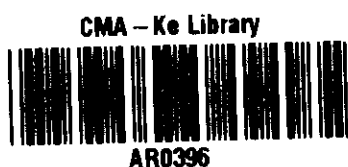


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1. Housing Finance Company of Kenya Ltd.  
2. Nairobi: Kenya Housing Periodicals  
3. Housing Finance Company of Kenya Ltd.

## DIRECTORATE & ADMINISTRATION

### DIRECTORS

Col (Rtd) Meshack Kiptoo Birgen - Chairman  
Mr David John Burndred (with effect from 29th September, 1992)  
Mr Kungu Gatabaki  
Dr Wilfred Koinange (Alternate - Mr A A Shah)  
Mr Walter Bernard Mukundi Mukuria (Managing)  
Mr Stephen Potter  
Mr Joseph Kimutai arap Sang (Alternate - Mr J K Mutai)

### COMPANY SECRETARY

S W Waiganjo

### AUDITORS

Peat Marwick  
Certified Public Accountants  
PO Box 40612, Nairobi

### REGISTERED OFFICE & HEAD OFFICE

Rehani House, Kenyatta Avenue/Koinange Street  
PO Box 30088, Phone 333910, 221101, Fax 334670

### BRANCHES

**Nairobi** - Gill House, Moi Avenue  
PO Box 73340, Phone 333761/221606

**Kisumu** - Tivoli Centre, Court Road,  
PO Box 1557, Phone 40910/1

**Mombasa** - Permanent House, Moi Avenue  
PO Box 84839, Phone 28776

**Opening soon**  
\* Meru

**Nakuru** - AFC Building, Geoffrey Kamau Way  
PO Box 7259, Phone 43399, 422816

**Nyeri** - Kimathi Way  
PO Box 693, Phone 2909

**Eldoret** - KVDA Plaza Oloo Street/Utalii Street  
PO Box 9015, Phone 32571/2

2007/0396



## NOTICE OF THE ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT THE 27TH ANNUAL GENERAL MEETING OF THE HOUSING FINANCE COMPANY OF KENYA LIMITED WILL BE HELD AT THE AMPHITHEATRE, KENYATTA INTERNATIONAL CONFERENCE CENTRE, HARAMBEE AVENUE, NAIROBI ON FRIDAY, 14TH MAY, 1993 AT 11.00 A.M. FOR THE FOLLOWING PURPOSES:-**

1. To confirm the minutes of the 26th Annual General Meeting held on Friday, 22nd May, 1992.
2. To confirm the minutes of the Extraordinary General Meeting held on 29th September, 1992.
3. To receive, consider and adopt the accounts for the year ended 31st December, 1992 together with the Directors' and Auditors' Reports thereon.
4. To declare a dividend.
5. To elect Directors:-
  - (a) Col (Rtd) M K Birgen retires by rotation in accordance with Article 78 of the Company's Articles of Association and being eligible offers himself for re-election.
  - (b) Mr K Gatabaki retires by rotation in accordance with Article 78 of the Company's Articles of Association and being eligible offers himself for re-election.
  - (c) Mr D J Burndred having been appointed to the Board under Article 84 of the Company's Articles of Association, retires at this Annual General Meeting and being eligible offers himself for re-election.
6. To fix the remuneration of Directors.
7. To note that Messrs Peat Marwick will continue in office as the Auditors by virtue of Section 159 (2) of the Companies Act (Cap. 486) and authorise Directors to fix their remuneration.
8. To transact any other ordinary business of an Annual General Meeting.

## 9. SPECIAL RESOLUTION

### **CORRECTION OF ERROR IN ARTICLES OF ASSOCIATION**

That the Articles of Association of the Company be altered by replacing the existing Article 7 with the following Article:-

The share capital of the Company is two hundred and thirty million shillings (KShs. 230,000,000) divided into forty six million (46,000,000) Ordinary Shares of five shillings (KShs. 5).

By Order of the Board

S W Waiganjo  
COMPANY SECRETARY

NAIROBI: 19th March, 1993



## NOTICE OF THE ANNUAL GENERAL MEETING

### NOTES

- (i) Any member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. The proxy should be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or duly authorised attorney of such corporation.
- (ii) A person appointed to act as proxy need not be a member of the Company.
- (iii) The proxy should be returned to the Secretary, Rehani House, Nairobi so as to reach him not later than 24 hours before the time appointed for holding the meeting.

## ILANI YA MKUTANO MKUU WA MWAKA

**ILANI INATOLEWA KWAMBA MKUTANO MKUU WA MWAKA WA 27 WA HOUSING FINANCE COMPANY OF KENYA LIMITED UTAFAANYWA KATIKA AMPHITHEATRE, KENYATTA INTERNATIONAL CONFERENCE CENTRE, HARAMBEE AVENUE, NAIROBI, IJUMAA, TAREHE 14, MEI 1993, SAA TANO MCHANA KWA MADHUMUNI YATUATAYO:**

1. Kuthibitisha Minita za Mkutano Mkuu wa Mwaka wa 26 uliofanywa Ijumaa tarehe 22, Mei 1992.
2. Kuthibitisha Minita za Mkutano Mkuu usio wa kawaida uliofanywa tarehe 29, Septemba 1992.
3. Kupokea, kufikiria na kukubali hesabu za mwaka ulioishia tarehe 31, Desemba, 1992, pamoja na Ripoti ya Wakurugenzi na ile ya Wakaguzi wa Hesabu.
4. Kupendekeza mgawo.
5. Kuchagua Wakurugenzi.
  - (a) Col (Rtd) M K Birgen anajiuzulu kwa zamu kwa Mujibu wa Fungu 78 la Katiba ya Kampuni na kwa vile anastahili kuchaguliwa amejitolea achaguliwe tena.
  - (b) Bw K Gatabaki anajiuzulu kwa zamu kwa Mujibu wa Fungu 78 la Katiba ya Kampuni na kwa vile anastahili kuchaguliwa anajitolea achaguliwe tena.
  - (c) Bw D J Burndred ambaye alikuwa amechaguliwa katika Halmashauri ya Wakurugenzi kwa Mujibu wa Fungu 84 la Katiba ya Kampuni; anajiuzulu kwenye Mkutano Mkuu wa Mwaka huu na kwa vile anastahili kuchaguliwa amejitolea ili achaguliwe tena.
6. Kuweka malipo ya Wakurugenzi.
7. Kuarifisha kwamba Mabw. Peat Marwick wataendelea na shughuli zao kama Wakaguzi wa Hesabu kwa Mujibu wa Fungu 159 (2) la Sheria za Makampuni (Cap 486) na kuwaruhusu Wakurugenzi waweke malipo yao.
8. Kujadili mambo mengine yote yanayohusu Mkutano Mkuu wa Mwaka.

## 9. AZIMIO MAALUM

### SAHIHISHO LA KOSA KATIKA KATIBA YA KAMPUNI

Kwamba Katiba ya Kampuni ibadilishwe kwa kuondoa Fungu 7 la sasa na mahali pake pawekwe Fungu lifuatalo:

Rasilmali ya Kampuni ni shilingi milioni mia mbili na thelathini (KShs. 230,000,000) ikigawanywa kwa hisa milioni arobaini na sita (46,000,000) za hisa za kawaida za shilingi tano (KShs. 5/-).

Kwa Amri ya Halmashauri

S W Waiganjo

KATIBU WA KAMPUNI

NAIROBI: Tarehe 19, Machi 1993



## ILANI YA MKUTANO MKUU WA MWAKA

### UKUMBUSHO

- (i) Mwanachama ye yote wa Kampuni anayestahili kuhudhuria mkutano na kushiriki kwenye mkutano anawajibika kumchagua mwakilishi kuhudhuria mkutano na kupiga kura badala yake. Ombi kama hilo lazima liwe kwa mwandiko uliotiwa sahihi na yule anayeteua ama wakili wake ambaye amepata kibali cha kufanya hiyo kwa mwandiko ama, iwapo mwenye kuteua ni kampuni, barua yenye muhuri (seal) ya kampuni ama sahihi ya afisa aliyeruhusiwa kufanya hivyo ama wakili wa kampuni aliyeruhusiwa kufanya hivyo.
- (ii) Mtu aliyechaguliwa kama Mwakilishi si lazima awe mwanachama wa Kampuni.
- (iii) Hati hiyo ya kuteua lazima itumwe kwa Katibu, Rehani House, Nairobi ili imfikie kwa muda usiopungua masaa 24 kabla ya muda uliowekwa wa kufanya mkutano huu.

