

SUMMARY FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST DECEMBER 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
FOR THE YEAR ENDED 31 DECEMBER 2022				
	GROUP		COMPANY	
	2022	2021	2022	2021
	Shs	Shs	Shs	Shs
Revenue from contracts with customers	237,396,323	349,325,969	9,525,000	-
Cost of sales	(136,700,078)	(189,792,639)	(5,958,226)	-
Gross profit	100,696,245	159,533,330	3,566,774	-
Fair value gain on investment property	-	34,617,123	-	-
Other operating income	12,296,875	19,476,191	465,000	1,844,000
Selling and distribution expenses	(7,220,898)	(15,156,029)	(1,928,623)	(2,356,188)
Administrative expenses	(90,608,083)	(136,491,017)	(31,291,329)	(76,996,159)
Other operating expenses	(39,413,533)	(42,705,156)	(6,867,837)	(9,805,014)
Impairment provision on inventories	-	-	-	-
EBIT (earnings before interest and taxes)	(24,249,394)	19,274,442	(36,056,015)	(87,313,361)
Finance costs	(40,412,546)	(299,485,317)	-	-
(Loss) before tax	(64,661,940)	(280,210,875)	(36,056,015)	(87,313,361)
Tax charge	(446,106)	(1,316,315)	-	-
(Loss) for the year	(65,108,046)	(281,527,190)	(36,056,015)	(87,313,361)
Total comprehensive (loss) for the year	(65,108,046)	(281,527,190)	(36,056,015)	(87,313,361)
(Loss) attributable to:				
- Owners of the parent	(60,002,011)	(291,303,752)		
- Non-controlling interest	(5,106,035)	9,776,562		
	(65,108,046)	(281,527,190)		
(Loss) per share (Shs)				
- basic and diluted	(0.15)	(0.72)	(0.09)	(0.22)

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2022				
	GROUP		COMPANY	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Non-current assets				
Property and equipment	56,053,965	63,514,754	48,608,887	52,320,159
Investment property	343,031,041	431,428,103	565,922	844,659
Intangible assets	565,922	844,659	2,752,000	2,752,000
Financial assets	2,000	2,000	2,000	2,000
Deferred tax	-	-	-	-
	399,652,929	495,789,516	51,928,809	55,918,818
Current assets				
Inventories	3,582,144,154	3,603,941,198	263,023,426	281,457,867
Trade and other receivables	622,441,994	435,561,520	35,942,950	39,890,143
Cash and cash equivalents	3,190,807	2,210,072	1,497,227	2,186,731
	4,207,776,955	4,041,712,791	300,463,603	323,534,741
Total assets	4,607,429,884	4,537,502,307	352,392,412	379,453,559
Current liabilities				
Deferred income	1,087,477,331	1,022,339,320		
Trade and other payables	1,599,298,704	1,580,529,828	943,857,135	863,173,109
Deposit from sale of plots and units	2,223,142,404	2,179,198,765	195,909,747	264,988,526
Borrowings	1,330,490,255	1,320,703,705	603,765,207	8,688,540
Private placement bond	820,660,028	820,660,028	6,078,161	603,765,207
Deposit for shares	155,346,022	158,346,022		
Current tax	19,079,000	18,680,453	354,795	354,795
	7,235,493,744	7,100,458,122	1,749,965,045	1,740,970,177
Net current liabilities	(3,027,716,790)	(3,058,745,331)	(1,449,501,442)	(1,417,435,436)
Total liabilities	7,235,493,744	7,100,458,122	1,749,965,045	1,740,970,177
Net liabilities	(2,628,063,861)	(2,562,955,815)	(1,397,572,633)	(1,361,516,618)
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	(2,584,286,656)	(2,524,284,645)	(1,871,669,990)	(1,835,613,976)
Equity attributed to owners of the company	(2,110,189,298)	(2,050,187,287)		
Non-controlling interest	(517,874,563)	(512,768,528)		
Total equity	(2,628,063,861)	(2,562,955,815)	(1,397,572,632)	(1,361,516,618)

