ANNUAL REPORT & FINANCIAL STATEMENTS 2010

TPS

TPS EASTERN AFRICA LIMITED

SERENA HOTELS

SAFARI LODGES • HOTELS • RESORTS

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Directors and Administration

BOARD OF DIRECTORS

Francis Okomo-Okello (Chairman)
Mahmud Jan Mohamed (Managing Director)
Abdulmalek Virani (Finance Director)
Ameer Kassim-Lakha
Dr. Ramadhani Dau****
Jack Jacob Kisa
Ghislain de Valon* (Appointed 23 March 2011)
Jean-Louis Vinciguerra*
Kate Bandawe**** (Alternate to Dr. Ramadhani Dau)
Kabir Hyderally***
Mahmood Pyarali Manji
Kungu Gatabaki
Wolfgang Bertelsmeier***** (Resigned 23 January 2011)
Ashish Sharma* (Alternate to Jean-Louis Vinciguerra) (appointed 05 January 2011)

BOARD AUDIT & FINANCE COMMITTEE

Kungu Gatabaki (Chairman)
Ameer Kassim-Lakha
Jean-Louis Vinciguerra
Mahmood Pyarali Manji
Wolfgang Bertelsmeier (Resigned 23 January 2011)

BOARD NOMINATION AND REMUNERATION COMMITTEE

Jack Jacob Kisa (Chairman)
Dr. Ramadhani Dau
Kabir Hyderally
Mahmood Pyarali Manji

*French ***Pakistani ****Tanzanian*****German

COMPANY SECRETARY

Damaris A. Angulu (Mrs)	(Resigned 05 January 2011)
Dominic K. Ng'ang'a	(Appointed 05 January 2011)

Directors and Administration
(continued)

PRINCIPAL OFFICERS

Mark Gathuri	Operations Manager, Kenya Lodges & Resorts
Michael Opondo	Director of Sales and Marketing E.A.
Salim Janmohamed	General Manager - TPS (T) and TPS (Z)
Surinder Sandhu	Chief Engineer E.A.
Charles Ogada	Financial Controller E.A.

TOURISM PROMOTION SERVICES (KENYA) LIMITED [TPS (K)]

Killian Lugwe	General Manager	- Nairobi Serena Hotel
Tuva Mwahunga	General Manager	- Serena Beach Hotel and Spa, Mombasa
Herman Mwasaghua	Manager	- Amboseli Serena Safari Lodge
Paul Chaulo	Manager	- Mara Serena Safari Lodge
Henrietta Mwangola (Ms)	Manager	- Kilaguni Serena Safari Lodge
Nicholas Mburugu	Manager	- Serena Mountain Lodge
James Odenyo	Manager	- Sweetwaters Tented Camp and Ol Pejeta House

TOURISM PROMOTION SERVICES (TANZANIA) LIMITED [TPS (T)]

Jonathan Cheres	Manager	- Kirawira Luxury Tented Camp
Mustafa Mbinga	Manager	- Lake Manyara Serena Safari Lodge
Felix Ogembo	Manager	- Serengeti Serena Safari Lodge
Dismas Simba	Manager	- Ngorongoro Serena Safari Lodge
Gerald Macharia	Manager	- Serena Mountain Village Hotel, Arusha
Vincent Matei	Manager	- Mbuzi Mawe Tented Camp
Charles Mbuya	Manager	- Mivumo River Lodge and Selous Wildlife Lodge

TOURISM PROMOTION SERVICES (ZANZIBAR) LIMITED [TPS (Z)]

Daniel Sambai	General Manager	- Zanzibar Serena Inn

OTHER MANAGED PROPERTIES

Mugo Maringa	General Manager	- Kampala Serena Hotel, Uganda
Wilfred Shirima	General Manager	- Lake Victoria Serena Resort, Uganda
Charles Muia	General Manager	- Kigali Serena Hotel, Rwanda
Kennedy Were	Manager	- Lake Kivu Serena Hotel, Rwanda
Karim Merali	General Manager	- Polana Serena Hotel, Mozambique

Flamingos at Lake Elmenteita Luxury Camp (opening in July 2011)

Operating Subsidiaries and Properties

TOURISM PROMOTION SERVICES (KENYA) LIMITED

Nairobi Serena Hotel
Serena Beach Hotel and Spa, Mombasa
Amboseli Serena Safari Lodge
Mara Serena Safari Lodge
Samburu Serena Safari Lodge
Kilaguni Serena Safari Lodge
Mountain Lodge (Managed by Serena)
Sweetwaters Tented Camp and Ol Pejeta House (Managed by Serena)
Lake Elmenteita Luxury Camp (Opening soon)

TOURISM PROMOTION SERVICES (TANZANIA) LIMITED

Kirawira Luxury Tented Camp	
Lake Manyara Serena Safari Lodge	
Serengeti Serena Safari Lodge	
Ngorongoro Serena Safari Lodge	
Mountain Village Hotel, Arusha	(Acquired in 2010)
Mbuzi Mawe Tented Camp	(Acquired in 2010)
Mivumo River Lodge	(Acquired in 2010)
Selous Luxury Camp	(Acquired in 2010)

TOURISM PROMOTION SERVICES (ZANZIBAR) LIMITED

Zanzibar Serena Inn

TOURISM PROMOTION SERVICES (SOUTH AFRICA) (PROPRIETARY) LIMITED

Sales and Marketing office in Johannesburg, South Africa

OTHER PROPERTIES MANAGED BY SERENA

Kampala Serena Hotel – Uganda
Lake Victoria Serena Resort – Uganda
Kigali Serena Hotel – Rwanda
Lake Kivu Serena Hotel – Rwanda
Polana Serena Hotel – Mozambique

Rufiji River in Selous Game Reserve

Other Corporate Information

REGISTERED OFFICE

4th Floor, Williamson House
4th Ngong Avenue
P.O. Box 48690-00100
Nairobi, Kenya
Telephone: 254 (20) 2710511/2842000
Fax: 254(20) 2718100/1
E-mail: admin@serena.co.ke
Website: www.serenahotels.com

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
The Rahimtulla Tower
P.O. Box 43963-00100
Nairobi,Kenya

PRINCIPAL BANKERS

Barclays Bank of Kenya Limited
P.O. Box 30120-00100
Nairobi, Kenya

REGISTRAR

Image Registrars Limited
8th Floor, Transnational Plaza
Mama Ngina Street
P.O. Box 9287-00100
Nairobi, Kenya

Notice of Annual General Meeting

Notice is hereby given that the Thirty-Ninth Annual General Meeting of the Company will be held at the Kenyatta International Conference Centre, Nairobi, on 31st May 2011, at 11.00 a.m. to transact the following business:

Ordinary Business

1. To confirm the minutes of the Thirty-Eighth Annual General Meeting held on 24th May 2010.

2. To receive, consider and, if thought fit, adopt the accounts for the year ended 31st December 2010, together with the Directors' and Auditors' Reports thereon.

3. To approve payment of a final dividend for 2010 of KShs. 1.25 per share, subject to withholding tax, where applicable, to the members on the Register at the close of business on 31st May 2011. Payment of the dividend to be made on or about 20th June 2011.

4. To elect Directors:

(a) Mr. Ghislain de Valon was appointed in 2011 to fill a casual vacancy. He retires in accordance with Article No. 109 of the Company's Articles of Association and being eligible, offers himself for re-election.

(b) Mr. Kabir Hyderally retires by rotation in accordance with Articles no. 110, 111 & 112 of the Company's Articles of Association and being eligible, offers himself for re-election.

(c) Mr. Mahmood Manji retires by rotation in accordance with Articles no. 110, 111 & 112 of the Company's Articles of Association and being eligible, offers himself for re-election.

(d) Mr. Kungu Gatabaki retires by rotation in accordance with Articles no. 110, 111, and 112 of the Company's Articles of Association and being eligible, offers himself for re-election.

5. To approve the Directors' remuneration for 2010.

6. To appoint PricewaterhouseCoopers, the Company's Auditors, in accordance with Section 159 (2) of the Companies Act (Cap.486). PricewaterhouseCoopers have indicated their willingness to continue in office.

7. To approve the Auditors' remuneration for 2010 and to authorise the Directors to fix the Auditors' remuneration for 2011.

8. To transact any other ordinary Business of an Annual General Meeting.

Special Business

9. Amendment of Articles of Association:

To consider and, if thought fit, pass the following resolutions which shall be proposed as ordinary resolutions:

(i) That the Company's Articles of Association be and are hereby altered by inserting the following as Article 68.

"Any notice or other document may be served by the Company on any Member or Director of the Company either personally or by sending it through the post (by airmail where such service is available) or by telegram, telex, facsimile or email addressed to such Member or Director at his last known registered address as appearing in the Register of Members or the Company's other records, whether such address shall be within or outside Kenya, or by telex, facsimile, telegram or email addressed as aforesaid or by an advertisement in at least two daily newspapers of nation wide circulation or by advertisement through electronic media. In the case of joint holders of a share or shares, all notices by post, telegram, facsimile or email shall be given to that one of the joint holders whose name stands first in the Register of Members and notice so given shall be sufficient notice to all joint holders. In the case of a notice of an annual general meeting, such notice may be given by:-

(a) publishing a notice containing a summary of both the annual financial statements and auditors' report, in at least any two local daily newspapers with nationwide circulation for at least two consecutive days; and/or

(b) personal delivery or by sending to every Member such notice through the electronic media (including facsimile and email) or through the post and the notice in each case shall contain such financials and other documents and reports as may be a mandatory requirement under the Law."

(ii) Article 156 be and is hereby deleted in its entirety and replaced with the following:

"Any dividend, interest or other sum payable in cash to the holder of shares may be paid by:

(a) cheque or warrant sent through the post and addressed to such holder at his last known registered address or, in the case of joint holders, addressed to the holder whose name stands first on the Register of Members in respect of the shares or

(b) direct bank transfer or other automated electronic system of funds transfer; or

(c) a mobile telephone money transfer system.