## DIRECTORS' REPORT

The Directors have pleasure in presenting their report and the Audited Accounts of the Company for the year ending 31st December, 1992.

### 1. PRINCIPAL ACTIVITIES

The Company is a Mortgage Institution licensed under the Banking Act and seeks to encourage and promote the flow of savings both private and public into financing home-ownership through provision of savings and deposit facilities as well as such other services as the acceptance and administration of provident funds.

### 2. RESULTS

Pre-tax profit of the Group for the Year	KShs. 120,714,215
Taxation	49,172,525
Profit after taxation	71,541,690
	=====

### 3. DIVIDEND

The Directors recommend the payment of a final dividend of 10% on the issued share capital of KShs. 230 million at 31st December, 1992 which together with the interim dividend of 10% declared on 15th September, 1992 makes a total dividend of KShs. 37 million in respect of the year ended 31st December, 1992. The distribution of KShs. 37 million leaves a balance of retained group profit for the year of KShs. 34,541,690 which is carried to group reserves.

### 4. AUTHORISED SHARE CAPITAL

At an Extraordinary General Meeting held on 29th September, 1992 the shareholders approved that the authorised share capital of the Company be increased from KShs. 200,000,00 to KShs. 230,000,000 by the creation of 6,000,000 ordinary shares of KShs. 5/- each.

### 5. DIRECTORS

The Directors who have held office since 1st January, 1992 are as follows:

Col (Rtd) Meshack Kiptoo Birgen - Chairman

\*Mr David John Burndred (with effect from 29th September, 1992)

Mr Kungu Gatabaki

Dr Wilfred Koinange ( Alternate - Mr A A Shah)

\*Mr Robert John Scott Mitchell (Resigned on 29th September, 1992)

Mr Walter Bernard Mukundi Mukuria (Managing)

\*Mr Stephen Potter

Mr Joseah Kimutai arap Sang (Alternate - Mr J K Mutai)

\*British

## DIRECTORS' REPORT

In accordance with the Articles of Association Mr D J Burndred, having been appointed on 29th September, 1992, retires and being eligible, offers himself for re-election.

Col (Rtd) M K Birgen retires by rotation and being eligible, offers himself for re-election.

Mr K Gatabaki retires by rotation and being eligible, offers himself for re-election.

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## 6. AUDITORS

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The Auditors, Messrs Peat Marwick will be re-appointed under Section 159 (2) of the Companies Act (Cap. 486) at a fee to be determined by the Directors.

By Order of the Board

S W Waiganjo  
COMPANY SECRETARY

NAIROBI: 19th March, 1993



## TAARIFA YA WAKURUGENZI

Wakurugenzi wana furaha kwa kutoa taarifa yao pamoja na hesabu za Kampuni zilizokaguliwa kwa mwaka unaoishia tarehe 31 Desemba 1992.

### 1. HARA KATI KUBWA

Kampuni hii ni shirika la rehani lililopewa leseni kwa mujibu wa Sheria za Mabenki na ina shabaha ya kustawisha akiba za fedha kutoka kwa makampuni yasiyo ya Serikali na ya Umma ili kiwawezesha watu kununua nyumba kwa njia za kuweka akiba pamoja na huduma nyinginezo kama vile kibali na usimamizi wa akiba za uzeeni.

### 2. MATOKEO

Faida kabla ya kutoa fungu la kodi

la kundi mwakani

Shs. 120,714,215

Kodi

49,172,525

Faida baada ya kutoa fungu la kodi

71,541,690

### 3. MGAWO

Wakurugenzi walipendekeza malipo ya mgawo wa mwisho wa asilimia 10 wa rasilimali iliyotolewa ya shilingi milioni 230 tarehe 31, Desemba, 1992 ambayo pamoja na mgawo wa muda wa asilimia 10 uliopendekezwa tarehe 15, Septemba, 1992 unafanya jumla ya mgawo wa shilingi milioni 37 kuhusu mwaka ulioishia tarehe 31, Desemba, 1992. Kugawanywa kwa shilingi milioni 37, kumebakiza faida iliyowekwa ya Kundi mwakani ya shilingi milioni 34,541,690 ambayo imehamishwa kuwekwa katika akiba ya Kundi.

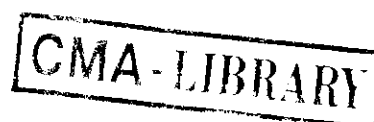
### 4. RASILMALI ILIYORUHUSIWA

Kwenye Mkutano Mkuu wa Mwaka usio wa kawaida uliofanywa tarehe 29, Septemba 1992 wenyehisa walitoa kibali kwamba rasilimali iliyokubaliwa ya kampuni iongezwe kutoka KShs. 200,000,000 hadi KShs. 230,000,000 kwa kuingiza hisa 6,000,000 za kawaida za Sh 5/- kila moja.

### 5. WAKURUGENZI

Wakurugenzi waliokuwa kazini tangu tarehe 1, Januari 1992 ni kama wafuatavyo:

- Col (Rtd) Meshack Kiptoo Birgen - Mwenyekiti  
\*Bw David John Burndred (kutoka tarehe 29 Septemba, 1992)  
Bw Kungu Gatabaki  
Dkt Wilfred Koinange (zamu na Bw A A Shah)  
\*Bw Robert John Scott Michell (alijiuzulu tarehe 29, Septemba 1992)  
Bw Walter Bernard Mukundia Mukuria (Mkurugenzi Mkuu)  
\*Bw Stephen Potter  
Bw Joseah Kimutai arap Sang (zamu na J K Mutai)  
\*British



## TAARIFA YA WAKURUGENZI

Kwa mujibu wa Katiba ya Kampuni, Bw D J Burndred, ambaye alichaguliwa tarehe 29 Septemba 1992, anajiuzulu na kwa vile anastahili kuchaguliwa, amejitolea achaguliwe tena.

Col (Rtd) M K Birgen anajiuzulu kwa zamu na kwa vile anastahili kuchaguliwa anajitolea ili achaguliwe tena.

Bw K Gatabaki anajiuzulu kwa zamu na kwa vile anastahili kuchaguliwa anajitolea ili achaguliwe tena.

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## 6. WAKAGUZI WA HESABU

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Wakaguzi wa Hesabu Mabw Peat Marwick watachaguliwa tena kwa mujibu wa Fungu 159 (2) la Sheria za Makampuni (Cap 486) kwa malipo yatakayowekwa na Wakurugenzi.

Kwa Amri ya Halmashauri

S W Waiganjo  
KATIBU WA KAMPUNI

NAIROBI: 19 Machi, 1993

## CHAIRMAN'S STATEMENT

## TAARIFA YA MWENYEKITI

In the 27 years of HFCK's history, 1992 will be remembered as an especially important and successful one.

In November 1992, HFCK opened a new chapter in the public ownership of Kenya's major businesses by floating 18 million new ordinary shares on the Nairobi Stock Exchange. The issue was more than three times oversubscribed - a clear indication of the confidence the public and depositors have in the company.

To spread the ownership of the company to as many people as possible, individual allocations were limited to a maximum of 2,300 shares, allowing all 19,233 valid applicants to receive an allotment.

The public now holds 39.2 per cent of HFCK share capital, while the Government of Kenya and the Commonwealth Development Corporation (CDC) hold 30.4 per cent each. The injection of new funds has increased the company's paid up capital to KShs. 230 million - considerably enhancing HFCK's capital base.

Despite difficult economic conditions and stiff competition for deposits among banks and financial institutions, HFCK increased its public deposits by 21 per cent to KShs. 3,406 billion and total assets rose 21 per cent to KShs. 4,155 billion. The pre-tax profit was up 68 per cent to KShs. 120.7 million. Of this, KShs. 49 million will go to Government Corporation Tax, leaving a profit after tax of KShs. 71.5 million.

An interim dividend of KShs. 14 million was declared during the year. The Directors are recommending a final dividend of KShs. 23 million. This distribution leaves a balance of KShs. 35 million which will be carried to Group reserve for expansion and growth of the company's business.

HFCK's core business of financing home ownership and mobilising deposits has continued to grow. In the year under review, the company advanced KShs. 614 million - the highest lending on record in any single year. This brings the mortgage asset to an all-time high of KShs. 3,197 billion, up 13 per cent on 1991.

During the year, HFCK reduced its foreign exchange risk exposure to reasonable levels by pre-paying part of the CDC Sterling loan. This payment was facilitated through a Loan/Equity Conversion Agreement between the Company, CDC and Government on 20 May 1992. The understanding and assistance of CDC and Government in this was much appreciated.

