

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST DECEMBER 2020

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2020

	GROUP		COMPANY	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs
Revenue from contracts with customers	269,095,810	362,979,327	-	9,670,000
Cost of sales	(216,660,772)	(359,347,028)	-	(2,463,695)
Gross profit	52,435,038	3,632,299	-	7,206,305
Fair value gain on investment property	48,747,494	-	-	-
Other operating income	18,284,520	18,068,523	344,844	5,194,791
Selling and distribution expenses	(27,104,095)	(30,207,196)	(2,387,270)	(18,685,316)
Administrative expenses	(172,973,285)	(201,250,081)	(107,998,967)	(117,350,190)
Other operating expenses	(38,406,042)	(31,678,727)	(10,149,448)	(9,838,480)
Impairment provision on inventories	-	(390,531,081)	(74,234,247)	-
Operating (loss)	(119,016,370)	(631,966,263)	(194,425,088)	(133,472,891)
Finance costs	(219,228,334)	(254,635,675)	-	(55,115,712)
(Loss) before tax	(338,244,704)	(886,601,938)	(194,425,088)	(188,588,603)
Tax	(2,005,666)	(2,206,140)	-	-
(Loss) for the year	(340,250,370)	(888,808,078)	(194,425,088)	(188,588,603)
Total comprehensive (loss) for the year	(340,250,370)	(888,808,078)	(194,425,088)	(188,588,603)
(Loss) attributable to:				
- Owners of the parent	(242,367,756)	(625,855,602)	-	-
- Non-controlling interest	(97,882,614)	(262,952,476)	-	-
	(340,250,370)	(888,808,078)	-	-
(Loss) per share (Shs)				
- basic and diluted	(0.60)	(0.68)	(0.48)	(0.30)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2020

	GROUP		COMPANY	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs
Non-current assets				
Property and equipment	50,128,516	51,834,069	55,508,663	55,319,959
Investment property	393,011,656	338,741,824	-	-
Investment in subsidiaries	-	-	2,752,000	76,986,247
Intangible assets	1,260,686	1,881,620	1,260,685	1,881,620
Financial assets	2,000	2,000	2,000	2,000
	444,402,858	392,459,513	59,523,348	134,189,826
Current assets				
Inventories	3,589,102,338	3,536,340,008	264,509,622	262,457,335
Trade and other receivables	404,681,552	408,020,235	34,106,591	33,310,445
Cash and cash equivalents	4,415,717	10,988,166	2,178,776	8,759,337
	3,998,199,607	3,955,348,409	300,794,989	304,527,117
Total assets	4,442,602,465	4,347,807,922	360,318,337	438,716,943
Current liabilities				
Deferred income	1,087,662,457	1,222,850,867	-	-
Trade and other payables	1,499,537,247	1,309,495,671	859,674,786	491,384,926
Deposit from sale of plots and units	2,038,115,264	1,839,483,416	162,571,160	423,072,400
Borrowings	1,111,559,092	921,560,824	8,155,648	-
Private placement bond	820,660,028	820,660,028	603,765,205	603,765,205
Deposit for shares	158,446,022	168,972,272	-	-
Current tax	8,050,979	5,963,099	354,795	272,581
	6,724,031,089	6,288,986,177	1,634,521,594	1,518,495,112
Net current (liabilities)	(2,725,831,482)	(2,333,637,768)	(1,333,726,605)	(1,213,967,995)
Total liabilities	6,724,031,089	6,288,986,177	1,634,521,594	1,518,495,112
Net (liabilities)	(2,281,428,625)	(1,941,178,255)	(1,274,203,257)	(1,079,778,169)
EQUITY				
Share capital	405,255,320	405,255,320	405,255,320	405,255,320
Share premium	68,842,038	68,842,038	68,842,038	68,842,038
Accumulated deficit	(2,232,980,893)	(1,990,613,137)	(1,748,300,615)	(1,553,875,527)
Equity attributed to owners of the company	(1,758,883,535)	(1,516,515,779)	(1,274,203,257)	(1,079,778,169)
Non-controlling interest	(522,545,090)	(424,662,476)	-	-
Total equity	(2,281,428,625)	(1,941,178,255)	(1,274,203,257)	(1,079,778,169)