In the case of a transfer proposed under Article 156 (b) or (c) above, the funds shall be transmitted to the bank account or mobile telephone number or account information provided by the Member (or joint holder (s)) to the Company. Payment of the cheque or warrant or confirmation of payment made by a transmitting entity to the transferee of an electronic transfer shall in each case be a good discharge to the Company"

(iii) That pursuant to passing the resolution in (i) and (ii) above, the existing Articles 68 to 176 be and are hereby renumbered as Article 69 to 177 respectively".

(iv) That the above resolutions be effected forthwith.

By Order of the Board.

D.K.Ng'ang'a
COMPANY SECRETARY

Dated at Nairobi this 23 March, 2011

NOTE:
A member entitled to attend and vote at the meeting and who is unable to attend is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company. To be valid, a Form of Proxy which is provided with this Report must be duly completed and signed by the member and must be received at the registered offices of the Company's Registrars not later than 11.00 a.m. on 27 May 2011.

Notisi Kuhusu Mkutano Wa Pamoja Wa Mwaka

Notisi inatolewa hapa kwamba mkutano wa 39 wa pamoja wa mwaka wa Kampuni utafanyika Mei 31, 2011 katika Ukumbi wa Mikutano ya kimataifa wa Kenyatta International Confrence Centre kuanzia saa tano asubuhi ili kuangazia maswala yafuatayo ya kibiashara:

SHUGHULI ZA KAWAIDA

1. Kuthibitisha kumbukumbu za mkutano wa thalathini na nane wa pamoja wa mwaka uliofanyika Mei 24, 2010.

2. Kupokea, kuangazia na endapo itaonekana kuwa sawa, kupitisha hesabu ya pesa kwa kipindi cha mwaka uliomalizika Desemba 31 2010 pamoja na ripoti kutoka kwa Wakurugenzi na Wakaguzi wa pesa.

3. Kuidhinisha kutolewa kwa malipo ya mwisho ya mgawo wa faida wa mwaka 2010 wa shilingi 1.25 kwa kila hisa ikitegema ushuru ulioshikiliwa pale inapohitajika kwa wanachama ambao majina yao yatakuwa kwenye sajili kufikia Mei 31, 2011. Malipo ya mgawo wa faida yatatolewa kabla au kufikia Juni 20, 2011.

4. Kuchagua Wakurugenzi

(a) Bw. Ghislain de Valon aliteuliwa mwaka 2011 kujaza nafasi iliyokuwa wazi. Anastaafu kwa mujibu wa kifungu nambari 109 cha sheria za kampuni na kwa kuwa hali inamruhusu, amejitokeza tena kuchaguliwa.

(b) Bw. Kabir Hyderally anastaafu kwa zamu kwa mujibu wa vifungu nambari 110, 111 na 112 vya sheria za Kampuni na kwa kuwa hali inamruhusu, amejitokeza tena kuchaguliwa.

(c) Bw. Mahmood Manji anastaafu kwa zamu kwa mujibu wa vifungu nambari 111 na 112 vya sheria za Kampuni na kwa hali inamruhusu , amejitokeza tena kuchaguliwa.

(d) Bw. Kungu Gatabaki anastaafu kwa zamu kwa mujibu wa vifungu nambari 110, 111 na 112 vya sheria za Kampuni na kwa kuwa hali inamruhusu, amejitokeza tena kuchaguliwa.

5. Kuidhinisha malipo ya wakurugenzi ya mwaka 2010.

6. Kuteua PricewaterhouseCoopers kama wakaguzi wa pesa wa kampuni kwa mujibu wa sehemu ya 159 (2) ya sheria za makampuni (Cap 486). PricewaterhouseCoopers wameonyesha nia yao ya kuendelea na jukumu hili.

7. Kuidhinisha malipo ya wakaguzi wa pesa kwa kipindi cha mwaka 2010 na kuwapa ruhusa wakurugenzi kuamua malipo ya wakaguzi hao.

8. Kutekeleza shughuli nyingine ya kawaida ya kibiashara ya mkutano mkuu wa pamoja wa mwaka.

SHUGHULI MAALUMU

9. Kurekebisha vifungu vya sheria

Kuzingatia na endapo itakubalika, kupitisha maazimio yafuatayo ambayo yatapendekezwa kama maazimio ya kawaida:

(i) Kwamba vifungu vya sheria vya kampuni vibatilishwe na kuingiza kifungu kifuatacho kama kifungu nambari 68.

'' Notisi yoyote au hati nyingine inaweza kutolewa na kampuni kwa mwanachama au mkurugenzi yeyote wa kampuni aidha kwa mtu binafsi au kutumia sanduku la barua (kupitia barua pale ambapo huduma hii inapatikana) au kupitia telegramu, teleksi, kipepesi au barua pepe iliyotumwa kwa mwanachama au mkurugenzi kama huyo kupitia anwani iliyosajiliwa kama inavyodhihirishwa kupitia sajili ya wanachama au rekodi nyingine za kampuni iwe anwani kama hiyo ni ya humu nchini au nje ya nchi ya Kenya au kupitia teleksi, kipepesi, telegramu au barua pepe iliyotajwa au kwa kutumia tangazo la magazeti mawili ya kila siku yanayosambazwa kote nchini au kupitia tangazo kwa njia ya elektroniki. Katika hali ambapo umiliki wa hisa utakuwa wa pamoja, notisi zozote kupitia barua, telegramu, kipepesiau barua pepe, itatolewa kwa mmoja wa wamiliki hao ambaye jina lake litakuwa la kwanza kwenye sajili ya wanachama na notisi ikitolewa itachukuliwa kama inatosha kwa wamiliki wote wa pamoja. Katika hali ya notisi ya mkutano ya pamoja wa mwaka, notisi kama hii itatolewa kupitia:

(a) Kuchapishwa kwa notisi iliyo na muhtasari wa taarifa za matumizi ya pesa na ripoti ya wakaguzi wa pesa kupitia magazeti mawili ya kila siku yanayosambazwa kote nchini kwa siku mbili mfululizo au;

(b) Kutuma notisi moja kwa moja kwa kila mwanachama kupitia mbinu za elektroniki (ikiwemo kipepesi na barua pepe) au kupitia sanduku la posta huku notisi ikiwa na taarifa hizo za matumizi ya pesa , hati nyingine na ripoti kama inavyohitajika kisheria.''

(ii) Kifungu cha sheria nambari 156 kifutiliwe mbali kama kilivyo na mahali pake kuwa kama ifuatavyo:

'' Mgawo wowote wa faida, riba au kiwango chochote cha pesa kitakachotolewa kwa pesa taslimu kwa mmiliki wa hisa kilipwe kupitia:

(a) Hundi au dhamana itakayotumwa kupitia sanduku la barua kwa mmiliki kama huyu kwa anwani yake inayojulikana na katika hali ambapo umiliki ni wa pamoja, itumwe kwa mmiliki ambaye jina lake limesajiliwa mbele katika sajili ya wanachama kulingana na hisa au

(b) Kutumwa moja kwa moja hadi benki au mfumo mwingine wa kielektroniki wa kutuma pesa au

(c) Mfumo wa kutuma pesa kupitia simu.

Katika hali ya utumaji pesa iliyopendekezwa chini ya kifungu nambari 156 (b) au (c) hapo juu, pesa zitatumwa katika akaunti ya benki au nambari ya simu au maelezo kuhusu akaunti ya benki yaliyotolewa na mwanachama (au wamiliki wa pamoja kwenye kampuni. Malipo ya hundi au dhamana au thibitisho la malipo yaliyotolewa na mwenye kutuma pesa hadi mwenye kulipwa kupitia njia ya elektroniki katika kila hali hii, itakuwa njia bora ya kuondolea kampuni lawama''.

(iii) Kwamba kwa kutegemea kupitishwa kwa azimio (i) hapo juu, vifungu nambari 68 na 176 vilivyoko sasa vibatilishwe na kuwa vifungu nambari 69 na 177 mtawalia.

(iv) Kwamba maazimio yaliyoko hapo juu yaanze kutumika mara moja.

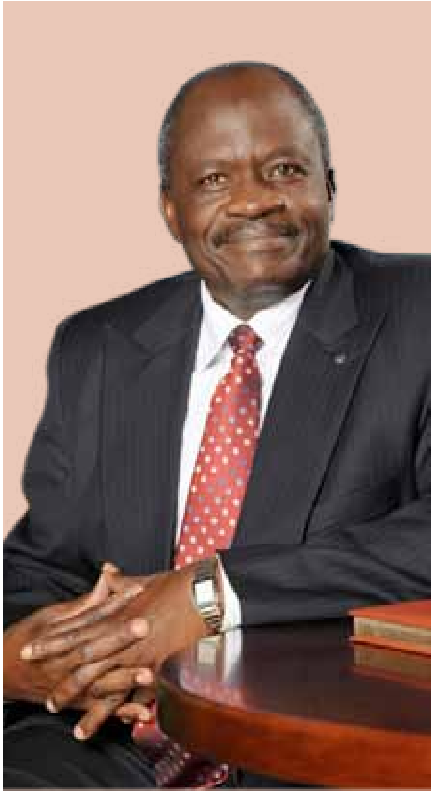
Kwa Amri ya Halmashauri

D.K Ng'ang'a
KATIBU WA KAMPUNI

Imenukuliwa Machi 23, 2011.

MUHIMU:
Mwanachama aliye na ruhusa kuhudhuria mkutano na kupiga kura lakini akawa hawezi kufika anaweza kumteua wakala kumuwakilisha na kupiga kura kwa niaba yake. Si lazima kwa wakala kuwa mwanachama wa kampuni. Ili kuruhusiwa kufanya hivyo, fomu ya uwakilishi iliyoambatanishwa pamoja na ripoti hii inastahili kujazwa kikamilifu na kutiwa sahihi na mwanachama na lazima ipokelewe katika ofisi zilizosajiliwa za msajili wa kampuni kabla ya tano asubuhi mnamo Mei 27, 2011.

Chairman's Statement



MR. FRANCIS OKOMO-OKELLO
Chairman

On behalf of the Board of Directors of TPS Eastern Africa Limited (TPSEAL/ the Company/the Group), I am delighted to present to you the Annual Report and Financial Statements of the Company for the year ended 31 December 2010.