HFCK's wholly-owned subsidiary, Kenya Building Society Limited, continued development of Koma Rock Estate Phase

Katika historia ya miaka 27 ya HFCK, mwaka wa 1992 utakumbukwa kama mwaka wa maana sana na wenye mafanikio.

Mnamo mwezi Novemba 1992, HFCK ilifungua ukurasa mpya katika umilikaji wa umma wa makampuni makubwa ya Kenya kwa kuuza hisa milioni 18 za kawaida katika soko la hisa, yaani Nairobi Stock Exchange. Idadi za hisa zilizochangiwa zilikuwa mara tatu zaidi ya ile idadi halisi ya hisa hizo - na hiyo ni ishara wazi inayoonyesha jinsi umma na wawekaji akiba walivyo na imani na kampuni hii.

Ili kusambaza umilikaji wa kampuni miongoni mwa watu wengi iwezenavyo, hisa za watu binafsi ziliwekwa upeo wa hisa 2,300, na kuwapa nafasi waombaji wote 19,233 waliostahili kununua mahitaji yao ya hisa. Umma sasa hivi wanashikilia asilimia 39.2 ya rasilimali ya HFCK, huku Serikali ya Kenya na Commonwealth Development Corporation (CDC) zikiwa na asilimia 30.4 kila moja. Kuingizwa kwa fedha mpya kumeongeza rasilimali ya kampuni iwe KShs. 230 milioni - na hii ikatilia nguvu sana msingi wa kifedha wa kampuni.

Ingawa kulikuwepo hali za shida za uchumi na mashindano makali kuhusu watu wa kuweka akiba, kati ya mabenki na mashirika ya fedha, HFCK iliongeza akiba zake za umma kwa asilimia 21 hadi kufikia KShs. 3,406 bilioni na jumla ya akiba ya kudumu ya kampuni ikaongezeka kwa asilimia 21 hadi kufikia KShs. 4,155 bilioni. Faida kabla ya kutoa fungu la kodi iliongeza kwa asilimia 68 hadi kufikia KShs. 120.7 milioni. Kati ya hiyo, KShs. 49 milioni itapelekwa katika hazina ya Serikali kama kodi ya makampuni na kubakiza faida baada ya kutoa fungu la kodi ya KShs. 71.5 milioni.

Mgawo wa muda wa KShs. 14 milioni ulipendekezwa mwakani. Wakurugenzi wanapendekeza mgawo wa mwisho wa KShs. 23 milioni. Ugawanyaji huu wa mgawo ukabakiza KShs. 35 milioni ambazo zitawekwa katika akiba ya kundi kwa madhumuni ya shughuli za upanuzi na usitawi wa biashara za kampuni.

Kiini cha biashara ya HFCK ya kutoa fedha za kuwawezesha watu kujenga nyumba zao wenyewe pamoja na shughuli za kuweka akiba za fedha za wateja zimeendelea kustawi. Katika mwaka tanaozungumzia, kampuni ilitoa KShs. 614 milioni - na hiki ndicho kiwango cha juu zaidi ambacho kampuni imewahi kupeana kwa wateja katika mwaka wo wote ule. Jambo hilo likafanya akiba ya kudumu ya rehani kuwa na thamani ya KShs. 3,197 bilioni, ongezeko la asilimia 13 mnamo 1991.

Mwakani, HFCK ilipunguza jukumu lake la sarafu za kigeni kufikia viwango vilivyo nafuu kwa kulipa kimbele sehemu

## CHAIRMAN'S STATEMENT

## TAARIFA YA MWENYEKITI

II in Nairobi which is on target for completion in 1993. It is intended that KBS will be involved in housing development in all major urban centres in Kenya, suitable land for this purpose is being identified.

HFCK is also in process of revitalising its other subsidiary, First Permanent (East Africa) Limited, to specialise in providing mortgages for very low cost housing which the rest of the mortgage sector does not cater for.

While HFCK's core activity has continued to concentrate on the development of housing stock and the purchase of existing houses, the company now also offers finance on a limited range of commercial properties including maisonettes and flats.

As part of a policy to mobilise additional savings and extend customer services, two new branches will be opened in 1993, in Kisumu and Meru. Both will be on-line with the Head Office mainframe computer as are all the existing branches. This ensures both faster response to customers' needs and operating cost efficiency.

These developments will be combined with more aggressive marketing and improvement of HFCK's services.

There were changes in the Board during the year, and I am happy to welcome Mr David John Burndred to the Board and to bid farewell to Mr Robert John Scott Mitchell, who resigned in the course of the year. The Board has provided valuable support and advice, and I take this opportunity to thank them.

Finally, on behalf of the Board and shareholders, I wish to thank all HFCK's customers and all the company's employees for their contribution to the company's remarkable performance.

ya deni la CDC la sarafu ya Kiingereza. Malipo hayo yaliweza kufanyika kwa mkataba wa Loan/Equity Conversion Agreement kati ya kampuni, CDC na Serikali mnamo Mei 20 1992. Ushirikiano wa CDC na Serikali katika jambo hili unafurahiwa sana na tunawashukuru wote walio husika.

Kampuni ndogo inayomilikiwa na HFCK pekee, yaani Kenya Building Society Limited, iliendelea kustawisha Koma Rock Estate Phase II jijini Nairobi ambayo inalengwa kukamilika mnamo mwaka 1993. Inakusudiwa kwamba KBS itahusika na harakati za ujenzi wa nyumba katika miji yote mikubwa nchini Kenya na ardhi zifaazo kwa kazi hiyo zinatafutwa. HFCK pia inaanza kustawisha kampuni yake nyingine ndogo, yaani First Permanent (East Africa) Limited, ili ishughulike hasa na harakati za kutoa mikopo ya kujenga nyumba za thamani za chini sana ambazo sekta ya mikopo haishughuliki nazo.

Wakati kiini cha harakati za HFCK kinalenga sana ujenzi wa nyumba na ununuzi wa nyumba zilizojengwa tayari, sasa hivi kampuni inatoa mikopo kwa aina fulani ya majumba ya biashara pamoja na Maisonettes na Flats.

Kama sehemu ya maongozi ya kuimarisha uwekaji zaidi wa akiba za wateja na kupanua hudumu za wateja, matawi mawili mapya yatafunguliwa mnamo mwaka 1993, huko Kisumu na Meru. Matawi hayo mawili yataunganishwa na Kompyuta ya Afisi Kuu jinsi yalivyo matawi hayo mengine yanayoendelea. Hii inahakikisha kwamba wateja wanapata huduma za haraka na pia fedha za kuendesha kazi zinatumiwa vyema. Maendeleo haya yataendeshwa pamoja na huduma kemkem za kutafuta biashara na kuhudumia wateja na pia kuimarisha huduma za HFCK.

Kulikuwepo mabadiliko katika Halmashauri mwakani, nami nina furaha kumkaribisha Bw David John Burndred katika Halmashauri na pia kumuaga Bw Robert John Scott Mitchell, ambaye alijiuzulu mwakani. Wakurugenzi wetu wametoa usaidizi wa maana na vile vile mawaidha, nami nachukua fursa hii kuwashukuru.

Nikimaliza kwa niaba ya Halmashauri ya Wakurugenzi na wenyehisa, ningependa kuwashukuru wateja wa HFCK pamoja na wafanyakazi wote wa kampuni kwa mchango wao kuhusu kazi nzuri kabisa.

