

TPS EASTERN AFRICA PLC 2018 ABRIDGED FINANCIAL RESULTS

SUMMARY CONSOLIDATED INCOME STATEMENT

	Year ended	
	31-Dec-18 Shs'000	31-Dec-17 Shs'000
Revenue	6,593,441	6,408,206
Profit before exchange difference, interest, depreciation, results of associates and taxation	795,111	831,525
Finance income	7,101	14,425
Finance costs	(126,517)	(149,347)
Depreciation on property, plant and equipment	(408,248)	(406,496)
Share of results of associates	(23,998)	(29,360)
Profit before income tax	243,449	260,747
Income tax expense	(64,444)	(141,282)
Profit after taxation	179,005	119,465
Attributable to:		
Equity holders of the Company	125,710	65,209
Non-controlling interest	53,295	54,256
	179,005	119,465
Profit per share attributable to the equity holders of the Company		
- basic (Shs per share)	0.69	0.36
Weighted average number of shares (000s)	182,174	182,174

SUMMARY CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	Year ended	
	31-Dec-18 Shs'000	31-Dec-17 Shs'000
Profit after taxation	179,005	119,465
Other comprehensive income: Items net of tax		
Currency translation differences	(142,287)	50,725
Total comprehensive profit	36,718	170,190
Attributable to:		
Equity holders of the Company	(16,577)	115,934
Non-controlling interest	53,295	54,256
	36,718	170,190

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2018		2017	
	Shs'000		Shs'000	
Capital and reserves attributable to the Company's equity holders				
Share capital	182,174	182,174		
Share premium	4,392,668	4,392,668		
Revaluation reserve	2,423,447	2,480,830		
Translation reserve	(1,161,317)	(1,019,030)		
Retained earnings	2,434,571	2,315,239		
Proposed dividends	63,761	63,761		
	8,335,304	8,415,642		
Non-controlling interest	802,270	748,975		
Total equity	9,137,574	9,164,617		
Non-current liabilities				
Borrowings	1,677,058	3,819,714		
Deferred income tax liability	1,886,339	2,028,010		
Retirement benefit obligations	22,081	22,097		
	3,585,478	5,869,821		
Total equity and non-current liabilities	12,723,052	15,034,438		
Non-current assets				
Land and buildings	11,189,812	8,766,817		
Property and equipment	2,067,183	3,825,752		
Intangible assets	1,274,154	1,274,154		
Investment in associates	950,847	972,610		
Deferred income tax asset	1,113	831		
	15,483,109	14,840,164		
Current assets				
Inventories	475,308	499,820		
Receivables and prepayments	1,267,721	1,332,411		
Current income tax	160,240	141,031		
Cash and cash equivalents	211,745	674,409		
	2,115,014	2,647,671		
Current liabilities				
Trade and other payables	1,805,800	1,796,277		
Borrowings	3,055,561	657,120		
Current income tax	13,710	-		
	4,875,071	2,453,397		
Net current assets	(2,760,057)	194,274		
	12,723,052	15,034,438		

SUMMARY DIRECTORS' REMUNERATION REPORT

During the year TPS Eastern Africa Plc paid KShs 1,159 mio (2017: KShs 1,338 mio) as Non-Executive Director's emoluments.

The above financial statements are extracts from the books of accounts of the Company as audited by PricewaterhouseCoopers and received an unqualified opinion. They were approved by the Board of Directors on 25 April, 2019 and signed on its behalf by:

Francis Okomo-Okello
Chairman

Nopren Hirjani
Director

A full copy of the financial statements including explanatory notes are available from our website:
www.serenahotels.com