From the third quarter of 2010, the Tourism Sector in East Africa witnessed positive business trends and encouraging signs of recovery as growth in the global economy returned, albeit at a slower pace than expected. The upsurge in arrivals was also due to the positive economic and political factors in East Africa that provided an enabling business environment. The promulgation of a new constitution for Kenya and the peaceful elections in Tanzania/ Zanzibar during the year will continue to enhance confidence in Eastern Africa. The peaceful constitutional referendum and polling exercises in Kenya and Tanzania respectively put to rest fears within the tourism source markets such as the United Kingdom, United States of America and Italy about travelling to the Eastern African destinations following issuance of travel advisories in the said source markets.

The demand for the traditional safari and beach holidays in 2010 steadily improved and was complemented by the increased activity within the East African corporate sector and the domestic market segment, which positively contributed to the commendable performance of the Company in the year 2010. Feedback from agents on booking trends, confirms that the current trend of short lead-time bookings will continue as customers are cautious of making travel expenditure commitments too early.

During 2010, inflationary pressures due to the challenges associated with the global economic crisis and the multiplier effect of the volatile energy costs continued to negatively impact operating costs. There was an improvement in the food supply situation in Kenya during 2010. However, the drought conditions that began late last year will continue to have a negative impact on the national food security situation while the exchange rate fluctuations continue to add to the general uncertainty. I wish to assure you that the centralized management systems, economies of scale and cost control measures which were implemented by the Company without compromising on product and operating standards have, in spite of the above challenges, led to significant cost savings.

Tourist arrivals to destination Tanzania continues to improve with occupancy and rate levels for the year 2010 being significantly above year 2009 levels which is encouraging. It will be recalled that in year 2009, destination Tanzania was significantly affected by the effects of the global recession.

Tourist arrivals to Zanzibar increased marginally against year 2009. However, there was a significant decline in the arrivals compared to year 2008 mainly due to the power crisis (from 10th December 2009 to 8th March 2010) which prompted cancellations as clients did not want to travel to a destination where there was no guaranteed electricity supply. The partial closure of the Zanzibar International Airport (opened in October 2010) due to its planned expansion further affected visitor arrivals and conference/seminar business into Zanzibar. The reduction in arrivals to Zanzibar also affected the safari business both to the Selous and the Northern Game Parks in Tanzania. Following the expansion of the Zanzibar International Airport, there has been an increase in direct international flights into Zanzibar which should boost

Mivumo River Lodge in Selous Game Reserve

Guest Room at Mivumo River Lodge in Selous Game Reserve arrivals into Zanzibar during the year 2011 and onwards.

Your Company has demonstrated in the past couple of years, through its performance, that given its ability to grow and innovate as well as set its own standards combined with its now tested highly successful business model, it can position itself to perform well in a wide range of economic scenarios. The flexibility and pro-activeness shown by your Company has indeed enabled it to overcome the volatile and challenging business landscape for the third consecutive year in the East African Tourism Industry. I am pleased to report that in the year 2010 the Group's fundamentals remained healthy and the Company's market share was retained. The Group achieved a turnover of KShs. 4.5 billion (2009: KShs. 3.9 billion), an improvement of 14.7% and a Profit Before Tax of KShs. 693 million (2009: KShs. 520 million), a 33.3% improvement. It is noteworthy that the total Management fees received by TPSEAL from TPS (Uganda) Limited and Tourism Promotion Services (Rwanda) Limited for the Year 2010 was equivalent to KShs. 46.0 million (2009: KShs. 44.0 million). Taking all factors into account, the Company's performance for the year 2010 is considered commendable.

The Group continues to be a significant contributor to the revenues of the Governments of Kenya, Tanzania and Zanzibar. The Group paid, in aggregate, the equivalent of KShs. 912 million (2009: KShs. 720 million) in direct and indirect taxes and equivalent of KShs. 180 million (2009: KShs. 146 million) to local authorities in royalty/rent payments in the various jurisdictions during 2010.

In view of the favourable results, the Board of Directors is pleased to recommend for approval, the payment of a final dividend for year 2010, of KShs. 1.25 per share subject to payment of withholding tax, where applicable. The dividend will be payable on or about 20th June 2011. Shareholders will appreciate that while the value of dividend per share in absolute terms is at the same level as the previous year, the dividend is based on the increased number of shares issued following the Rights Issue and Bonus Issue during the year 2010.

The Board and Management remain confident that notwithstanding the challenging but promising business environment, the Group has the inherent strength and business resilience to continue to focus on its long-term growth prospects, thus maintaining its market share and its leading position in the industry. Whilst the vital support from the local resident and conference market segments is expected to increase, current indications are that there will also be a significant increase in arrivals from the foreign leisure market compared to the past three years.

During the year 2010, TPSEAL raised approximately KShs.1,150,456,937 net of transaction costs by way of a Rights Issue on the basis of one new share for every five Ordinary Shares held. As you are aware, the TPSEAL Rights Issue was successfully launched at KShs. 48/- on 12th August 2010 and by the closing date of 31st August 2010 was oversubscribed by 35.33%. The new TPSEAL shares commenced trading at the Nairobi Stock Exchange on 27th September 2010. The Board and Management would like to express their gratitude to all the Shareholders and the members of the investing public for the confidence shown in the Company by subscribing in the Rights Issue.

I wish to reiterate that the purpose of the Rights Issue exercise was to: raise funds for refurbishing the existing properties in the Serena portfolio; strengthen the East African circuit; maintain a sustainable debt level within the Group and provide new funds for expansion of the Group's operations in the region within the context of our long-term business strategies. In the course of 2010, TPSEAL utilized part of the funds raised by the Rights Issue to: acquire through Tourism Promotion Services (Tanzania) Limited the assets of two lodges located in Northern Tanzania (Mountain Village (Arusha) and Mbuzi Mawe Tented Camp (Serengeti)) and acquired 51% ownership of Upekee Lodges Limited which owns and operates two properties in Southern Tanzania (Mivumo River Lodge and Selous Luxury Camp) which has positioned Tourism Promotion Services (Tanzania) Limited ahead of its competitors in terms of both circuit and product offer; acquire 100% ownership of Jaja Limited as a special purpose vehicle by Tourism Promotion Services (Kenya) Limited to

River viewing deck at Mivumo River Lodge at Selous Game Reserve

Mandhari Restaurant at the Nairobi Serena Hotel undertake development of three properties in Nanyuki, Nakuru and Elmenteita (Lake Elmenteita Luxury Camp is expected to be operational in July 2011) which will enhance the safari circuit in Western Kenya; invest into Tourism Promotion Services (Rwanda) Limited equity to provide funds for Phase II of the Kigali Serena Hotel project (includes refurbishing the entrance and lobby area, repositioning of the lifts and creating a new residents' lounge) and development of a new lodge near the gorilla viewing site.

To enable Serena Hotels to continue to offer a level of product and service beyond customer expectations and to ensure that it continues to differentiate the Serena brand from the competition while retaining its leadership position in the industry, major renovations and refurbishments were carried out at: Amboseli Serena Safari Lodge, Kilaguni Serena Safari Lodge, Ngorongoro Serena Safari Lodge and Serengeti Serena Safari Lodge.

During the year under review, Serena Hotels are proud to have been honoured with awards and accolades from: Eco Tourism Society of Kenya and by the National Environment Management Authority (NEMA) as Kenya's 'Best Environmental Compliant Firm in the Hotels Sector'.

The Group continued to implement Information Communication and Technology (ICT) initiatives, appropriate Human Resources Management (HRM) practices and sound Corporate Social Responsibility (CSR) activities that complement its long-term business strategies, just as it continues to pursue new business opportunities in line with its diversification policy and strategy to ensure a positive impact on product standards, thus contributing positively to the bottom line of the Company. Additional details on the ICT, HRM and CSR activities and initiatives are incorporated in the statement from the Managing Director which has been included on pages 16, 17 and 18 of this Annual Report.

Following the unfortunate flooding of Samburu Serena Safari Lodge (SSSL) on 4th March 2010, which led to the closure of the Lodge, 53 out of the 71 permanent employees were absorbed within the Serena portfolio whilst 18 employees proceeded to take early retirement. Management has commissioned a study by a leading hydrologist and civil engineer to determine whether building rooms on higher ground, at the original site of SSSL would protect the Lodge from future floods. A report on the subject was submitted in February 2011 and is currently being reviewed by Management to determine the possible way forward.

The stability of the Coalition Government, implementation of Kenya's new constitution and the Government's development blueprint, Vision 2030, remain vital and hold the key to Kenya's future economic growth. The last two years of Vision 2030's implementation has catapulted the Kenyan economy to the path of recovery, from a growth rate of 1.6% three years ago to an estimated growth of 5.6% in 2010 and an expected growth rate of 6% for 2011. The projected GDP growth rate implies that the business operating environment in Kenya has been improving with the creation of a conducive business and regulatory climate compared to three years ago. Indeed the projections are encouraging. There are positive signals of 'fresh' foreign direct investments' (FDIs) in the Country which is one of the measures of a thriving and robust economy. Thus, provided that the Country continues to provide an enabling business environment, it could derive considerable benefits in the years to come on the economic front. The East African Community (EAC) Protocol that formally came into effect on 1st July 2010 has also sent encouraging signals to potential new investors looking for enlarged and integrated markets within Eastern Africa. It is important that the implementation of the regional projects be treated as a priority to ensure that East Africa realizes its maximum potential in all sectors including tourism.

To conclude, on behalf of the Board, I would like to congratulate and thank the Company's Management and Staff for their continued diligence and dedication without which the commendable results realized during 2010 would not have been achieved. I would also like to acknowledge, with appreciation, the invaluable support from my colleagues on the Board which has helped to steer the Group's business activities and strategies successfully during year 2010.

I wish to recognise, with gratitude, the vital support, confidence, loyalty and trust that we have continued to receive from our shareholders, customers and other stakeholders within the industry. Finally, I wish to thank the Governments within the East African Region for facilitating the growth of the tourism industry, and also the various regulatory authorities for their continued support. Needless to say, even as the tourism industry continues to play such a significant role in the region's economic development, the active backing and encouragement by the regional Governments and other stakeholders is essential for the sustained growth of the industry across the region.