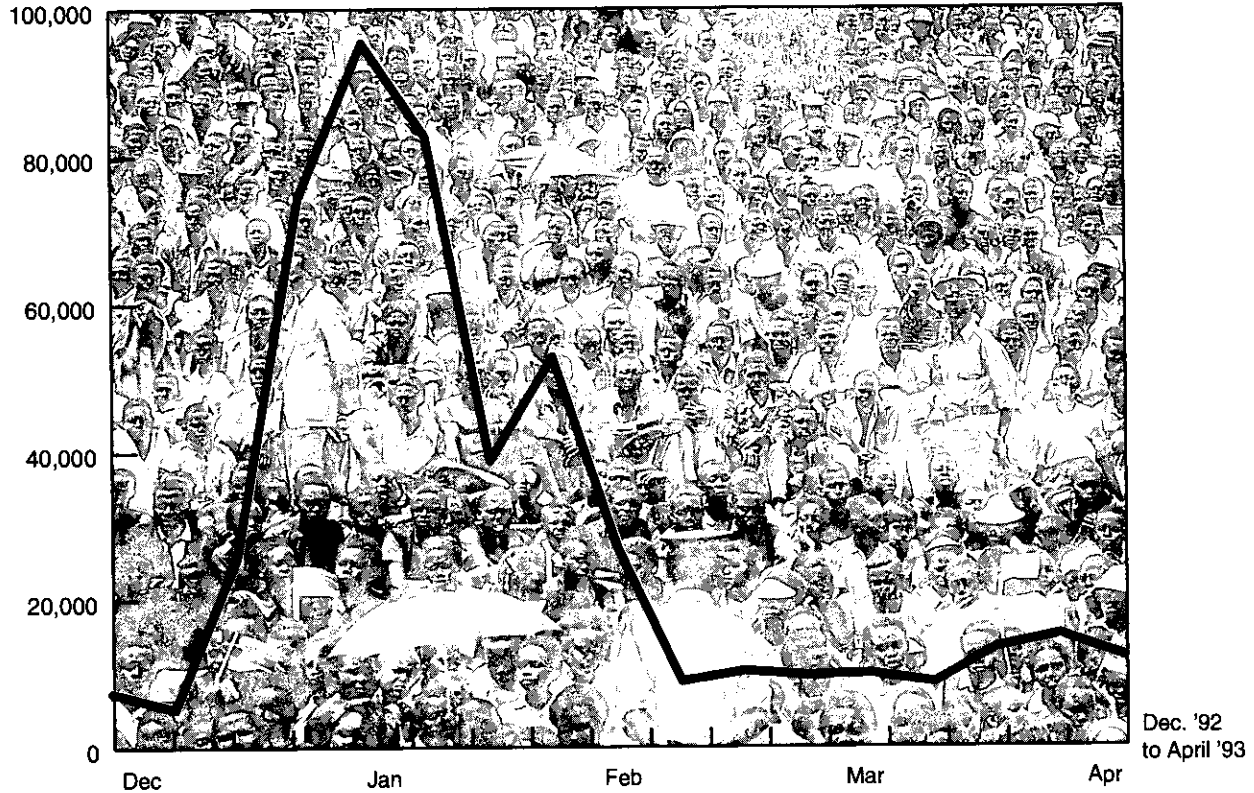
Col (Rtd) M K Birgen  
CHAIRMAN

Col (Rtd) M K Birgen  
MWENYEKITI

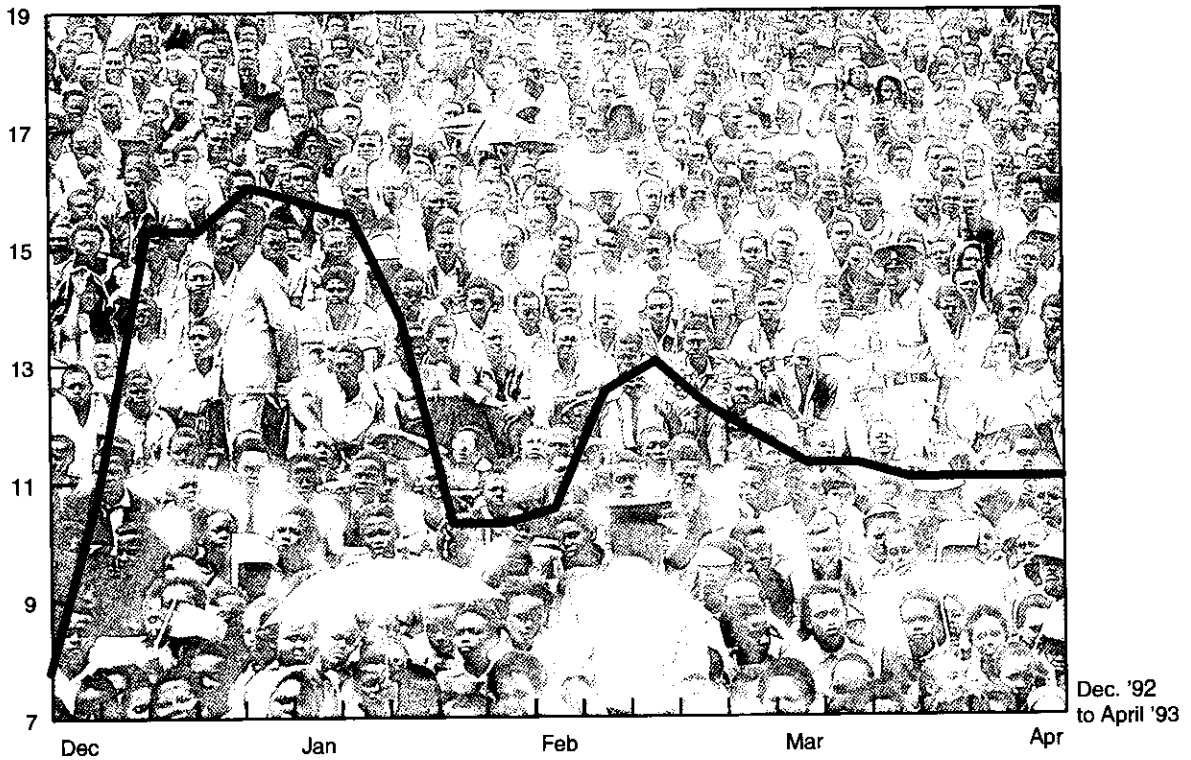


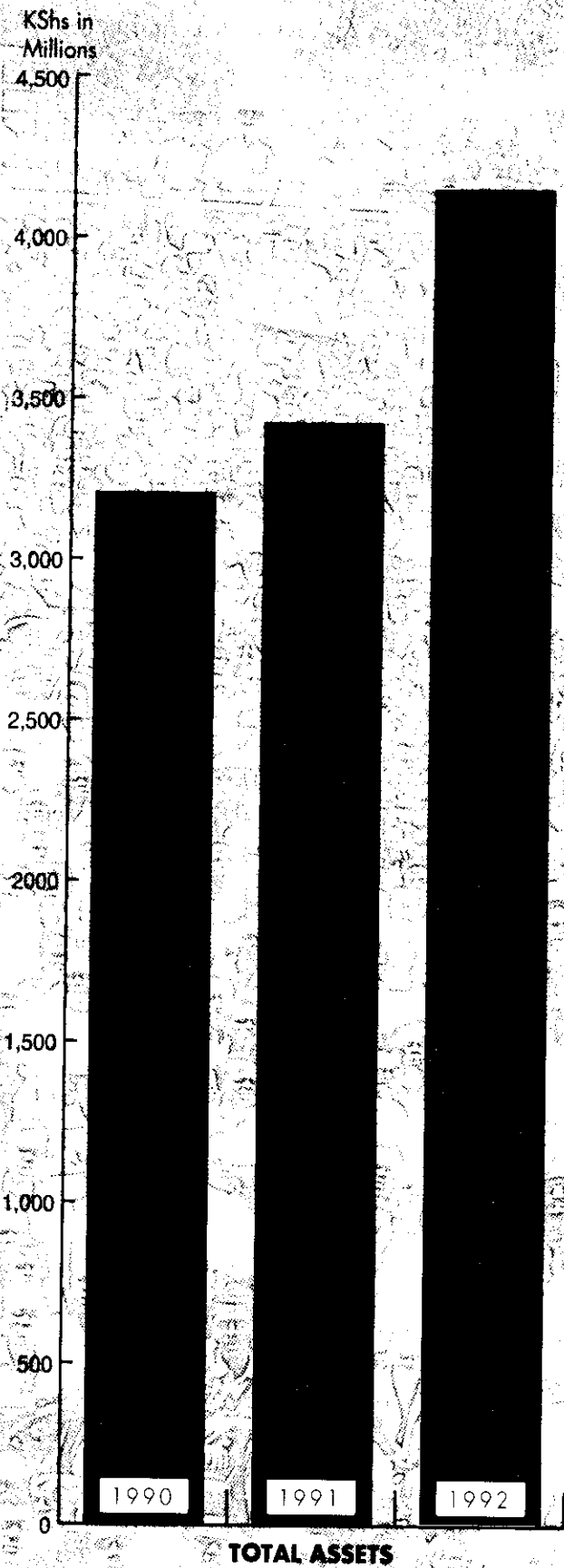
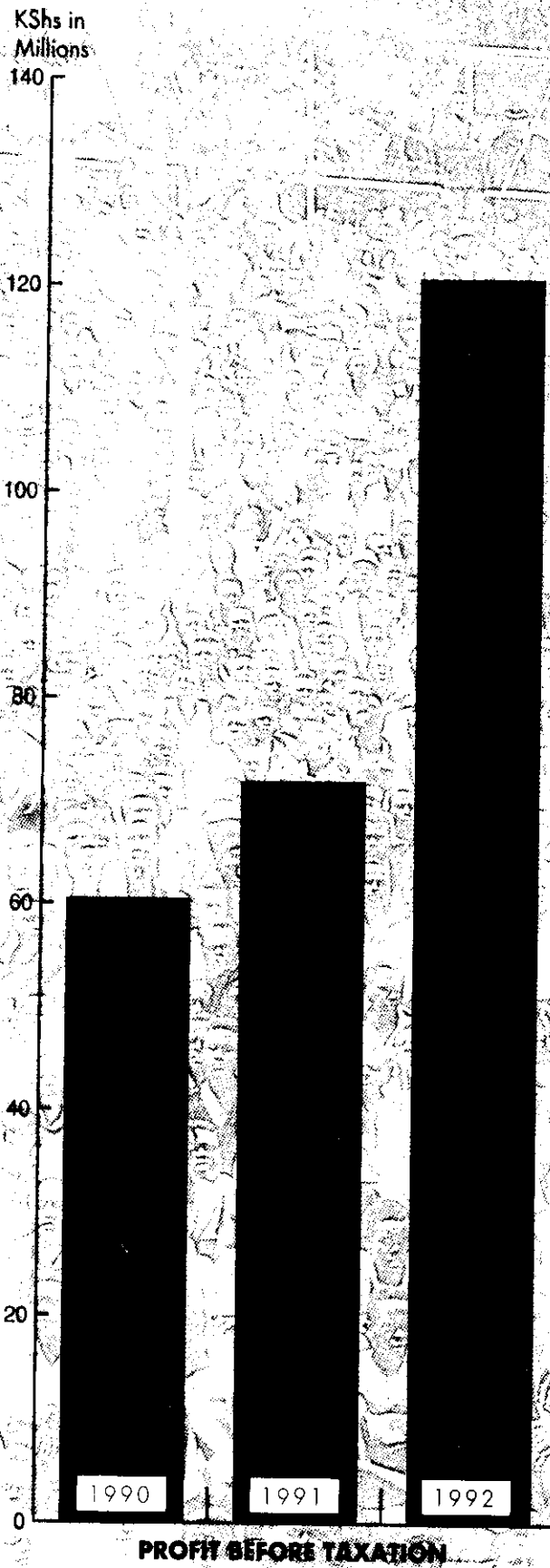
## STATISTICAL HIGHLIGHTS