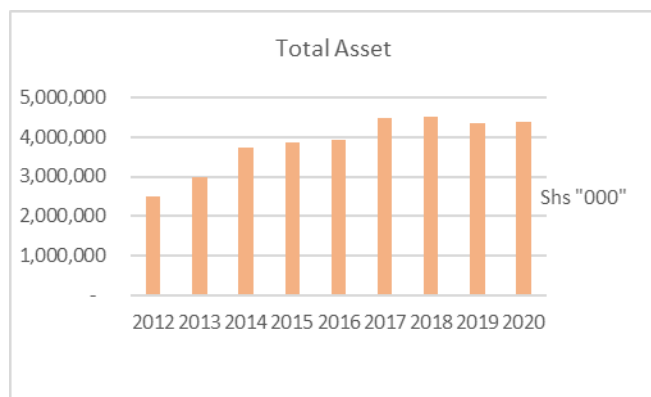
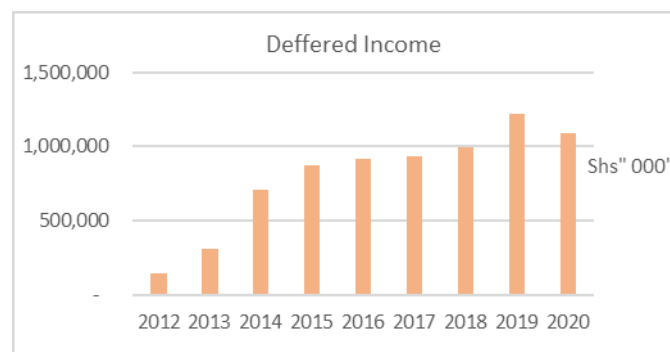
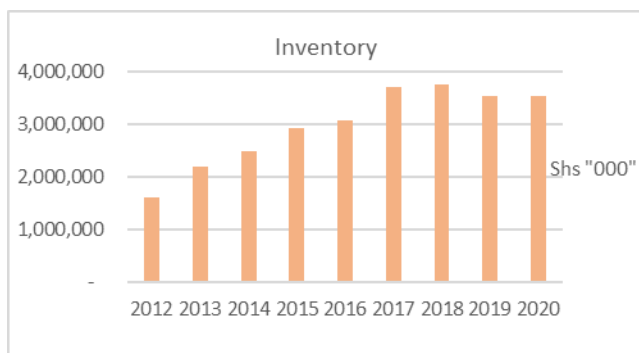
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2020

	GROUP		COMPANY	
	2020 Shs	2019 Shs	2020 Shs	2019 Shs
Operating activities				
Cash from operations	276,448,122	316,148,465	(10,249,864)	64,329,630
Interest paid	(219,228,334)	(254,635,675)	-	(55,115,712)
Tax paid	82,214	(1,473,012)	82,214	-
Net cash from / (used in) operating activities	57,302,002	60,039,778	(10,167,650)	9,213,918
Investing activities				
Cash paid for purchase of property and equipment	(5,864,006)	(5,285,089)	(4,818,560)	(2,987,899)
Additions to investment property	(54,269,832)	(6,651,721)	-	(237,800)
Cash paid for purchase of intangible assets	-	(237,800)	-	-
Proceeds from disposal of property and equipment	250,000	-	250,000	-
Net cash (used in) investing activities	(59,883,839)	(12,174,610)	(4,568,560)	(3,225,699)
Financing activities				
Repayment:				
- borrowings	(1,995,306)	(40,378,939)	-	-
- proceeds from finance leases	2,677,815	-	2,677,815	-
- deposits for shares	(10,526,250)	(5,836,250)	-	-
Net cash (used in) financing activities	(9,843,741)	(46,215,189)	2,677,815	-
(Decrease) / Increase in cash and cash equivalents	(12,425,578)	1,649,978	(12,058,395)	5,988,219
Movements in cash and cash equivalents				
At start of year	10,988,166	9,338,188	8,759,337	2,771,118
(Decrease) / Increase	(12,425,578)	1,649,978	(12,058,395)	5,988,219
At end of year	(1,437,412)	10,988,166	(3,299,058)	8,759,337