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CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED 31 DECEMBER 2022				
	GROUP		COMPANY	
	2022 Shs	2021 Shs	2022 Shs	2021 Shs
Operating activities				
Cash from operations	46,073,437	319,162,594	1,920,875	625,062
Interest paid	(40,412,546)	(272,783,349)	-	-
Tax paid	(47,560)	-	-	-
Net cash from operating activities	5,613,331	46,379,245	1,920,875	625,062
Investing activities				
Cash paid for purchase of property and equipment	(627,000)	(21,513,010)	-	(1,750,000)
Additions to investment property	-	(3,799,324)	-	-
Cash paid for purchase of intangible assets	-	-	-	-
Proceeds from disposal of property and equipment	-	694,000	-	600,000
Net cash (used in) investing activities	(627,000)	(24,618,333)	-	(1,150,000)
Financing activities				
Repayment:				
- borrowings	(4,395,217)	(24,224,153)	-	-
- deposits for shares	3,000,000	100,000	-	-
Proceeds				
- hire purchase	-	-	-	-
- borrowings	-	0	-	-
Net cash (used in) financing activities	(1,395,217)	(24,124,153)	-	-
(Decrease)/increase in cash and cash equivalents	3,591,114	(2,363,242)	1,920,875	(524,938)
Movements in cash and cash equivalents				
At start of year	(3,800,653)	(1,437,411)	(3,823,994)	(3,299,057)
(Decrease)/increase	3,591,114	(2,363,242)	1,920,875	(524,938)
At end of year	(209,540)	(3,800,653)	(1,903,119)	(3,823,996)

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY YEAR ENDED DECEMBER 2022						
	Share capital Shs	Share premium Shs	Accumulated deficit Shs	Total Shs	Non controlling interests Shs	Total equity Shs
Year ended 31 December 2021						
At start of year	405,255,320	68,842,038	(2,232,980,893)	(1,758,883,535)	(522,545,090)	(2,281,428,625)
Total comprehensive (loss) for the year	-	-	(291,303,752)	(291,303,752)	9,776,562	(281,527,190)
At end of year	405,255,320	68,842,038	(2,524,284,645)	(2,050,187,287)	(512,768,528)	(2,562,955,815)
Year ended 31 December 2022						
At start of year	405,255,320	68,842,038	(2,524,284,645)	(2,050,187,287)	(512,768,528)	(2,562,955,815)
Total comprehensive (loss) for the year	-	-	(60,002,011)	(60,002,011)	(5,106,035)	(65,108,046)
At end of year	405,255,320	68,842,038	(2,584,286,656)	(2,110,189,298)	(517,874,563)	(2,628,063,861)

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1. PERFORMANCE / FINANCIAL HIGHLIGHTS

In 2021, the board developed a Turn Around strategy which covered four key areas;

1. Debt Restructuring
2. Business Continuity
3. Organizational Restructuring
4. Check on the Internal Control Systems

The implementation process has seen discussions with key stakeholders including the banks. A settlement agreement has been signed with the bond issuers and negotiations are ongoing with other banks. This has seen the finance cost come down by 87%, from 299.5 million in 2021 to 40.4 million in 2022.

A business continuity committee has been formed to develop other real estate solutions which will bring revenue to the company, including affordable housing.

Organization restructuring has seen the administration costs go down by 33.6% from 136.5 million in 2021 to 90.6 million in 2022. The organization is operating with a lean, effective and efficient team.

The internal controls systems implemented, have led to the reduction of the operating expenses by 30% compared to the previous period.

The overall effect of the implementation of the turnaround strategies, has led to the group reporting a material reduction in losses after tax by 77%. (From KSh. 281.5million for the period ending Dec 31st December 2021 down to KSh. 65.1 million posted in 2022.)

The actual sales not adjusted to percentage of completion for the period ended 31st December 2022 was Ksh 465M. While the reported sales which have been subjected to the percentage of completion are Ksh 237.4M this is inline with our accounting policy. All expenses except cost of sales and commissions are usually expensed in the current period.

The book value of the group's sellable land and other inventory stood at KSh.3.6 billion in 2022. 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.

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2. BOARD STRATEGY TO PROFITABILITY

The board will continue with the implementation of the turnaround strategy as they are confident of improving the group's performance and creation of value for all stakeholders.

3. DIVIDEND

The directors do not recommend a dividend for the period ending 31st Dec 2022.

These summary financial statements are extracts from the annual report and financial statements of the company. GMK Accountants LLP as the external auditors have issued a disclaimer of opinion audit report on the financial statements on the basis of going concern, related party transactions and impairment of inventory

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

Jayne Nyokabi
Managing Director

Mbugua Gecaga
Director