No. of Shares  
traded



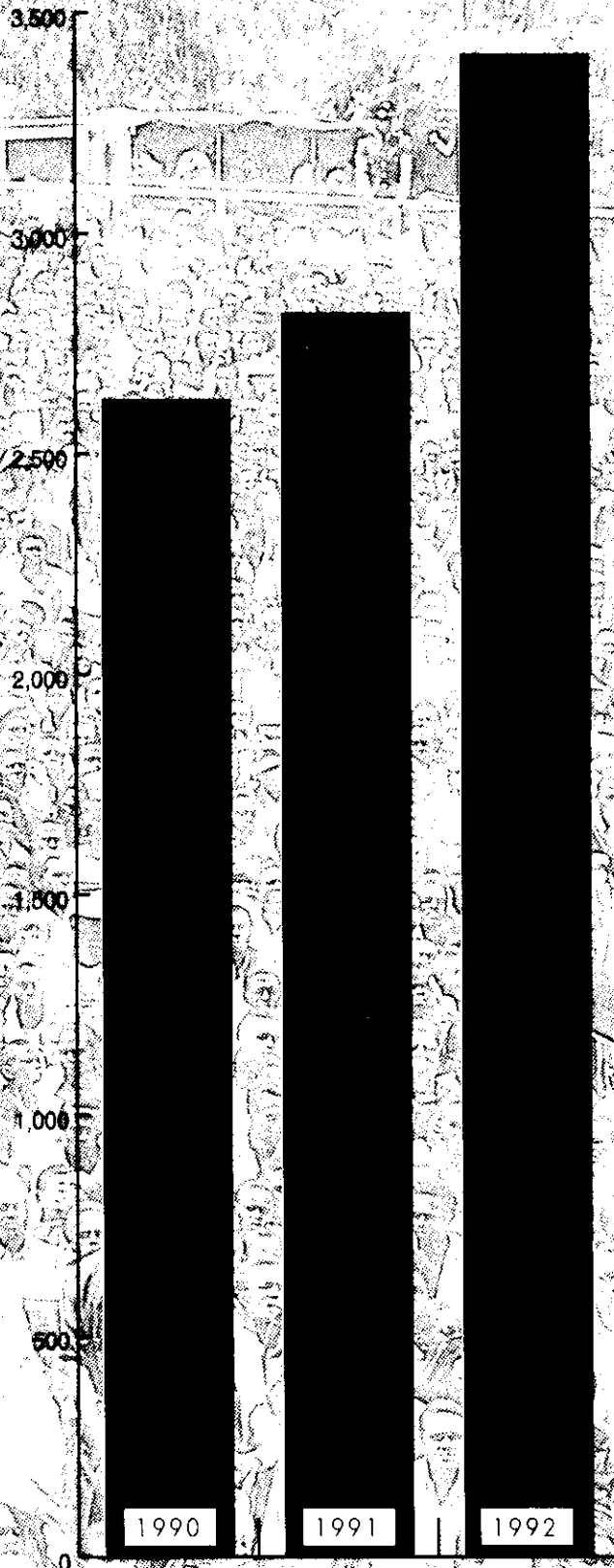
Share Prices  
in KShs



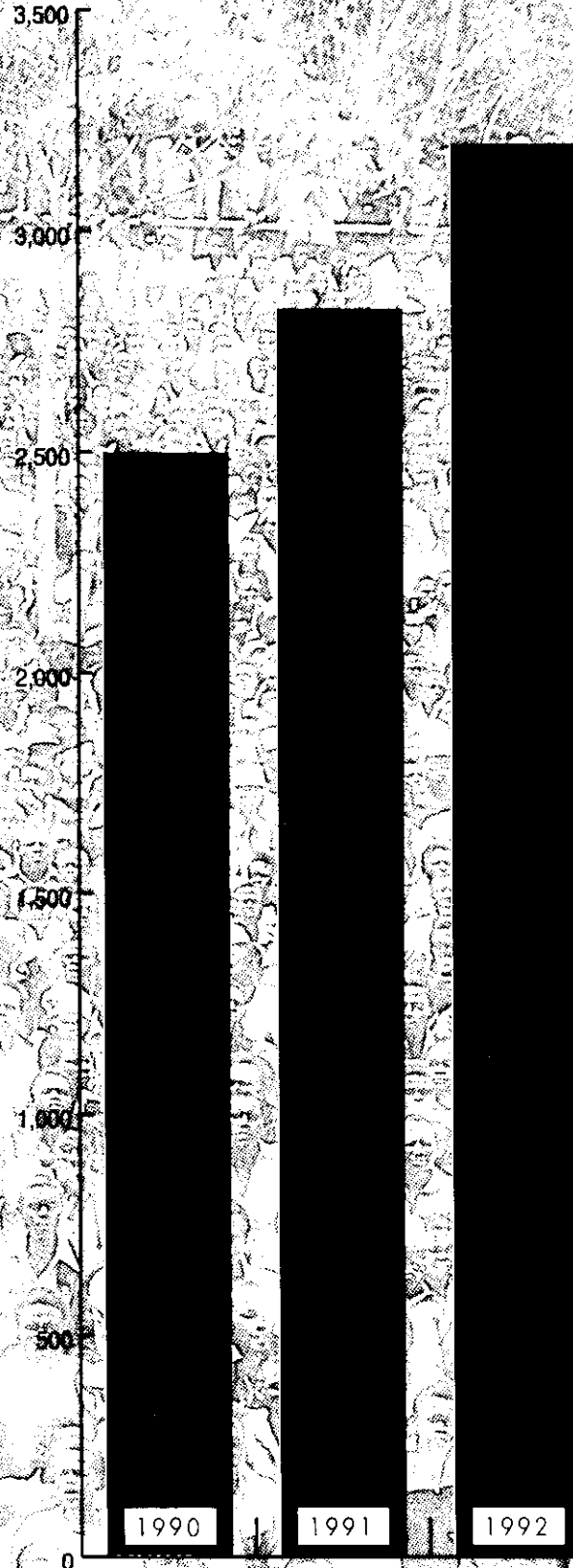


# HFCK IS ON THE

KShs in  
Millions



KShs in  
Millions



# UP AND UP!

## **REPORT OF THE AUDITORS TO THE MEMBERS OF HOUSING FINANCE COMPANY OF KENYA LIMITED**

We have audited the accounts as set out on pages 17 to 28 and have obtained all the information and explanations which we considered necessary. Proper books have been kept and the Balance Sheet is in agreement therewith.