Francis Okomo-Okello
CHAIRMAN

Taarifa ya Mwenyekiti

MR. FRANCIS OKOMO-OKELLO
Chairman

Kwa niaba ya Halmashauri ya wakurugenzi wa TPS Eastern Africa Limited (TPSEAL/ Kampuni/ Kundi), nina furaha kuwatangazia ripoti ya mwaka pamoja na taarifa kuhusu mapato na matumizi ya pesa za Kampuni kwa kipindi cha mwaka uliomalizika Desemba 31, 2010.

Kutoka kipindi cha tatu cha mwaka 2010, sekta ya utalii Afrika Mashariki ilishuhudia mienendo bora ya kibiashara na ishara za kuvutia za kuimarika huku ukuaji wa uchumi wa dunia ukirejea pole pole ingawa kwa mwendo wa chini kinyume na ilivyotarajiwa. Kuongezeka kwa idadi ya watalii kulitokana na uhakika wa maswala ya kiuchumi na kisiasa eneo la Afrika Mashariki ambao uliandaa mazingira bora ya ukuaji wa biashara ya utalii. Utiaji sahihi wa katiba mpya ya Taifa la Kenya na uchaguzi wa amani Tanzania/Zanzibar wakati wa kipindi hiki cha mwaka zitazidi kuhamasisha imani katika Afrika Mashariki. Zoezi la amani kuhusu kura ya maoni ya katiba mpya na uchaguzi nchini Kenya na Tanzania mtawalia zinaondolea shaka masoko ya utalii ya Uingereza, Marekani na Italy kuhusu usafiri katika vituo vya Afrika Mashariki kufuatia kutolewa kwa nasaha ya usafiri kwenye mataifa haya yaliyotajwa.

Hitajiko la safari za kawaida na likizo kwenye fuo za bahari mwaka 2010 ziliimarika imara na kuhamasishwa na kuongezeka kwa shughuli katika sekta ya mashirika Afrika Mashariki na kitengo cha soko la utalii wa nyumbani ambazo kwa pamoja zilichangia kwenye matokeo ya kufana ya kampuni mwaka 2010. Majibu kutoka kwa maajenti kuhusu mitindo ya kutuma maombi ya nyumba za wageni yanathibitisha kwamba mtindo wa sasa wa maombi kwa muda mfupi utaendelea kwani wateja wanajihadhari kufanya maamuzi ya matumizi ya safari mapema.

Wakati wa kipindi cha mwaka 2010, shinikizo la mfumuko wa bei kutokana na changamoto zinazoandamana na taharuki za uchumi wa dunia na athari nyingine zinazotokana na gharama za juu za kawi zilizidi kuathiri gharama za uendeshaji. Kulikua na imariko la hazina ya chakula nchini Kenya mwaka 2010. Hata hivyo, hali ya kiangazi iliayoanza mwishoni mwa mwaka jana itazidi kuleta athari katika hazina ya chakula huku viwango vya ubadilishanaji fedha vikizidi kuchangia kwa jumla katika hali isiyotabirika. Ningependa kuwahakikishia kwamba mfumo wa kuweka usimamizi pamoja, viwango vya kiuchumi na hatua za uthibiti gharama ambazo zilianzishwa na kampuni bila kuathiri viwango vya bidhaa na uendeshaji licha ya changamoto zilizotajwa hapo juu zimepelekea kuwepo kwa uokoaji mkubwa wa gharama.

Idadi ya watalii waliowasili nchini Tanzania inazidi kuimarika huku idadi ya nyumba za wageni na viwango vya mapato mwaka 2010 vikipita vile vya mwaka 2009 hali ambayo ni ya kuridhisha. Itakumbukwa kwamba mwaka 2009, kituo cha Taifa kiliathirika kutokana na athari za kuzoroka kwa uchumi wa dunia.
Idadi ya watalii waliowasili Zanzibar iliongezeka kwa kiwango kidogo ikilinganishwa na mwaka 2009. Hata hivyo, idadi hii ilipunguka kidogo ikilinganishwa na mwaka 2008 hasa kutokana na wasi wasi wa nguvu za umeme (kuanzia Desemba 10 2009 hadi Machi 8, 2010) ambao ulipelekea kufutiliwa mbali kwa ziara za watalii kwani wateja hawakutaka kutembelea vituo ambavyo havikuwa na huduma za nguvu za umeme. Kufungwa kwa muda kwa uwanja wa ndege wa Zanzibar (uliofunguliwa Oktoba 2010) kutokana na shughuli za upanuzi kuliathiri safari za watalii na mikutano/ warsha za kibiashara kisiwani humo. Kupunguka kwa idadi ya watalii Kisiwani Zanzibar pia kuliathiri biashara za usafiri katika mbuga za wanyama pori za Selous na eneo la mbuga ya wanyama eneo la Kaskazini mwa Tanzania. Kufuatia upanuzi wa uwanja wa kimataifa wa ndege wa Zanzibar, kumekuwa na ongezeko la safari za moja kwa moja kisiwani humo ambazo zitainua idadi ya wageni mwaka 2011 na siku za usoni.

Kwa muda wa miaka kadhaa iliyopita, kampuni yenu imedhihirisha kwamba, kupitia matokeo na kuimarisha uwezo wake kukua, uvumbuzi na kuweka viwango vyake ikiambatana na mbinu zake za kisasa za kibiashara zilizofanyiwa majaribio, inaweza kujiweka katika nafasi bora ya kufenya licha ya mazingira ya mbali mbali ya kiuchumi. Dhihirisho lililoonyeshwa na kampuni yenu limeiwezesha kukabiliana na changamoto kali za kibiashara kwa mwaka wa tatu mfulululizo kwenye sekta ya utalii Afrika Mashariki. Nina furaha kuripoti kwamba mwaka 2010, msingi wa kundi ulikuwa imara huku nafasi ya kampuni kwenye masoko ikihifadhiwa. Kundi lilipata mapato ya jumla ya Shilingi Bilioni 4.5 (2009 ilikuwa Bilioni 3.9) hili likiwa ongezeko la asilimia 14.7 (14.7%) na faida kabla ya ushuru ya Milioni 693 (2009 ilikuwa milioni 520) na kuwakilisha ongezeko la asilimia 33 (33%). Ni muhimu kufahamu kwamba ada ya jumla ya usimamizi ambayo TPSEAL ilipata kutoka TPS (Uganda) Limited na Tourism Promotion Services (Rwanda) Limited mwaka 2010 ilikuwa sawa na Shilingi Milioni 46.0 (2009 ilikuwa milioni 44). Kwa kuzingatia maswala yote, matokeo ya kampuni mwaka 2010 yalikuwa ni ya kuvutia.

Taarifa ya Mwenyekiti (Kuendelea)

Kundi limebakia kuwa mchangiaji mkuu kwa hazina ya serikali za Kenya, Tanzania na Zanzibar. Kwa wastani kundi lililipa kiwango sawa na shilingi milioni 912 (2009 Milioni 720) pesa za Kenya kwa ushuru wa moja kwa moja au usio wa moja kwa moja. Pia lilitoa Shilingi milioni 180 (2009 Milioni 146) kwa mabaraza ya serikali za wilaya kama ada ya uhusiano mwema /ukodishaji katika miliki mbali mbali mwaka 2010.

Kutokana na matokeo ya kufana, Wakurugenzi wa halmashauri wanapendekeza kuidhinishwa kwa malipo ya mwisho ya mgawo wa faida wa mwaka 2010 wa Shilingi 1.25 kwa kila hisa baada ya kutolewa ushuru ulioshikiliwa pale inapohitajika.Malipo ya mgawo wa faida yatatolewa kabla au kufikia Juni 20, 2011. Wanahisa watakubali kwamba huku thamani ya mgawo wa faida kwa kila hisa ni sawa na mwaka uliopita, mgawo wa faida utategemea ongezeko la hisa lililotolewa kufuatia swala la umiliki wa hisa na marupurupu ya ziada kipindi cha mwaka 2010.

Halmashauri na usimamizi wana imani kwamba bila kujali changamoto bali uwepo wa mazingira yenye matumaini ya kibiashara, kundi lina uwezo na uthabiti kwamba biashara itaendelea kuangazia mtazamo wake wa ukuaji wa muda mrefu na hivyo kuhifadhi nafasi yake na uongozi katika biashara hii. Huku mchango kutoka kwa wakazi na kitengo cha mikutano zikitarajiwa kuongezeka, ishara za sasa zinaonyesha kwamba kutakuwa na ongekezo la watalii kutoka masoko ya starehe ya kigeni ikilinganishwa na miaka mitatu iliyopita.

Wakati wa kipindi cha mwaka 2010, TPSEAL iliongeza jumla ya Kshs. 1, 150, 456, 937 baada ya gharama kutoka swala la hisa miliki kwa mtazamo wa hisa moja mpya kwa kila hisa tano za kawaida zilizomilikiwa. Kama mnavyojua, Swala la umiliki wa hisa za TPSEAL lilizinduliwa kikamilifu kwa bei ya shilingi 48 mnamo Agosti 12, 2010 na kufikia siku ya kufungwa kwa zoezi hili mnamo Agosti 31, 2010, zilikuwa zimezidi kiwango kilicholengwa kwa asilimia 35.33 (35.33%) . Hisa mpya za TPSEAL zilianza kuuzwa katika soko la hisa la Nairobi mnamo Septemba 27, 2010. Halmashauri na usimamizi zingependa kutoa shukrani zao kwa wanahisa wote na wanachama wawekezaji kwa kudhihirisha imani yao kwa kampuni na kushiriki zoezi la ununuzi wa hisa miliki.