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Revaluation reserves	Translation reserves	Retained earnings	Proposed dividends	Non-controlling interest	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Year ended 31 December 2017								
At start of year	182,174	4,392,668	2,534,165	(1,069,755)	2,260,456	63,761	1,004,048	9,367,517
Comprehensive income for the year	-	-	-	-	65,209	-	54,256	119,465
Profit for the year	-	-	-	-	65,209	-	54,256	119,465
Other comprehensive income:	-	-	-	-	-	-	-	-
Currency translation differences	-	-	(76,193)	50,725	76,193	-	-	50,725
Transfer of excess depreciation to retained earnings	-	-	22,858	-	(22,858)	-	-	-
Deferred income tax on transfer	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	(53,335)	50,725	53,335	-	-	50,725
Total comprehensive income for the year	-	-	(53,335)	50,725	118,544	-	54,256	170,190
Transactions with owners								
Acquisition of non-controlling interest	-	-	-	-	-	-	(309,329)	(309,329)
Dividends:	-	-	-	-	-	(63,761)	-	(63,761)
- final for 2016 paid	-	-	-	-	(63,761)	63,761	-	-
- proposed for 2017	-	-	-	-	-	-	-	-
	-	-	-	-	(63,761)	-	(309,329)	(373,090)
At end of year	182,174	4,392,668	2,480,830	(1,019,030)	2,315,239	63,761	748,975	9,164,617

	Share capital	Share premium	Revaluation reserves	Translation reserves	Retained earnings	Proposed dividends	Non-controlling interest	Total
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Year ended 31 December 2018								
At start of year	182,174	4,392,668	2,480,830	(1,019,030)	2,315,239	63,761	748,975	9,164,617
Comprehensive income for the year	-	-	-	-	125,710	-	53,295	179,005
Profit for the year	-	-	-	-	125,710	-	53,295	179,005
Other comprehensive income:	-	-	-	-	-	-	-	-
Currency translation differences	-	-	(81,976)	(142,287)	81,976	-	-	(142,287)
Transfer of excess depreciation to retained earnings	-	-	24,593	-	(24,593)	-	-	-
Deferred income tax on transfer	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	(57,383)	(142,287)	57,383	-	-	(142,287)
Total comprehensive income for the year	-	-	(57,383)	(142,287)	183,093	-	53,295	36,718
Transactions with owners								
Dividends:	-	-	-	-	-	(63,761)	-	(63,761)
- final for 2017 paid	-	-	-	-	(63,761)	63,761	-	-
- proposed for 2018	-	-	-	-	-	-	-	-
	-	-	-	-	(63,761)	-	-	(63,761)
At end of year	182,174	4,392,668	2,423,447	(1,161,317)	2,434,571	63,761	802,270	9,137,574

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended	
	31-Dec-18 Shs'000	31-Dec-17 Shs'000
Net cash generated from operating activities	639,273	798,138
Net cash used in investing activities	(1,283,093)	(2,207,006)
Net cash (used in)/ generated from financing activities	(269,779)	460,169
Decrease in cash and cash equivalents	(913,599)	(948,699)
Movement in cash and cash equivalents		
At start of period	611,779	1,425,891
Effects of currency translation differences	121,257	134,587
Decrease in cash and cash equivalents	(913,599)	(948,699)
At end of period	(180,563)	611,779

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF TPS EASTERN AFRICA PLC

Opinion
We have audited the summary financial statements of TPS Eastern Africa Plc, which comprise the summary consolidated statement of financial position at 31 December 2018 and the summary consolidated income statement, summary consolidated statements of other comprehensive income, changes in equity and cash flows for the year then ended which are derived from the audited financial statements of TPS Eastern Africa Plc and its subsidiaries (together, the "Group") for the year ended 31 December 2018. The Group's financial statements are prepared in accordance with International Financial Reporting Standards and the Kenyan Companies Act, 2015.

In our opinion the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements of the Group which are prepared in accordance with International Financial Reporting Standards (IFRS) and the Kenyan Companies Act, 2015.

The summary directors' remuneration report is derived from the directors' remuneration report for the year ended 31 December 2018.