In our opinion the accounts, which have been prepared on the basis of the accounting policies set out on pages 21 to 22, give a true and fair view of the state of affairs of the Company and of the Group at 31st December, 1992 and of the profit and source and application of funds of the Group for the year to that date and comply with the requirements of the Companies Act.

PEAT MARWICK  
CERTIFIED PUBLIC ACCOUNTANTS  
PO BOX 40612  
NAIROBI

Date: 19th March, 1993

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### **TAARIFA YA WAKAGUZI HESABU KWA WANACHAMA**

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Tumekagua hesabu zilizoko kwenye karasa 17 hadi 28 na tumepatiwa habari na maelezo yote muhimu kwa ukaguzi wetu. Vitabu vya hesabu vimewekwa kwa njia sahihi na Urari wa Hesabu unalingana na vitabu hivyo.

Kwa maoni yetu, hesabu hizi ambazo zimeandaliwa kulingana na maongozi ya hesabu yaliyoko kwenye kurasa 21 hadi 22, zinaeleza ukweli na maoni ya haki jinsi hali ilivyo katika Kampuni na Kundi lake kufikia tarehe 31 Desemba 1992 na kuhusu faida na mapato na matumizi ya fedha za Kundi kwa mwaka ulioishia tarehe hiyo na yakalingana na masharti ya Sheria za Makampuni.

PEAT MARWICK  
CERTIFIED PUBLIC ACCOUNTANTS  
PO BOX 40612  
NAIROBI

Tarehe: 19 Machi, 1993





# CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1992

	Note	1992 KShs.	1991 KShs.
Profit before taxation	2	120,714,215	71,808,171
Taxation	3	<u>(49,172,525)</u>	<u>(29,402,419)</u>
Profit after taxation		71,541,690	42,405,752
Dividends			—
- Interim		14,000,000	
- Final		<u>23,000,000</u>	<u>28,000,000</u>
Retained profit for the year		<u>34,541,690</u>	<u>14,405,752</u>
Retained profit/ (loss) for the year			
The parent company		32,065,576	19,521,232
Subsidiary companies		<u>2,476,114</u>	<u>(5,115,480)</u>
		<u>34,541,690</u>	<u>14,405,752</u>
Earnings per share - KShs.	4	1.56	1.51

The notes on pages 21 to 28 form part of these accounts.

# CONSOLIDATED BALANCE SHEET AT 31ST DECEMBER, 1992

	Note	1992 KShs.	1991 KShs.
Fixed Assets	5	231,530,164	238,950,015
Investment Properties		9,817,231	—
Mortgages	6	3,197,710,313	2,822,982,047
Long Term Investment	7	9,775,000	9,775,000
Komarock and other Housing Projects	9	129,867,028	16,318,613
Net Current Assets	10	576,168,304	335,624,379
		<u>4,154,868,040</u>	<u>3,423,650,054</u>
Financed by:-			
Share Capital	11	230,000,000	140,000,000
Reserves	12	260,685,208	197,182,385
Long Term Loans	13	2,181,389	3,021,604
Shareholders' Income Notes and Loans	14	255,657,211	263,805,735
Public Deposits		3,406,344,232	2,819,640,330
		<u>4,154,868,040</u>	<u>3,423,650,054</u>

The accounts set out on pages 17 to 28 were approved by the Board of Directors on 19th March, 1993 and were signed on its behalf by:-

*S Potter*

Director

*A A Shah*

Alternate Director

The notes on pages 21 to 28 form part of these accounts.

## BALANCE SHEET AT 31ST DECEMBER, 1992

	Note	1992 KShs.	1991 KShs.
Fixed Assets	5	227,637,618	236,220,378
Mortgages	6	3,197,710,313	2,822,982,047
Long Term Investment	7	9,775,000	9,775,000
Investment in Subsidiary Companies	8	55,020,000	5,020,000
Net Current Assets	10	656,732,405	344,136,039
		<u>4,146,875,336</u>	<u>3,418,133,464</u>
Financed by:-			
Share Capital	11	230,000,000	140,000,000
Reserves	12	252,692,504	191,665,795
Long Term Loans	13	2,181,389	3,021,604
Shareholders' income notes and loans	14	255,657,211	263,805,735
Public Deposits		<u>3,406,344,232</u>	<u>2,819,640,330</u>
		<u>4,146,875,336</u>	<u>3,418,133,464</u>

The accounts set out on pages 17 and 28 were approved by the Board of Directors on 19th March, 1993 and were signed on its behalf by:

*S Potter*

Director

*A A Shah*

Alternate Director

The notes on pages 21 to 28 form part of these accounts.

# CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 31ST DECEMBER, 1992

	1992 KShs.	1991 KShs.
<b>SOURCE OF FUNDS</b>		
Group profit before taxation	120,714,215	71,808,171
Adjustment for items not involving the movement of funds		
Depreciation (Net)	12,698,161	10,941,643
Mortgage loss provision	6,553,120	2,736,255
Profit on sale of fixed assets	(415,200)	(563,483)
Exchange variations on loan repayment (net)	8,694,144	8,838,202
Total funds generated from operations	148,244,440	93,760,788
Funds from other sources		
Mortgage recoveries	232,904,660	220,405,111
Increase in Public Deposits	586,703,902	196,659,463
Proceeds on disposal of fixed assets	600,000	970,500
Proceeds on share issue (net)	109,708,077	—
	1,078,161,079	511,795,862
<b>APPLICATION OF FUNDS</b>		
Mortgage disbursements	614,186,046	549,559,160
Purchase of fixed assets	16,524,348	15,171,885
Dividends paid	18,000,000	—
Taxation paid	40,503,611	29,765,479
Shareholders' loan repayments	12,342,576	13,369,375
Other loan repayments	840,215	101,268,178
Komarock and other Housing Projects	113,548,415	(236,745,902)
	815,945,211	472,388,175
Increase in working capital	262,215,868	39,407,687
<b>INCREASE/(DECREASE) IN WORKING CAPITAL</b>		
Debtors and prepayments	(976,492)	9,406,625
Creditors and provisions	(60,595,440)	14,013,611
Movement in net liquid funds, funds at call and short notice, Treasury Bills & Bonds	324,472,648	(5,777,722)
Cash at bank and in hand	(684,848)	21,765,173
	262,215,868	39,407,687

## NOTES TO THE ACCOUNTS

### 1. ACCOUNTING POLICIES

The following paragraphs describe the main accounting policies used by the group:-

a) **Accounting convention**

The accounts are prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

b) **Consolidation of Group Companies**

The consolidated accounts comprise the accounts of the parent company and its subsidiaries listed under Note 8, all of which are made up to the 31st December, 1992.

c) **Interest**

Interest receivable and payable is calculated and included on the accruals basis.

d) **Depreciation and amortisation**

Depreciation of fixed assets at cost or valuation and amortisation on assets subject to leasehire agreements is calculated on the straight line basis to write them off over their expected useful lives. The principal annual rates used are:-

Land	- Freehold	- Nil
	- Long leasehold	- Nil
	- Short leasehold	- Over period of lease
Buildings	- Over period of lease	
Furniture, fixtures, equipment, and motor vehicles		- 5% - 25%

No depreciation is charged on investment properties.

Excess depreciation provided on the surplus over cost of assets at revaluation is met by an annual transfer from Capital Reserve.

e) **Taxation**

Current taxation is provided on the profits for the year as shown in the accounts adjusted in accordance with the tax legislation.

Provision for deferred tax is made only when the directors consider that a material tax benefit or charge is likely to crystallise in the foreseeable future.

f) **Translation of Foreign Currencies**

Transactions in foreign currencies during the period are converted into Kenya Shillings at rates ruling at the transactions dates. Assets and liabilities at the balance sheet date which are expressed in foreign currencies are translated into Kenya Shillings at rates ruling at that date. The resulting realised and unrealised differences from conversion and translation are taken to the profit and loss account and the Exchange Equalisation Reserve respectively.

g) **Treasury Bonds**

These are stated at nominal value, discount net yet earned being included in other liabilities. Discounts are amortised and taken to income in instalments that have regard to the maturity dates of the items concerned.