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2020

	Share capital Shs	Share premium Shs	Retained earnings Shs	Total Shs	Non controlling interests Shs	Total equity Shs
Year ended 31 December 2019						
At start of year	405,255,320	68,842,038	(1,364,757,535)	(890,660,177)	(161,710,000)	(1,052,370,177)
Total comprehensive (loss) for the year	-	-	(625,855,602)	(625,855,602)	(262,952,476)	(888,808,078)
At end of year	405,255,320	68,842,038	(1,990,613,137)	(1,516,515,779)	(424,662,476)	(1,941,178,255)
Year ended 31 December 2020						
At start of year	405,255,320	68,842,038	(1,990,613,137)	(1,516,515,779)	(424,662,476)	(1,941,178,255)
Total comprehensive (loss) for the year	-	-	(242,367,756)	(242,367,756)	(97,882,614)	(340,250,370)
At end of year	405,255,320	68,842,038	(2,232,980,893)	(1,758,883,535)	(522,545,090)	(2,281,428,625)

1. PERFORMANCE HIGHLIGHTS



ACTUAL SALES	
BOOKED DURING THE YEAR	
2020	2019
KSh. 672 Million	KSh. 645 Million

2. FINANCIAL HIGHLIGHTS

2.1 The group reported a 15-fold growth in its gross profit for the year ending 31st December 2020 compared to the same period in 2019 growing it's gross profits by 1,344% from KSh. 3.6 million to KSh. 52.4 million. Actual sales, not adjusted for percentage of completion, increased 4% during the year from KSh. 645 million in 2019 to KSh. 672 million in 2020. Growth of actual sales by the group came against all odds faced by the industry in general in the wake of a depressed economic environment and the significant negative effects of Covid-19 pandemic. In addition to growth in actual sales and gross profit thereof, the group has reported a 62% decrease in loss before tax for the period ending Dec 31^s 2020 of KSh. 338 million down from KSh. 887 million posted in 2019.

2.2 Migaa Golf Estate, being a long-term project, is expected to realize its profitability at the end of the project which is in in 3 – 4 years' time. In line with our accounting policy, sales

proceeds of the project (referred to in 2.1 above as actual sales but that are not adjusted for percentage of completion) are carried in the balance sheet as current liabilities both as deferred income and as deposits from sales of plots both now grossing KSh. 3.1 billion as at 31st December 2020 compared with KSh. 3 billion for the same period in 2019. This amount will convert to gross revenues in our profitability statement as the percentage of completion of the project continues to improve from the current 54% over the next couple of years. All expenses are usually expensed in the current period.

2.3 The book value of the group's sellable land and other inventory stood at KSh.3.6 billion in 2020. We continue to invest in infrastructure of the various projects, especially our main project, Migaa Golf Estate, which will help improve the market value of the land bank as the land becomes more desirable.

3. BOARD STRATEGY TO PROFITABILITY

Despite the negative effects of the Covid-19 pandemic, the group reported significantly reduced losses and increase in absolute sales. The Board has put in place a turnaround strategy which will help focus the management team to the following key areas: -

- Additional revenue streams to boost topline revenue, generating liquidity from new business lines;
- Completion of existing projects while completing reorganization of some;
- Additional cost rationalization & reduction; and
- Capital raising.

This strategy will ensure that the group improves its performance and creates value for all stakeholders.

In respond to the effects of Covid-19 pandemic, the board put in place mitigation measures, which included: -

- Developing sales and marketing strategy for buyers that have depressed disposable income and those that are seeking good deals;
- Cost/salary reductions; and
- Introduction of virtual tours to the various sites while providing PPE for the physical site visits and increasing digital marketing presence.

The board remains confident in Home Afrika's long term strategy especially given the value that continues to be booked in the group's balance sheet year on year as the project's percentage of completion grows as additional infrastructure is developed.

4. **DIVIDEND**

The directors do not recommend a dividend for the period ending 31st Dec 2020.

These summary financial statements are extracts from the annual report and financial statements of the company. PKF Kenya LLP as the external auditors have issued a disclaimer of opinion audit report on the financial statements in regards to going concern, related party transactions, deposits from plot buyers and impairment of inventory

The financial statements of the company were approved by the Board of Directors and signed on its behalf by:

Dan Awendo
Managing Director

Mbugua Gecaga
Director