Summary financial statements and directors' remuneration report
The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards and in the

manner required by the Kenyan Companies Act, 2015. In addition, the summary directors' remuneration report does not contain all the disclosures required by the Companies (General) (Amendment) (No. 2) Regulations, 2017.

Reading the summary financial statements, the summary directors' remuneration report and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements, the directors' remuneration report and the auditor's report thereon. The summary financial statements, the summary directors' remuneration report and the audited financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our audit report dated 25 April, 2019 and also confirmed that the auditable part of the directors' remuneration report was prepared in accordance with the Kenyan Companies Act, 2015. That audit report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

Directors' responsibility for the summary financial statements
The directors are responsible for the preparation of the summary financial statements and the summary directors' remuneration report in accordance with the International Financial Reporting Standards and Kenyan Companies Act 2015.

Auditor's responsibility
Our responsibility is to express an opinion on whether the summary financial statements and the summary directors' remuneration report are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to report on summary financial statements*.

Certified Public Accountants
Nairobi 31 May, 2019

CPA Bernice Kimacia, Practising certificate No. 1457
Signing partner responsible for the independent audit
Summary of Key Audit Matters
• Goodwill impairment assessment

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE FORTY SEVENTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT THE KENYATTA INTERNATIONAL CONFERENCE CENTRE, NAIROBI, ON 25TH JUNE 2019, AT 11.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS

- To confirm the minutes of the Forty Sixth Annual General Meeting held on 26th June 2018.
- To receive, consider and, if thought fit, adopt the accounts for the year ended 31st December 2018, together with the Directors' and Auditors' Reports thereon.
- To approve payment of a final dividend for 2018 of KShs. 0.35 per share, subject to withholding tax, where applicable, to the Members on the Register at the close of business on 25th June, 2019. Payment of the dividend to be made on or about 25th July, 2019.
- To elect Directors:
 - Mr. Jean-Benoit Du Chalaré was appointed on 12th November, 2018 to fill a casual vacancy. He retires in accordance with Article No.110 of the Company's Articles of Association and being eligible, offers himself for re-election.
 - Mr. Jean-Louis Vinciguerra retire by rotation in accordance with

Articles No. 111, 112 & 113 of the Company's Articles of Association. Mr. Jean-Louis Vinciguerra does not offer himself for re-election.

- Mr. Ameer Kassim-Lakha, retire by rotation in accordance with Articles No. 111, 112 & 113 of the Company's Articles of Association. Special notices have been received by the Company pursuant to section 287 of the Companies Act 2015 and subject to section 131 of the Act that if thought fit, the following resolutions be passed
"That Mr. Ameer Kassim-Lakha (a Director retiring by rotation) who is over 70 years, be and is hereby re-elected as a Director of the Company".

- To approve the Directors' remuneration for 2018.
- To appoint PricewaterhouseCoopers, the Company's Auditors, in accordance with Section 721 (2) of the Companies Act 2015. PricewaterhouseCoopers have indicated their willingness to continue in office.
- To approve the Auditors' remuneration for 2018 and to authorise the Directors to fix the Auditors' remuneration for 2019.
- To appoint the Audit Committee members which comprises Mr. Ameer Kassim-Lakha, Mr. Mahmood Manji, and Mr. Guedi Ainache in accordance with section 769 (1) of the Companies Act 2015.
- To transact any other ordinary Business of an Annual General Meeting.

By Order of the Board.

Dominic K. Ng'ang'a
Company Secretary
31st May, 2019

- Notes:
- A member entitled to attend and vote at this meeting may appoint a Proxy to attend and vote on his/her behalf and such Proxy need not be a member of the Company. The Proxy Form can be downloaded from the Company's website www.serenahotels.com. To be valid a Proxy Form should be returned to the Company's Registrars - Image Registrars, 5th Floor, Barclays Plaza, P.O Box 9287 00100, Nairobi, to reach not later than 48 hours before the meeting.
 - In case of a member being a corporation, the Proxy Form must be under the common seal or the hand of an officer or Attorney duly authorized in writing.