Ningependa kusisitiza sababu ya zoezi la toleo la hisa miliki lilikuwa: kuongeza mtaji ili kukarabati raslimali zilizoko sasa chini ya umiliki wa Serena; kuimarisha mtandao wa Afrika Mashariki; kuthibiti kiwango thabiti cha madeni katika kundi na kutafuta hazina mpya kwa upanuzi wa shughuli za kundi katika kanda chini ya mpango wetu wa mkakati wa muda mrefu . Wakati wa kipindi cha mwaka 2010, TPSEAL ilitumia sehemu ya hazina yake iliyopatikana kupitia zoezi la hisa miliki : kutwaa kupitia Tourism Promotion Services (Tanzania) Limited raslimali za hoteli mbili zilizoko Kaskazini mwa Tanzania(Mountain Village(Arusha) na Mbuzi Mawe Tented Camp (Serengeti) na kutwaa umiliki wa asilimia 51 (51%) wa Upekee Lodges Limited ambayo inamiliki na kuendesha hoteli mbili zilizoko Tanzania Kusini (Mivumo River Lodge na Selous Luxury Camp) ambazo zimeiweka Tourism Promotion Services (Tanzania) Limited mbele ya washindani wake kwa mtandao na utoaji wa huduma. Pia ilitwaa kwa asilimia 100 (100%) umiliki wa Jaja Limited kama chombo maalumu cha Tourism Promotion Services (Kenya) Limited kusimamia maendeleo ya hoteli tatu maeneo ya Nanyuki, Nakuru na Elmenteita (Lake Elmenteita Serena Camp inatarajiwa kuanza kutekeleza majukumu yake ifikiapo Julai 2011) na kuhamasisha mtandao wa safari magharibi mwa Kenya. Pia iliwekeza katika umiliki wa hisa katika Tourism Promotion Services (Rwanda) Limited ili kupata mtaji kwa awamu ya pili wa mradi wa Kigali Serena Hotel (ikiwemo ukarabati wa kiingilio na eneo la sebule, kuhamisha eneo la kambarau na kujenga eneo jipya la ukumbi wa wageni) na pia kujenga hoteli mpya karibu na eneo la kuwatazama sokwe.

Ili kuziwezesha hoteli za Serena kuendelea kutoa viwango mbali mbali vya bidhaa na huduma kuzidi matarajio ya wateja na wakati huo kuhakikisha kwamba inazidi kutofautisha Sura ya Serena dhidi ya ushindani na kuhifadhi nafasi ya ushindani kibiashara, ukarabati mkubwa ulitekelezwa katika hoteli za : Amboseli Serena Safari Lodge, Kilaguni Serena Safari Lodge, Ngorongoro Serena Safari Lodge na Serengeti Serena Safari Lodge.

Katika kipindi cha mwaka unaongaziwa, Hoteli za Serena zilikuwa na fahari kupokea matuzo na sifa kutoka: Eco Tourism Society Of Kenya na Halmashauri ya Kitaifa inayosimamia Mazingira (NEMA) kama "shirika bora linalojali mazingira kwenye sekta ya mahoteli''.

Kampuni iliendelea kuzindua mikakati ya habari na mawasiliano, taratibu bora za kitengo cha usimamizi wa wafanyakazi na shughuli za wajibu wa shirika kwa jamii (CSR) ambazo zinakamilisha mikakati yake ya muda mrefu ya kibiashara wakati inapoendelea kupanua nafasi mpya za kibiashara kufungamana na sera zake za upanuzi na mkakati ambao utahakikisha athari njema kwenye viwango vya bidhaa hivyo unachangia kwenye matokeo ya kampuni. Maelezo zaidi kuhusu kitengo cha habari na mawasiliano, kitengo cha usimamizi wa wafanyakazi na wajibu wa shirika kwa jamii zimeorodheshwa pamoja kupitia taarifa kutoka kwa Meneja Mkurugenzi ambazo zimejumuishwa kupitia kurasa za 16, 17 hadi 18 za repoti hii ya mwaka.

Kufuatia kufurika kwa hoteli ya Samburu Serena Safari Lodge (SSSL) mnamo Machi 4, 2010 na kupelekea kufungwa kwake, 53 kati ya wafanyakazi 71 wa kudumu walipelekwa kuhudumu kwenye mtandao wa hoteli za Serena huku 18 wakiamua kustaafu mapema. Usimamizi umeanzisha uchunguzi kupitia mtaalamu mtajika wa maji na mhandisi kuangalia endapo vyumba vilivyoko chini makao ya awali ya SSSL zikiinuliwa zinaweza kuzuia hoteli dhidi ya mafuriko kama haya siku za usoni. Ripoti kuhusu swala hili iliwasilishwa mwezi Februari 2011 na kwa wakati huu inazidi kufanyiwa tathmini na usimamizi kuamua mwelekeo unaofaa.

Uthabiti wa serikali ya mseto, uzinduzi wa katiba mpya ya Kenya na ramani ya maendeleo ya serikali ya 2030 ni muhimu kwa ukuaji wa uchumi wa taifa la Kenya siku za usoni. Miaka mbili ya mwisho wa uzinduzi wa ruwaza ya 2030 imeweka uchumi wa Kenya kwenye mkondo wa kuimarika kutoka kiwango cha ukuaji cha asilimia 1.6 (1.6%) miaka mitatu iliyopita hadi asilimia 5.6 (5.6%) mwaka 2010 na kiwango kinachotarajiwa cha ukuaji wa asilimia 6 (6%) mwaka 2011. Kiwango cha ukuaji wa maendeleo kinaashiria kwamba mazingira ya uendeshaji biashara nchini Kenya yamekuwa yakiimarika kutokana na kubuniwa kwa mazingira bora ya kibishara na masharti ikilinganishwa na miaka mitatu iliyopita. Kwa hakika makadirio haya yamekuwa ni ya kuvutia. Kuna ishara njema za uwekezaji mpya kutoka mataifa ya kigeni humu nchini ambao ni mojawapo wa hatua za ukuaji wa kasi na haraka wa uchumi. Kwa sababu hiyo, endapo taifa litazidi kuandaa mazingira bora ya kibiashara, linaweza kupata manufaa ya maana miaka inayokuja kwenye sekta ya uchumi. Muafaka wa Jumuia ya Afrika Mashariki (EAC) ambao ulitiwa sahihi rasmi Julai 1, 2010 umeonyesha ishara nzuri kwa wawekezaji na kuangazia masoko makubwa na ya pamoja eneo la Afrika Mashariki. Ni muhimu kwamba uzinduzi wa miradi katika kanda kuchukuliwa kama kipaumbele ili kuhakikisha kwamba Afrika Mashariki inapata manufaa kamili katika sekta zote ukiwemo utalii.

Kutamatisha, kwa niaba ya Halmashauri, ningependa kushukuru na kupongeza wasimamizi na wafanyakazi kwa bidii na kujitolea kwao. Bila wao kundi halingepata matokeo haya ya kufana mwaka 2010. Ningependa kutambua na kushukuru mchango kutoka kwa wanahalmashauri wenzangu . Mchango huu umewezesha shughuli za biashara za kundi na mkakati kufaulu kipindi cha mwaka wa 2010.
Ningependa kutambua kwa dhati mchango muhimu na uaminifu ambao tunazidi kupokea kutoka kwa wanahisa, wateja na washika dau wengine katika biashara hii. Mwisho, ningependa kuzishukuru serikali za mataifa ya Afrika Mashariki kwa kurahisisha ukuaji wa biashara ya Utalii. Pia nazishukuru Halmashauri mbali mbali za utawala kutokana na msaada wao.Huku sekta ya utalii ikiendelea kutekeleza jukumu maalumu kwa maendeleo ya ukuaji wa uchumi kanda hii, uungwaji mkono na himizo kutoka kwa serikali katika jimbo hili na washika dau wengine ni muhimu kwa maendeleo thabiti ya biashara katika eneo hili.

Francis Okomo-Okello
Mwenyekiti

Sehemu ya maankuli ya "Hippo Pool Breakfast" kwenye hoteli ya Mara Serena

The Managing Director's Report

MR. MAHMUD JAN MOHAMED
Managing Director

During the year under review, the Company continued to implement its successful business model, took a balanced risk management approach with decisiveness and flexibility whilst monitoring the financial health of the Company to ensure that the Group continued to provide the highest standards of product and service while maintaining market share and competitive advantage. Despite a continuing degree of turbulence, for the third consecutive year the Company in 2010 recorded an impressive performance and higher growth compared to the previous year.

Despite the challenges, business levels in 2010 gradually improved in the leisure market segment which was complemented by increased activity in the resident and corporate sector. The significant increase in new developments within and outside the Kenyan parks/reserves has resulted in supply exceeding demand which has led to discounting of rates by other players in the industry. This, amongst other factors, has led to destination Kenya being perceived as a 'price-led destination' aimed at the lower end of the market and resulting in an increase in budget tourists, thus limiting the opportunity for yield maximization. On the other hand, tourism players in Tanzania resisted discounting of rates despite the challenges which has enabled that destination to rebound as a 'quality destination', achieving yield maximization.

To ensure that the Company maximized on every business opportunity, Management continued to implement the following key initiatives: maintain closer contact with business suppliers and actively engage in tactical promotions and special offers in partnership with overseas operators; become more dynamic in the online/offline rate and in its response strategy; actively promote the online real time payment mechanism to enable potential travelers to easily pay for rooms upon booking; and focus more on value perception rather than discounting and thereby ensure efficient yield management.

In 2010, the Company aggressively carried out sales and marketing campaigns, participated in trade fairs and promotional activities with special packages developed to boost occupancies from various source markets in a cost-effective and efficient manner. Diversified and concerted efforts in the domestic market and with local tour operators, particularly those with business from emerging markets like Poland, China and Asia, bore fruit as market share was retained. And in 2011, the Company will continue to establish contacts in new markets in line with our business diversification strategy and will plan to increase our activities and presence in Asia and the Middle East in order to compensate for the probably reduced business that can be expected from traditional source markets (Europe, UK and USA).

The diverse efforts implemented by the Company during 2010 bore fruit as TPS Eastern Africa for the year 2010 recorded turnover of KShs. 4.5 billion (2009: KShs. 3.9 billion), an improvement of 14.7% and Profit Before Tax of KShs. 693 million (2009: KShs. 520 million), a 33.3% improvement. This is a significant achievement and within a business environment that continued to be challenging, the Company's results are considered satisfactory.

To avoid compromising the Company's long-term competitiveness and market share, Management continues to recognize the importance of complementing the business strategies with appropriate Information

Swimming pool area at Mivumo River Lodge in Selous Game Reserve

Bush dinner at Selous Luxury Camp

Communications & Technology (ICT), Human Resources Management (HRM) and Corporate Social Responsibility (CSR) programs, thereby leading to improved guest experience and enhanced bottom line results.

