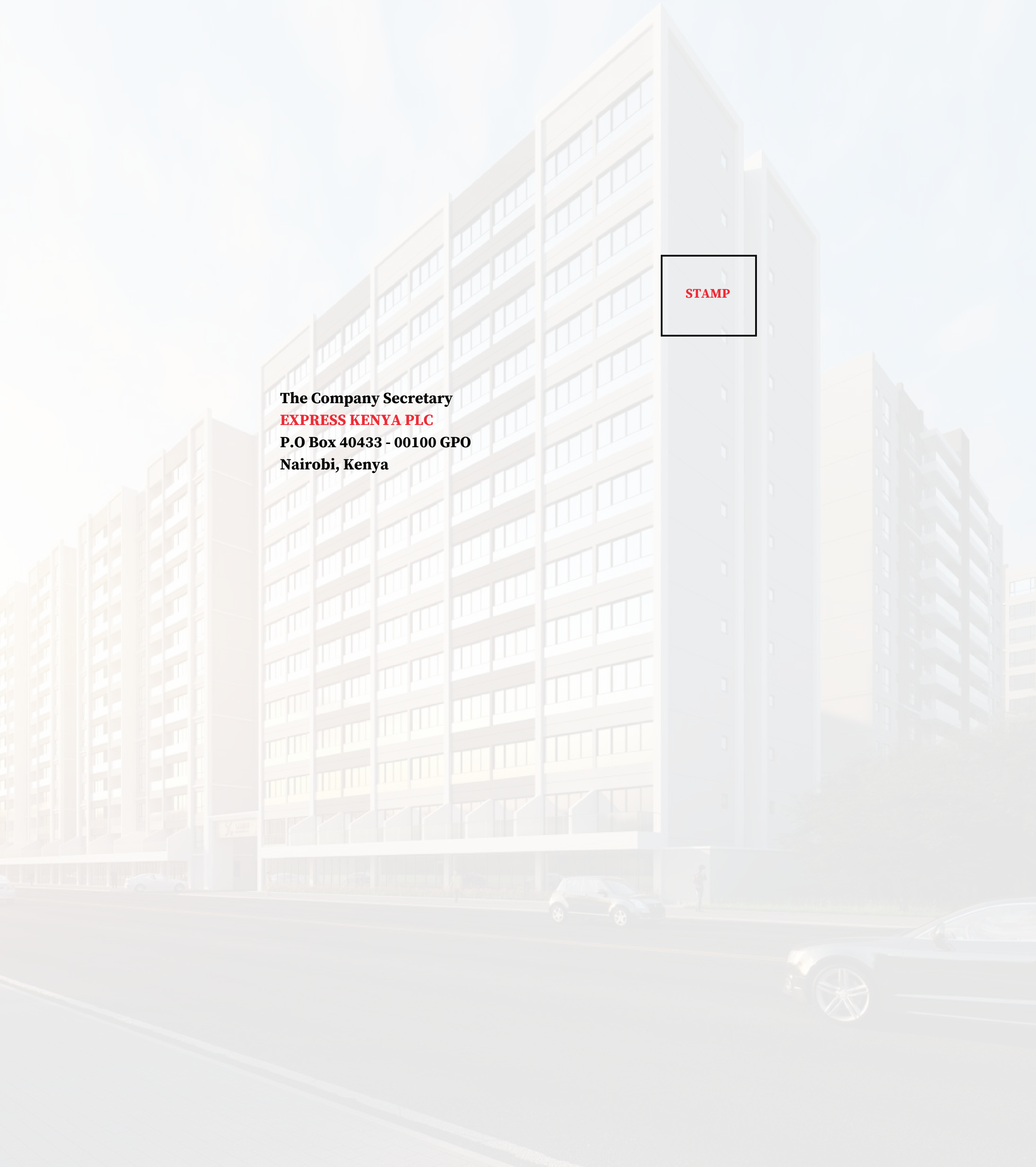
Signature ---------------------------------

Signature ---------------------------------

Signed/ Sealed ------------------------ day of ------------------------ 2025

NOTES:

1. In the case of a member being a corporation, the proxy must be under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
2. To be valid this proxy form must be completed and delivered to the Company Secretary, Dennis Aroka C/o ESR Kenya LLP, Kalamu House, Grevillea Grove, Westlands, P O Box 47323 00100 Nairobi or esr@ke.esr-ea.com or to the Company Registrars, Custody and Registrars Services, IKM Place, Tower B, 1st Floor, 5th Ngong Avenue Nairobi, P. O. Box 8484-00100 Nairobi or email to proxy@candrgroup.co.ke not later than 11.00 am on 24 June 2025
3. A proxy need not be a member of the Company.



STAMP

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