## NOTES TO THE ACCOUNTS

### 2. GROUP PROFIT BEFORE TAXATION IS ARRIVED AT AFTER CREDITING/ CHARGING THE FOLLOWING ITEMS

	1992 KShs.	1991 KShs.
Crediting:-		
Interest Receivable	(615,890,156)	(539,093,334)
Excess Depreciation transferred from capital reserve	(1,244,006)	(1,510,912)
Provision for loss on short term deposits no longer required	(13,456,770)	—
Profit on sale of fixed assets	(415,200)	(563,483)
Charging:-		
Interest Payable	422,052,066	381,341,538
Depreciation	13,942,167	12,452,555
Directors' remuneration fees and expenses	662,712	1,196,778
Other emoluments	1,732,800	1,293,600
Audit fees and expenses	865,735	885,131
Exchange loss on repayment of Sterling loan	8,694,144	8,838,202
Provision for loss on short term deposits	—	12,656,770
	=====	=====

### 3. TAXATION

a)	At 37.5% (1991 - 40%) on the profit for the year as adjusted for tax purposes	49,172,525	29,401,138
	Under provision in prior year	—	1,281
		49,172,525	29,402,419
		=====	=====
b)	No credit has been taken in these accounts for tax relief that will accrue in future years from the excess of tax written down values at 31st December, 1992 over the corresponding book values of the assets concerned. At existing rates of tax, such future relief amounts to KShs. 2,579,844 (1991 - KShs. 2,269,254).		

### 4. EARNINGS PER SHARE

Earnings per share are calculated on the profit after taxation of KShs. 71,541,690 (1991 - KShs. 42,405,752) and on the number of shares in issue at the balance sheet date.

## NOTES TO THE ACCOUNTS

### 5. FIXED ASSETS

a) Group:

	— — — Land — — —				Furniture fixtures equipment & motor vehicles	Total
	Freehold	Leasehold		Buildings		
		Long term	Short term			
	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.
Cost or valuation:						
At 1.1.92	6,500,000	56,850,000	2,800,000	138,147,110	78,477,366	282,774,476
Additions at cost	—	2,400,000	—	1,460,158	12,664,190	16,524,348
Disposals	—	—	—	—	(5,565,434)	(5,565,434)
Transfer to investment properties	(4,500,000)	—	(2,000,000)	(3,600,000)	—	(10,100,000)
At 31.12.92	2,000,000	59,250,000	800,000	136,007,268	85,576,122	283,633,390
At cost	—	2,400,000	—	5,457,268	85,576,122	93,433,390
At valuation	2,000,000	56,850,000	800,000	130,550,000	—	190,200,000
Depreciation:						
At 1.1.92	—	—	153,846	3,057,264	40,613,352	43,824,462
Charge for the year	—	—	—	1,985,343	11,956,824	13,942,167
On disposals	—	—	—	—	(5,380,634)	(5,380,634)
On transfers	—	—	(153,846)	(128,923)	—	(282,769)
At 31.12.92	—	—	—	4,913,684	47,189,542	52,103,226
At cost	—	—	—	4,913,684	47,189,542	52,103,226
At Valuation	—	—	—	—	—	—
Net book value:						
At 31.12.92	2,000,000	59,250,000	800,000	131,093,584	38,386,580	231,530,164
At 31.12.91	6,500,000	56,850,000	2,646,154	135,089,846	37,864,015	238,950,015

#### Revaluation of assets

The company's land and buildings were revalued on 31st December, 1990 by Tysons Limited a firm of professional valuers on the basis of market value.

## NOTES TO THE ACCOUNTS

### 5. FIXED ASSETS

b) Company:

	Land				Furniture fixtures equipment & motor vehicles	Total
	Freehold	Leasehold		Buildings		
	KShs.	Long term KShs.	Short term KShs.	KShs.	KShs.	KShs.
Cost or valuation:						
At 1.1.92	6,500,000	56,850,000	2,800,000	135,881,940	77,228,647	279,260,587
Additions at cost	—	2,400,000	—	915,255	11,293,668	14,608,923
Disposals	—	—	—	—	(5,257,434)	(5,257,434)
Transfer to Subsidiary	(4,500,000)	—	(2,000,000)	(3,600,000)	—	(10,100,000)
At 31.12.92	2,000,000	59,250,000	800,000	133,197,195	83,264,881	278,512,076
At cost	—	2,400,000	—	2,647,195	83,264,881	88,312,076
At valuation	2,000,000	56,850,000	800,000	130,550,000	—	190,200,000
Depreciation:						
At 1.1.92	—	—	153,846	2,811,389	40,074,974	43,040,209
Charge for the year	—	—	—	1,739,468	11,634,984	13,374,452
On disposal	—	—	—	—	(5,257,434)	(5,257,434)
On transfer	—	—	(153,846)	(128,923)	—	(282,769)
At 31.12.92	—	—	—	4,421,934	46,452,524	50,874,458
On cost	—	—	—	4,421,934	46,452,524	50,874,458
On valuation	—	—	—	—	—	—
Net book value:						
At 31.12.92	2,000,000	59,250,000	800,000	128,775,261	36,812,357	227,637,618
At 31.12.91	6,500,000	56,850,000	2,646,154	133,070,551	37,153,673	236,220,378

#### Revaluation of assets

The company's land and buildings were revalued on 31st December, 1990 by Tysons Limited, a firm of professional valuers on the basis of market value.



## NOTES TO THE ACCOUNTS

### 6. MORTGAGE COMMITMENTS

Group and Company

Mortgage commitments amounting to KShs. 557,898,000  
(1991 KShs. 471,392,000) are analysed below:-

	1992 KShs.	1991 KShs.
Commitment in principle but not authorised for payment	390,847,000	262,994,000
Authorised but not paid	167,051,000	208,398,000
	<u>557,898,000</u> =====	<u>471,392,000</u> =====

### 7. LONG TERM INVESTMENT - 10.75% KENYA STOCK 1981/2000

This consists of 50,000 Kshs 200.00 stocks each at a cost of KShs. 195.50. The rate of interest is 10.75% per annum payable half yearly on 30th June and 30th September every year, up to maturity.

### 8. INVESTMENT IN SUBSIDIARIES (Unquoted)

	1992 KShs.	1991 KShs.
Shares at cost		
First Permanent (East Africa ) Limited	5,020,000	5,020,000
Kenya Building Society Limited	50,000,000	—
	<u>55,020,000</u> =====	<u>5,020,000</u> =====

### 9. KOMAROCK AND OTHER HOUSING PROJECTS

	1992 KShs.	1992 KShs.
Komarock Housing Projects		
- Costs to date	128,778,818	16,318,613
Mombasa - Shimanzi Housing Project	1,088,210	—
	<u>129,867,028</u> =====	<u>16,318,613</u> =====

Commitments in respect of these Projects, authorised and contracted for but not provided, as at 31st December, 1992 amounted to KShs. 203,523,038 (1991 - KShs. Nil).

## NOTES TO THE ACCOUNTS

### 10. NET CURRENT ASSETS

	Group		Company	
	1992 KShs.	1991 KShs.	1992 KShs.	1991 KShs.
Current Assets:-				
Debtors and prepayments	47,117,360	48,093,852	43,434,265	34,665,164
Subsidiary company	—	—	58,794,679	7,054,406
Funds at call & short notice	623,662,504	376,900,516	623,662,504	376,900,516
Treasury Bills and				
Treasury Bonds	42,000,000	11,400,000	42,000,000	11,400,000
Taxation	2,207,827	1,837,976	—	—
Cash at bank and in hand	38,885,601	54,292,704	40,174,646	53,576,888
	<u>753,873,292</u>	<u>492,525,048</u>	<u>808,066,094</u>	<u>483,596,974</u>
Less: Current Liabilities:				
Creditors and provisions	113,153,536	114,021,160	86,818,987	91,579,962
Subsidiary company	—	—	—	5,001,464
Taxation	27,551,452	24,879,509	27,514,702	24,879,509
Dividend	37,000,000	18,000,000	37,000,000	18,000,000
	<u>177,704,988</u>	<u>156,900,669</u>	<u>151,333,689</u>	<u>139,460,935</u>
Net current assets	<u>576,168,304</u>	<u>335,624,379</u>	<u>656,732,405</u>	<u>344,136,039</u>

### 11. SHARE CAPITAL

Ordinary shares of KShs. 5.00 each	1992 No.	1991 KShs.	No.	KShs.
Authorised	<u>46,000,000</u>	<u>230,000,000</u>	<u>40,000,000</u>	<u>200,000,000</u>
Issued and fully paid				
1st January, 1992	28,000,000	140,000,000	4,000,000	20,000,000
Issued during the year	<u>18,000,000</u>	<u>90,000,000</u>	<u>24,000,000</u>	<u>120,000,000</u>
31st December, 1992	<u>46,000,000</u>	<u>230,000,000</u>	<u>28,000,000</u>	<u>140,000,000</u>

The nominal value of the shares was reduced to KShs. 5.00 per share from KShs. 20.00 per share prior to the issue of the shares to the public. Number of shares in issue during 1991 was adjusted to reflect the new nominal value.