Serena continued to implement its ICT strategy in 2010. The electronic marketing and commerce segment of our business has shown significant growth, attributed to the fact that our online real-time payment system complemented by the new state-of-the-art website (launched on 31st March 2010) provides clients with a secure, simple, efficient and seamless booking experience. As part of the online distribution strategy, Serena continued to pursue strategies that not only lead to an increase in brand reach but also drive incremental business. These various initiatives have been well received by clients and have resulted in an impressive growth of direct bookings. I am delighted to inform you that Serena Hotels is in the process of launching its Loyalty Program under the banner "Serena Prestige Club" in 2011. The Program is designed to enable holders of the card to benefit from the specified advantages when they stay at any Serena property worldwide.

On 31st January 2011, Serena Hotels, in partnership with Safaricom and Tata Communications, unveiled the first three public Cisco TelePresence® suites in Kenya and Uganda. The Cisco TelePresence® suites are available at Nairobi Serena Hotel, Kampala Serena Hotel and at the Safaricom's Michael Joseph Centre. This 'State of the Art' facility will complement the product and service at the two hotels and it is expected to further boost conference and training business at these hotels.

On the HR front, the Group continues to believe that its employees are crucial to the success of its business and that Serena employees constitute a key determinant for the long-term success, growth and reputation of the Company. I would like to personally congratulate each member of the Serena team for the continuous support and dedication they have shown to Serena during this challenging period. The provision of rewarding careers, of quality training and exposure and of capacity building remains a strategic imperative for Serena Hotels. In line with the Productivity Improvement Strategy, substantial amounts of resources were invested in staff training, development and welfare, some of which are: in-house training by Leading Quality Assurance (a Company based in the UK) aimed at developing staff to deliver exceptional service at all levels; soft skills training; culinary skills enhancement through exposure to a two star Michelin Restaurant in France; and the 9 month in-house Management Development Programme.

The Serena Wellness Program that began in year 2001 has been nominated for the 2011 Global Business Coalition (GBC) award for business action on health in the 'workplace/workforce engagement category'. The coveted nomination recognizes our program's outstanding contributions and our Company's leadership in striving for global health.

The Group's CSR activities continue to focus on eco-tourism; environmental conservation; education; public health and community development. For further details on the group's CSR activities, please refer to pages 28 and 29 of this Annual Report.

There is certainly a general sense that the worst of the financial crisis is behind us and a conviction that growth, although slow, is returning to major economies, which is expected to lead to a steady improvement in international tourism figures for the year 2011.

Economists highlight that it is the post-crisis environment that places new demands and hence Management will be closely monitoring the economic climate in the Company's source markets to ensure that it creatively and pro-actively reassesses the changing customer expectations and maximizes, wherever possible, the opportunities available to provide the highest standards of product and service so as to compete effectively with global holiday/conference/function destinations in the year 2011 and to maintain its market share.

Economic conditions in East Africa are expected to remain volatile and whilst Management is unable to anticipate precisely the trends in the foreign exchange markets, weather patterns and international

Room exterior at Lake Elmenteita Luxury Camp (opening in July 2011)

Guest Room at Lake Elmenteita Luxury Camp

The Managing Director's Report (continued)

commodity prices, Management is cautiously optimistic and confident that, with our tested and highly successful business model, the Company will be insulated to the extent possible from factors beyond Management's control.

I wish to recognize and thank the Governments within East Africa for the commendable efforts which were aimed at returning the Countries within the East African Region to the path of economic recovery. I would like to appeal to the Governments within the East African Region to provide the Tourism Industry with an enabling environment and to commit adequate funds for destination marketing. I would also appeal to them to ensure that new developments in the fragile eco-systems in game reserves and National Parks are controlled, that infrastructure improvements are implemented at a faster pace and that political stability and security are enhanced to restore confidence to the citizens, travelers and investors.

Finally, may I, on behalf of the Staff and Management, express our gratitude and sincere appreciation to the Board of Directors for their guidance, diligent and invaluable support and encouragement during the year 2010. I also wish to express my gratitude to the shareholders, customers and various stakeholders for their continued support in the year gone by. We in Serena look forward to this continued support during the year 2011.

Mahmud Jan Mohamed
Managing Director

Wildlife at Kirawira Luxury Tented Camp in Western Serengeti

Taarifa kutoka kwa Meneja Mkurugenzi

MR. MAHMUD JAN MOHAMED
Managing Director

Wakati wa kipindi cha mwaka unaoangaziwa, Kampuni ilizidi kuzindua mitindo yake ya kibiashara iliyofaulu. Kampuni ilitekeleza maamuzi thabiti ya usimamizi yanayoweza kufanyiwa mabadiliko kwa urahisi huku ikitathmini uwezo wake ili kuhakikisha kwamba kundi linazidi kutoa huduma za hali ya juu za bidhaa na huduma huku likiendelea kuthibiti nafasi yake kwenye masoko na kutwaa nafasi bora ya ushindani. Licha ya kuendelea kuwepo kwa hali isiyotabirika, kwa mwaka wa tatu mfululizo, mwaka 2010, kampuni iliendelea kurekodi matokeo ya kufana na ukuaji wa kiwango cha juu ikilinganishwa na mwaka uliotangulia.

Licha ya changamoto hizi, viwango vya biashara mwaka 2010 viliimarika katika sekta ya soko la starehe na kuhamasishwa na kuongezeka kwa shughuli katika sekta ya utalii ya wananchi na mashirika. Imariko la haja la maendeleo mapya katika mbuga za wanyama pori nchini Kenya na nje kumepelekea kuongezeka kwa mahitaji ambayo yamesababisha kutolewa kwa matoleo ya punguko la bei na washika dau wengine katika biashara hii. Haya pamoja na mengine yamesababisha Kenya kuonekana kama '' kituo kinachoongozwa na bei'' kinachonuia kuwa soko nafuu na kusababisha kuongezeka kwa watalii wanaotegemea bajeti na kupunguza nafasi ya kupata manufaa kamili. Kwa upande mwingine, waendeshaji wa biashara ya utalii nchini Tanzania walipinga kupunguzwa kwa bei licha ya changamoto ambazo zimesababisha kituo hicho kuwa tena kama '' kituo bora'' na kupata manufaa kamili.

Ili kuhakikisha kwamba kampuni ilitumia vyema kila nafasi iliyojitokeza, usimamizi ulizidi kuzindua mikakati ifuatayo muhimu: kuhakikisha mawasiliano ya karibu na wahudumu wa biahara hii na kushiriki kikamilifu kwenye maonyesho na kufanya wa matoleo na wahudumu kwenye mataifa ya kigeni;kutumia ipasavyo mbinu yamtandao na mkakati wake wa kutoa majibu; kuhamasisha zaidi matumizi ya mbinu ya ulipaji kupitia mtandao ili kuwawezesha watalii kulipia vyumba vyao kwa urahisi baada ya kutuma maombi na; kuangazia zaidi thamani badala ya kupunguza bei na hivyo kuhakikisha matokeo kamili ya usimamizi.

Mwaka 2010, kampuni ilitekeleza kampeini kubwa ya mauzo na uvumishaji, kushiriki kwenye maonyesho ya kibiashara na shughuli za ukuzaji huku kukiwa na matoleo maalumu yaliyotolewa kuimarisha umiliki kutoka vituo muhimu vya masoko kwa gharama nafuu na kwa njia inayofaa. Juhudi za pamoja katika soko la humu nchini kwa ushirikiano na wahudumu wa biashara ya utalii hasa wale wanaohusika na masoko ibuka kama vile Poland, China na Asia zilizaa matunda kwani nafasi kwenye masoko ilihifadhiwa. Mwaka 2011, kampuni itazidi kubuni mawasiliano katika masoko mapya chini ya mpango wa mkakati wa upanuzi wa biashara yetu na tutapanga kuimarisha shughuli na uwepo wetu Mabara ya Asia na Mashariki ya kati ili kupunguza pengo la upungufu wa biashara ambalo linaweza kutarajiwa kutoka masoko ya kawaida (Uropa, Uingereza na Marekani). Juhudi zilizoanzishwa na kampuni mwaka 2010 zilizaa matunda kwani TPS Eastern Africa ilirekodi kiwango cha mapato ya jumla cha Shilingi Bilioni 4.5 (2009: Kshs. Bilioni 3.9) hili likiwa imariko la asilimia 14.7 (14.7%) na faida kabla ya ushuru ya Shilingi milioni 693 (2009 zilikuwa milioni 520) na kuwakilisha asilimia 33.3 (33.3%). Haya ni matokeo ya kufana chini ya mazingira ya kibiashara yaliyoendelea kutoa changamoto kwa kampuni.

Ili kuepuka athari za ushindani wa muda mrefu na nafasi yake kwenye masoko, usimamizi unazidi kutambua umuhimu wa kuunganisha pamoja mikakati ya kibiashara ya teknolojia ya habari na mawasiliano (ICT), kitengo cha usimamizi wa wafanyakazi (HRM) na wajibu wa shirika kwa jamii (CSR) na kupelekea kuimarika kwa hisia za wateja na kuhamasisha matokeo.

Serena ilizidi kuzindua mkakati wake wa Habari na mawasiliano mwaka 2010. Kitengo chetu cha masoko kwa njia ya elektroniki na biashara kimeonyesha ukuaji muhimu kutokana na mfumo wetu wa ulipiaji huduma kupitia mtandao kilichoongezewa nguvu na uzinduzi wa wavuti wa kisasa (uliozinduliwa Machi 31, 2010) na kuwapa wateja njia salama, inayofaa na ya moja kwa moja ya utumaji maombi ya nyumba. Kama sehemu moja ya usambazaji mkakati wa huduma kwa njia ya mtandao, Serena ilizidi kutafuta mikakati ambayo bali na kupanua uwepo wa bidhaa zake, pia utahamasisha ukuaji kibiashara. Mikakati hii mbali mbali imepokelewa vyema na wateja wetu na kupelekea uimarikaji wa maombi ya nyumba moja kwa moja . Nina furaha kuwafahamisha kwamba Serena Hotels iko kwenye hatua za kuzindua mpango wake wa uaminifu chini ya kauli mbiu '' Serena Prestige Club'' mwaka 2011. Mpango huu unakusudiwa kuwawezesha wamiliki wa kadi kupata manufaa mbali mbali wanapokaa katika hoteli za Serena popote ulimwenguni.

