

CHAIRMAN'S STATEMENT FOR THE YEAR 2019 AND 2020

Shareholders, Board of Directors, Ladies and Gentlemen, it is with great pleasure to welcome you all to our 24th Annual General Meeting (AGM), and to present to you the Annual Report and Financial Statements for the year ended 31 December 2019 and the year ended 2020.

The Board regrettably reports the sad demise of Mrs. Clementine Wanjiku Kamunyi which occurred on 26th July 2019 after short illness, until her demise she was a Director of the Company. The Board further expresses their heartfelt condolences for her untimely death and wishes to put on record their sincere and deep appreciation for her invaluable guidance and contribution from time to time in building up the Company's growth and stability.

The ongoing challenges of COVID-19 made it difficult to hold our Annual General meeting (AGM) for the year 2019 however, the Government of Kenya through the Ministry of Health (MOH) has issued a clear guideline on how to conduct meetings virtually. Therefore we will hold our Annual General Meeting (AGM) Virtually in compliance with Ministry of Health directives

At this juncture, allow me to take you through the performance of the Investment for the two years i.e. 2019 and 2020

1. Revenue

The total revenue for the year 2020 shrunk by 8% compared to a growth of 3.3% in the year 2019. This was as a result of reduced rental income and low uptake of plots caused by adverse effects of COVID-19.

2. Expenditure

There was a 20% drop on total expenses incurred in the year 2020 compared to a 7% increase in the year 2019. The drop was as a result of reduced company activities which has a direct effect on administrative expenses.

3. Profit/ (loss) for the year

Profit attributable to ordinary shareholders grew by 119% to kshs7,305,469.00 in the year 2020 compared to a growth of 135% in 2019 (kshs3, 138,849.00). This growth is attributable to increase in revenue while containing expenses.

4. Share capital

The company authorized share capital is 15 million shares at kshs20.00 each. The fully paid up share remains 6,147,160 shares at kshs20.00 each. Debenture stock is at kshs92,348,042.00

The uncalled for shares worth kshs84 million will be off-loaded to shareholders at an appropriate time when the Board identifies a project.

5. Financial investments

During the year under review, the company maintained stocks at Kenya airways valued at Kshs34,183.00

6. Diversification

a) Sale of plots

Sale of plots has proved to be very dynamic and a good source of income for the company. To date the company has managed several phases with different acreage, Members are encouraged to buy the plots.

b) Sale of water

The company has connected water to plot owners in malaa. This business will generate revenue for company as people are moving from the city to build their homes in malaa area and its environs.

c) Sale of gas

The Company has teamed up with Proto Energy Limited to sell gas to police officers at discounted rates. We have set-up gas containers in GSU Headquarters, Drive-in and GSU Training School. The company will open more gas containers in police institutions to generate more revenue for the company.

7. Return to shareholders

The company has invested heavily in tangible assets eg land, building, borehole and sale of gas. The investments have brought income and therefore, the Board has declared dividend and debenture interest as follows;

- ✓ Kshs1.00 per ordinary share held (2020)
- ✓ Debenture interest - kshs, 3,693,922.00(2019), Kshs3,693,922.00(2020)

8. Inspection of Lamu parcels of land by Shareholders

The selected shareholders in our last Annual General Meeting visited Lamu between 1st July and 3rd July 2019 and inspected all the 6 parcels. They made several observations and recommendation which will be presented shortly.

9. Compulsory acquisition of Lamu land

I am happy to report that the dispute with Mr. Charles Akoyi at Malindi High Court over the parcel of land which was compulsorily acquired by the Government was concluded in the company's favour. We are following-up with the National Land Commission on compensation for the acquisition.

10. Mavoko land block 12

In the year 2013 the company bought 5 acres of land in kamulu. The parcel was successfully subdivided into 58 plots. However, we have not managed to sell the plots due to insecurity in the area. The Board is following the matter with Machakos County and Athiriver Sub-county security team to restore security.

11. Human Resource Capacity

The daily running of the Company and policy implementation is undertaken by a team of staff headed by the Investment Manager and other section heads.

12. Professionals

- Lawyers - M/s Khayesi Njambi & Khayesi Advocates And Gachiri Kariuki & Co. Advocates
- External Auditors – M/s Agoro and Associates Who on behalf of all shareholders audits the books of A/Cs and reports to the Annual General Meeting

13. Management

The management of the Company is vested on elected Directors in the Annual General Meeting on rotational basis. At most a third (1/3) of the Directors retires every year end, and are eligible for re-election as per the Memorandum and Articles of Association.

For one to qualify to be a Director he/she must meet the following requirements:-

- a) Should be a shareholder of Utumishi Investment Ltd
- b) Should not be Bankrupt
- c) Orders from Court made under section 189 of Company's Act which gives powers to restrain fraudulent persons from managing companies among them being:-

A person is convicted of any offence in connection with the promotion, formation, or management of a Company, or

In the course of winding up a Company it appears that a person.

- i. Has been guilty of any offence for which he is liable (whether he has been convicted or not)
 - ii. Has other wise been guilty, while an officer of the Company, of any fraud in relation to the Company or of any breach of his duty to the Company.
- d) Must be of sound mind
 - e) Should be available to attend meetings
 - f) Must have 2500 shares of kshs20.00 each and which must have remained in the Company for at least 1 year or more.
 - g) Must meet the requirement of chapter 6 of the Constitution of Kenya
 - h) Any other qualification that might be formulated by Annual General Meeting from time to time. Inter alia KRA compliance certificate, police clearance HELB clearance and EACC clearance

The members of the Board of Directors for the year under review were as follows:-

Mr. Alois M. Mbijiwe	-	Chairman
Mrs. Esther W. Mwangi	-	V/Chairman
Mr. Joseph Koech	-	Hon. Secretary
Mr. Levin K. Mwandu	-	Fin. Director
Mr. Peter O. Owiyo	-	Director
Mrs. Margaret W. Karanja	-	Director
Mr. Joseph Koech	-	Director
Ms. Zipporah G. Mboroki	-	Director
Mr. Benjamin k. Nyamai	-	Director
Mrs. Clementine Kamunyi	-	Director (deceased)

14. Elections

The Company's Article of Association provides that, one third of Directors be retired on rotational basis but are eligible for re-election. The retiring Directors are as follows:-

- Mr. Alois M. Mbijwe
- Mrs. Margaret W. Karanja
- Mr. Peter O. Owiyo
- Ms. Zipporah G. Mboroki
- Mrs. Clementine Kamunyi (Deceased)

Conclusion

As a Company, our achievements thus far would not have been possible without the support, understanding and cooperation of all our stakeholders. I thank the Board of Directors for their insights, cooperation and guidance in ensuring that the Company is well managed. I also thank the management and staff for their commitment and dedication.

MR. ALOIS MBIJIWE
CHAIRMAN
UTUMISHI INVESTMENT LTD