## NOTES TO THE ACCOUNTS

### 12. RESERVES

	Capital	Share premium	Exchange Equalisation	Retained profits	Total
	KShs.	KShs.	KShs.	KShs.	KShs.
<b>GROUP:</b>					
Balance at 1.1.92	170,867,305	—	(29,568,874)	55,883,954	197,182,385
From share issue	—	36,000,000	—	—	36,000,000
Excess depreciation transferred to profit and loss account	(1,244,006)	—	—	—	(1,244,006)
Share issue expenses	—	(16,291,923)	—	—	(16,291,923)
Retained profit for the year	—	—	—	34,541,690	34,541,690
Exchange gain on revaluation of Sterling loan	—	—	5,850,823	—	5,850,823
Tax relief on unrealised exchange losses	—	—	(1,350,732)	—	(1,350,732)
Taxation	—	5,996,971	—	—	5,996,971
Balance at 31.12.92	169,623,299	25,705,048	(25,068,783)	90,425,644	260,685,208
<b>Company:-</b>					
Balance at 1.1.92	170,867,305	—	(29,568,874)	50,367,364	191,665,795
From share issue	—	36,000,000	—	—	36,000,000
Excess Depreciation transferred to profit and loss account	(1,244,006)	—	—	—	(1,244,006)
Share issue expenses	—	(16,291,923)	—	—	(16,291,923)
Retained profit for the year	—	—	—	32,065,576	32,065,576
Exchange gain on revaluation of Sterling loan	—	—	5,850,823	—	5,850,823
Tax relief on unrealised exchange losses	—	—	(1,350,732)	—	(1,350,732)
Taxation	—	5,996,971	—	—	5,996,971
Balance at 31.12.92	169,623,299	25,705,048	(25,068,783)	82,432,940	252,692,504

### 13. LONG TERM LOANS (SECURED)

The loan balance of KShs. 2,181,389 is secured against a first legal charge on Rehani House. The loan balance is being repaid in twenty half yearly instalments of KShs. 343,323 (including interest) commencing from December, 1987. During 1993 principal loan repayments will amount to KShs. 354,796.

## NOTES TO THE ACCOUNTS

### 14. SHAREHOLDERS' INCOME NOTES AND LOANS

	1992 KShs.	1991 KShs.
Government of Kenya - Income Notes	50,750,000	50,750,000
Commonwealth Development Corporation 1975 to 2003	319,321,586	317,428,956
	<u>370,371,568</u>	<u>368,178,956</u>
Less: Unrealised exchange differences recoverable from the Government of Kenya under a Risk Assumption Agreement	(107,695,906)	(96,304,020)
Tax relief on unrealised exchange losses	(6,718,469)	(8,069,201)
	<u>255,657,211</u>	<u>263,805,735</u>
	=====	=====

The loans are repayable over the following period:

- a) Commonwealth Development Corporation - 1975 to 2003
  - i) During 1993 principal loan repayments to Commonwealth Development Corporation will amount to KShs. 9,026,276 at the rate of exchange ruling at 31st December, 1992.
  - ii) In respect of Komarock (formerly Kayole) loan of Stg.£5,000,000, the company has committed to pay to the Government of Kenya a risk assumption fee at the rate of 2.5% per annum on the outstanding loan balance to cover itself fully against future exchange losses on repayments of principal amounts and interest on due dates. During 1993 principal loan repayments will amount to KShs. 16, 583,798 at the rate of KShs. 33.167596 being the rate under the Risk Assumption Agreement with the Government of Kenya.
- b) i) Government of Kenya - Income notes carry no redemption date.

### 15. CAPITAL COMMITMENTS

Group and Company

	1992 KShs.	1991 KShs.
Authorised but not contracted	50,308,816	24,589,356
Contracted but not paid for	<u>11,833,084,</u>	<u>—</u>
	=====	=====

### 16. INCORPORATION

The company is incorporated in Kenya under the Companies Act.

## ANALYSIS OF ADVANCES - 1992

ESTATE DEVELOPMENT	ESTATE	Amount- KShs 1992	Amount-KShs. 1991
Kenya Building Society	Koma Rock Estate Phase I	4,446,860	133,498,00
National Housing Corporation	Uhuru Gardens Phase II	3,740,100	26,893,4000
National Housing Corporation	Kibera Highrise	82,000,000	—
National Housing Corporation	Kiboko Mortgage Scheme	—	9,981,000
Trans-Asia Trading Company	River Bank Estate	8,138,200	7,204,000
Realty Brokers	Realty Phase II	—	1,000,000
Kenya Building Society	Koma Rock 'B'	11,906,160	—
National Housing Corporation	Kisumu Mortgage Scheme	—	738,000
National Housing Corporation	Eldoret Mortgage Scheme	—	2,282,000
Individuals	Existing Properties	151,626,720	101,991,360
	Re-Mortgages	31,860,320	32,965,620
	New Construction	101,081,140	72,645,180
	New Properties	219,386,546	160,360,600
	Total Advances	614,186,046	549,559,160

### Price Ranges

#### Estate Development

##### ESTATES

Malindi Mortgage Scheme	Minimum	145,000	145,000
Riverbank	Maximum	1,340,000	999,000

##### INDIVIDUALS

Existing Houses	Minimum	335,000	400,000
Existing Houses	Maximum	3,000,000	5,500,000
New Houses	Minimum	600,000	402,000
New Houses	Maximum	2,500,000	3,500,000
Construction Cases	Minimum	300,000	276,000
Construction Cases	Maximum	10,060,000	3,072,000

## DIRECTORY OF SERVICES

HFCK has one primary objective: to help you own your own home. This is primarily achieved through promotion of savings. Between 1965 and 1992, HFCK has advanced more than KShs. 4.9 billion towards the development of housing and home ownership in Kenya, and helped thousands of families own their own dream home. HFCK is firmly committed to enabling many more Kenyans realise this dream in the future.

HFCK is thus a key player in Kenya's financial sector and the company is now the pace-setter in the housing and mortgage industry. But HFCK provides more than just money. Much more. It also provides a host of related services, and customers can depend on the following comprehensive package of services to cater for their varying needs - all under the HFCK roof.

**Banking Services** - HFCK offers you seven ways to save with rates of interest ranging from 13.5% to 16%. These are Savings Accounts, Deposit Accounts, Children's Accounts, Provident or Pension Funds, Fixed Term Deposit Accounts, Special Accounts - for individuals or companies with funds for specific projects wishing to earn interest on them pending utilisation; and Housing Development Bonds. HFCK offers ten different types of **Housing Development Bonds** with special tax advantages, designed to channel funds specifically into housing while giving very attractive returns to investors.

**Valuation Services** - The company carries out valuations of undeveloped plots, extensions and repairs, as well as valuation on behalf of companies which purchase or rent houses for their employees or which give housing allowance to their staff. HFCK also offers inspection services for houses being constructed by individuals.

**Estate Development** - Estate developers can obtain a professional opinion on the efficiency of their investments as well as the suitability of the location, design and pricing of the houses they intend to build from HFCK. After inspecting a developer's plans, HFCK can issue a commitment to finance those willing to buy the houses.

**Insurance Cover** - All houses that HFCK takes over are insured by the company, which makes all necessary arrangements on behalf of the client. HFCK also arranges life insurance for all customers so that family members are protected and guaranteed ownership, even if a tragedy occurs.

**Company Mortgage Schemes** - When a company wants to pass on reduced interest rates to its employees as a benefit, it can use this facility, which enables employees to enjoy often substantially reduced mortgage interest rates.

**Loans** - Customers can obtain loans for five kinds of building projects; existing houses, new houses, individual construction, extensions and commercial buildings - all from HFCK.

**Bridging Finance** - A developer may at times be short of cash to finish a project. At the developer's request, HFCK can issue the bridging finance required for completion of the project, thus giving home buyers an even wider choice.

**Looking into the future** - In future, HFCK intends to become more active not only in the core area of development and finance of residential houses, but also in other ancillary areas of business related to HFCK's skills, structure, resources and competitive strength. The expanded portfolio will include mortgages on commercial properties, insurance, estate management, technical consultancy and any other construction and/or finance related business for which the company is equipped, and which will have a positive impact on the company's revenue and asset base.