Taarifa kutoka kwa Meneja Mkurugenzi (Kuendelea)

Mnamo Januari 31, 2011, kupitia ushirikiano na Safaricom na Tata Communications, Serena Hotels ilianzisha vyumba vya kifahari vya kulala kwa jina '' first three Public Cisco TelePresence® nchini Kenya na Uganda.Vyumba vya kifahari vya Cisco TelePresence® vinapatikana katika Hoteli za Nairobi Serena, Kampala Serena na Safaricom's Michael Joseph Center. Huduma hizi za kisasa zitahamasisha huduma za bidhaa katika hoteli hizi mbili na zinatarajiwa kuimarisha zaidi biashara ya kumbi za mikutano na mafunzo katika hoteli hizi.

Katika kitengo cha Usimamizi wa wafanyakazi, kundi linazidi kuamini kwamba wafanyakazi wake ni muhimu sana kwa ufanisi wa biashara zake na kwamba wanatekeleza jukumu muhimu la maamuzi ya mafanikio ya muda mrefu, ukuaji na sifa za kampuni. Binafsi, ningependa kushukuru kila mmoja wa wafanyakazi wa timu ya Serena kutokana na mchango wao wa kila mara na kujitolea kwao wakati huu wa kipindi hiki cha changamoto. Nafasi ya kuwazadia waliofanya vyema, utoaji mafunzo ya hali ya juu na uimarishaji wa taaluma ya utendakazi zingali mkakati maalumu kwa hoteli za Serena. Kufungamana na uimarishaji wa mkakati wa uzalishaji baadhi yake ikiwa: utoaji mafunzo ya ndani kupitia kampuni inayoongoza kwa ubora (kampuni iliyoko nchini Uingereza) ambayo inanuiwa kuwaandaa wafanyakazi kutoa huduma za kipekee katika viwango vyote, utoaji wa mafunzo ya taaluma ya kompyuta, kuimarisha mafunzo ya upishi kupitia hoteli ya Michelin Restaurant nchini Ufaransa na mafunzo ya miezi 9 kuhusu mipango ya maendeleo ya usimamizi.

Mpango wa Serena Wellness ambao ulianza mwaka 2001 umeteuliwa mwaka 2011 kupokea tuzo la 2011 Global Business Coalition (GBC) kutokana na hatua zake kibiashara kuhusiana na afya mahali pa kazi/ kuwahusisha wafanyakzi . Uteuzi wa pamoja unatambua mchango wetu wa kipekee na uongozi wa kampuni kutetea afya bora ulimwenguni.

Shughuli za wajibu wa kampuni kwa miradi ya kijamii (CSR) zinazidi kuangazia mazingira ya utalii wa mimea, uhifadhi wa mazingira, elimu, afya ya umma na maendeleo ya jamii. Kwa maelezo zaidi kuhusu wajibu wa kampuni kwa shughuli za kijamii , tafadhali angalia kurasa 28 na 29 za ripoti hii ya mwaka.

Kuna uhakika wa hisia za kweli kwamba nyakati za wasi wasi wa kiuchumi zimepita na thibitisho kwamba kiwango cha ukuaji ijapokuwa kwa hatua ndogo kinarejelea

Ndovu kwenye dimbwi la maji katika hoteli ya Serena Mountain Lodge

Taarifa kutoka kwa Meneja Mkurugenzi (Kuendelea)

katika chumi kubwa hali inayotarajiwa kuleta mafanikio thabiti katika mapato ya utalii mwaka 2011.

Vidokezo vya wataalamu wa uchumi vinasema kwamba ni taharuki za baadaye za mazingira zinazoleta mahitaji mapya na kwa sababu hiyo usimamizi utakuwa ukitathmini kwa karibu mazingira ya kiuchumi katika masoko ya kibiashara ya kampuni ili kuhakikisha kwamba inavumbua na kutathmini mabadiliko kuhusiana na matarajio ya wateja na kutumia kikamilifu nafasi zitakazojitokeza ili kuandaa viwango vya hali ya juu vya huduma na bidhaa na kukabiliana vilivyo na vituo vya likizo/ mikutano/ shughuli mwaka 2011 na kuweza kuhifadhi nafasi yake kwenye masoko.

Huku mazingira ya kiuchumi eneo la afrika mashariki yakitarajiwa kubadilika, usimamizi hauwezi kukadiria ipasavyo mienendo kwenye soko la ubadilishanaji fedha. Usimamizi una imani kwamba, huku tukiwa na mbinu bora za kibiashara zilizofanyiwa utafiti, tutaweza kujihami vilivyo dhidi ya hali zinazoweza kutokea ambazo ziko nje ya uwezo wake.

Ningependa kutambua na kuzishukuru serikali katika maeneo ya Afrika Mashariki kutokana na juhudi zake ambazo zilinuiwa kuyarejesha mataifa eneo la Afrika Mashariki kwenye mkondo wa ufufuaji uchumi. Ningependa kutoa mwito kwa serikali zilizoko eneo la Afrika Mashariki kuandaa mazingira bora kwa shughuli za biashara ya utalii na kutenga hazina ya kutosha kwa mataifa yanayoleta watalii. Pia ningependa kutoa mwito kwa mataifa hayo kuhakikisha kuthibitiwa kwa maendeleo mapya katika mazingira hafifu ya mimea na wanyama kwenye mbuga za kitaifa za wanyama pori na kwamba imarisho la miundo misingi limezinduliwa haraka, kwepo kwa uthabiti kisiasa na usalama ili kurejesha imani kwa wananchi, wasafiri na wawekezaji.

Mwisho, kwa niaba ya wafanyakazi na usimamizi ningependa kutoa shukrani kwa Halmashauri ya wakurugenzi kutokana na mwongozo wao, bidii, mchango muhimu na himizo mwaka 2010. Pia, ningependa kutoa shukrani zangu kwa wanahisa, wateja na washika dau mbali mbali kutokana na mchango wao wa kila mara mwaka uliopita. Sisi katika Serena tunatazamia mchango wao kipindi cha mwaka 2011.

Mahmud Jan Mohamed
Meneja Mkurugenzi

Board of Directors

MR. FRANCIS OKOMO-OKELLO - Chairman (1)

Mr. Okello is a qualified lawyer. He holds an LLB degree from the University of Dar-es-Salaam. He is an Albert Parvin Fellow of the Princeton University, Woodrow Wilson School of Public and International Affairs and a Fellow of The Kenya Institute of Bankers (FKIB). He is the Chairman of Barclays Bank of Kenya Limited, a Director of the Nation Media Group Limited, among other Companies. He is currently the Executive Director in charge of Legal and Corporate Affairs at the Industrial Promotion Services Group.

MR. MAHMUD JAN MOHAMED - Managing Director (2)

Mr. Jan Mohamed has vast experience in hotel industry. He is the Chief Executive, TPS Group of Companies in Eastern Africa. He is a Director of the Centre for Corporate Governance, Mountain Lodges Limited and Air Uganda Limited. He is an associate member of the Hotel Catering Institutional Management Association (UK), and a member of the Cornell Hotel Society (USA).

MR. ABDULMALEK JEEVAN VIRANI - Finance Director (3)

Mr. Virani holds a Bachelor of Commerce Degree. He is a Chartered Accountant and a CPA (K). He is currently the Finance Director of TPS Companies in Eastern Africa. He has been involved,over the years, in taking the TPS Group public and in structuring finance for acquisition and mergers of existing as well as green field projects for the Group.

DR. RAMADHANI DAU - Non-executive Director (4)

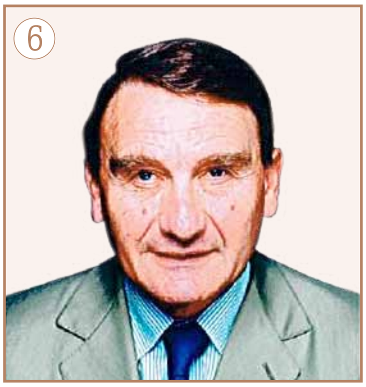
Dr. Dau holds a PhD in marketing from the Victoria University of Wellington, New Zealand, an MBA from the American University of Cairo and a Bachelor of Commerce Degree, Marketing option, from the University of Dar-es-Salaam. He is a Director of The Jubilee Holdings Limited and Jubilee Insurance Company of Tanzania Limited among others. He is currently the Director General of NSSF, Tanzania.

MR. JACK JACOB KISA - Non-executive Director (5)

Mr. Kisa holds a B.Sc. (Economics) (London) Degree and M.P.A. (Harvard) Degree. He served as Principal Economist in Kenya's Ministry of Finance and Planning in the 1970s. In 1974, Mr. Kisa was appointed as the Director of the United Nations World Employment Programme for Africa, in which capacity he served until 1977. In 1978, he was appointed Senior Economist at the World Bank Headquarters in Washington, D.C. During the period 1986-1991, Mr. Kisa served as Economic Advisor to the Southern African Development Community on secondment from the World Bank.

MR. JEAN-LOUIS VINCIGUERRA - Non-executive Director (6)

Mr. Vinciguerra is a graduate of the Institute of Political Studies and completed the programme for Management Development from the Harvard Business School. He currently works with the Aga Khan Fund for Economic Development as a Senior Financial Advisor.



MR. KUNGU GATABAKI - Non-executive Director (7)

Mr. Gatabaki holds an Honors Science Degree in Economics and a Diploma in Project Planning and Management from the Bradford University, UK. He serves on various Boards including Chairman of Karume Investments, Micro-Africa and Director of African Reinsurance Corporation (SA).

MR. AMEER KASSIM-LAKHA - Non-executive Director (8)

Mr. Kassim-Lakha is a fellow of Chartered Accountants in England & Wales and Institute of Certified Public Accountants of Kenya. Associate member,Chartered Institute of Arbitration. O.P.M (Harvard). Past Chairman,Institute of Certified Public Accountants and Association of Professional Societies in East Africa and a Truste; KCA University.

MR. MAHMOOD PYARALI MANJI - Non-executive Director (9)

Mr Manji is a Fellow of the Institute of Chartered Accountants in England and Wales and a Fellow of the Kenya Institute of Bankers. He is the Chairman of Air Uganda Limited and the Property Development and Management Group of companies. Mr Manji is a member of the International Who's Who of Professionals and the former Chairman of the Diamond Trust Banks in East Africa.

WOLFGANG BERTELSMEIER - Non-Executive Director (10)

Mr. Bertelsmeier holds a diplome d'Etudes Francaises from Universite de Poitiers (France) and a degree in Business Administration from Frankfurt University (Germany). He also took executive education course at Harvard Business School and Stanford University.He has held Board seats in a number of companies in Africa, Asia, and Latin America.

MR. GHISLAIN DE VALON - Non-executive Director (11)

Mr. Ghislain de Valon holds a Masters Degree in Economics from Rouen University (France) and he is also a graduate of Banking and International Finance from Toulouse University (France). Currently he is PROPARCO's Regional Director for Eastern and Central Africa, based in Nairobi. He previously worked for PROPARCO in Tunisia and in the French Overseas Departments as a representative Manager. He was a General Secretary in Financial Institutions owned by AFD (PROPARCO's parent Company).

MR. KABIR HYDERALLY - Non-executive Director (12)

Mr. Hyderally holds a Bachelor of Commerce Degree and is a Fellow of the Institute of Chartered Accountants. He is currently the General Manager, Finance at The Jubilee Insurance Company of Kenya Limited.

MR. DOMINIC K. NG'ANG'A - Company Secretary (13)

Mr. Ng'ang'a holds a Bachelor of Commerce (Accounting) Degree from KCA University. He is a CPA finalist and a Certified Public Secretary CPS (K). He is also a member of The Institute of Certified Public Secretaries of Kenya (ICPSK).

Corporate Governance Statement

The Board of TPS Eastern Africa Limited (TPSEAL) is responsible for the overall management and governance of TPSEAL and is accountable to the shareholders for ensuring that the Company complies with the law. To this end, the TPS Group has remained committed to ensuring the highest standards of corporate governance and business ethics in the interest of the shareholders and stakeholders at large. The ultimate aim is to maintain the internally recognised code of ethics and the Capital Markets Authority (CMA) guidelines on good corporate governance best practices. In that respect, the directors have committed to ensuring integrity of internal systems as key to the enhancement of the Group's financial performance and sustainability.

THE BOARD OF DIRECTORS

As at 31 December, 2010, TPSEAL Board consisted of 10 substantive directors and 2 alternate directors. The Chairman is a non-executive director. A majority of the directors are non-executive and independent. There are two executive directors, i.e. the Managing Director and the Finance Director. Re-election and appointment of directors is subject to the Company's Articles of Association in conjunction with CMA guidelines on best practice. The directors have a wide range of skills and experience and each contributes independently to Board deliberations. The directors meet at least four times a year.

With regards to the period under review, 3 Board meetings were held. Special meetings are held to deliberate on urgent issues of strategic importance, or as required under the statute, or in compliance with the requirements of regulatory authorities. The directors are given adequate notice for the meetings and timely information so that they can maintain effective control over strategic, financial, operational and compliance issues. The Board's independence from the Company's management function has been achieved by separating the functions of the non-executive Chairman and the executive Managing Director, which has resulted in authority balancing. By taking a leadership role, the Board aims at maximizing shareholders' value and ensuring long-term sustainability.

DEVELOPMENT AND GROWTH OF THE COMPANY.

The Board primarily provides direction on general policy and is responsible for maintaining the Company's overall internal control of strategic, financial, operational, budgetary and compliance issues which are pre-agreed with the Management Team and reviewed periodically against performance.

COMMITTEES OF THE BOARD

The Board has set up two main committees and has delegated a specific mandate to each of them. The committees have been established under formal written terms of reference (ToR) set by the Board. The ToR are reviewed from time to time so as to respond to the dynamic business environment, and comply with the ever-changing legislation. The Committees meet regularly as provided in the ToR.

AUDIT AND FINANCE COMMITTEE

Members of this Committee comprise of Mr. Kungu Gatabaki (Chairman), Mr. Ameer Kassim-Lakha, Mr. Jean-Louis Vinciguerra, Mr. Mahmood Manji and Mr. Wolfgang Bertelsmeier (Resigned on 23rd January 2011).The Committee works closely with the Internal Audit Department. It plays a critical role in reviewing financial information and ensuring that the system of internal controls is effectively administered. Significant audit findings identified by the Company's internal and external auditors are also considered.

The Committee is authorized by the Board within its ToR to directly seek from the Company employees any information on any matters and to seek independent professional advice whenever necessary. The Board reviews the membership of the Audit and Finance Committee annually in accordance with CMA Guidelines. The Committee held two meetings in the year. The external auditors and executive directors attend the Committee's meetings as required.

The Committee has further initiated the Group's risk assessment aimed at mitigating the various business risks. The ultimate aim is to formalise the Risk Management Policy and Strategy so as to suit the current dynamic business environment.

NOMINATION AND REMUNERATION COMMITTEE

The Committee's membership consists of Mr. Jack Kisa (Chairman), Mr. Mahmood Manji, Dr. Ramadhani Dau and Mr. Kabir Hyderally.
The Committee is mandated to consult experts, scrutinise and advise the Board on the organisational structure, and staff establishments and to recommend to the Board human resource policies and capacity enhancement. The Committee is further mandated to review the salaries, benefits packages, and service contracts of the executive directors and senior management and to ensure that the same are competitively structured and linked to performance. The Committee is further mandated to propose new nominees to the Board as may be required from time to time and to assess the effectiveness of the Board as a whole, the committees of the Board, as well as each individual director and make necessary recommendations to the Board on enhancing the overall level of effectiveness of the Board. The executive directors do not attend meetings of the Committee that consider their remuneration and benefits.

INTERNAL CONTROLS

The Group has a well-defined organisational structure with appropriate segregation of responsibilities. This is complemented by detailed policy and procedure manuals, which provide an operational framework for the Management team. Monthly Credit Control, Sales and Marketing, and Finance meetings are held to review these critical aspects of the Company's operations. The internal control function is largely complemented by the Internal Audit function, which is an independent appraisal function.

COMMUNICATION WITH SHAREHOLDERS

The Group is committed to ensuring that shareholders, financial markets and other stakeholders are provided with accurate and timely information on the Company's performance. This is usually done through the distribution of the TPSEAL Annual Report within the statutory period of at least 21 days before the Annual General Meeting, release of half-year and end-year results through the press and regulatory bodies, and monthly disclosures of shareholding statistics to the Nairobi Stock Exchange (NSE) and the CMA. Periodically press releases announcing other major Group developments are issued.

Shareholders have a direct access to the Group's information through the internet and all enquiries are responded to in a timely manner. The Serena website is updated regularly so as to be more informative on the Company's affairs. In this regard, the Group complies with its obligations contained in the NSE listing Rules and the CMA Act.

By maintaining an open-door policy in terms of communication, the Group ensures that enquiries from shareholders and other stakeholders are promptly and satisfactorily attended to.

DIRECTORS' EMOLUMENTS AND LOANS

The aggregate amounts of emoluments paid to directors during the 2010 financial year amounted to Kshs 1.250 Million. Neither at the end of the financial year, nor at any time during the year, did there exist any arrangement to which the TPS Group was a party whereby directors might have acquired benefits by means of the acquisition of the Company's shares.

There were no non-executive directors' loans during the year. Executive directors' car loans amounted to KShs. 1.076 Million (refer to Note 29).

DIRECTORS' INTEREST

Name of Director	No of Shares	% Shareholding
Francis Okomo-Okello	1456	0.00076
Mahmood P.Manji	1456	0.00076
Ameer Kassim-Lakha	1456	0.00076
Abdulmalek Virani	1456	0.00076

SHAREHOLDERS' PROFILE AS AT 31 DECEMBER 2010

NAME OF SHAREHOLDER	NUMBER OF SHARES	% SHAREHOLDING
1. Aga Khan Fund for Economic Development, S.A.	55,183,258	37.23
2. Societe de Promotion et de Participation pour la Cooperation Economique (PROPARCO)	10,892,900	7.35
3. Standard Chartered Nominees Non resident A/C 9002.	8,576,700	5.79
4. The Jubilee Insurance Company of Kenya Limited	8,302,706	5.60
5. Industrial Promotion Services (Kenya) Limited	7,697,088	5.19
6. PDM (Holdings) Limited	5,506,200	3.72
7. Craysell Investments Limited	3,798,133	2.56
8. Standard Chartered Nominees A/C 9389	3,619,408	2.44
9. Standard Chartered Nominees A/C 9230	2,622,658	1.77
10. Premchand Kanji Shah	2,290,744	1.55
11. Others	39,720,845	26.80
TOTAL	148,210,640	100.00

DISTRIBUTION OF SHAREHOLDERS AS AT 31 DECEMBER 2010

	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	% SHAREHOLDING
Less than 500 shares	2,771	448,099	0.30
500 - 5,000 shares	6,114	8,411,170	5.68
5,001 - 10,000 shares	308	2,162,037	1.46
10,001 - 100,000 shares	314	8,945,287	6.04
100,001 - 1,000,000 shares	66	16,709,056	11.27
Over 1,000,000 shares	12	111,534,991	75.25
TOTAL	9,585	148,210,640	100.00

SHAREHOLDER CATEGORIES

NAME OF SHAREHOLDER	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES	% SHAREHOLDING
Foreign Investors	143	76,707,713	51.76
Local Institutions	757	53,644,290	36.19
Local Individuals	8,685	17,858,637	12.05
TOTAL	9,585	148,210,640	100.00

Corporate Social Responsibility

A new dormitory, water tank and computers were donated to Kabiruini Girls High School in Nyeri

Students from Ngandu Primary School were sponsored for an educational trip to Sweetwaters

Guests of Ngorongoro Serena Safari Lodge donated desks to the Serena built Oloirobi Primary School.

COMBINING A POWERFUL BUSINESS SENSE WITH A STRONG SENSE OF SOCIAL RESPONSIBILITY

As we conduct business, we interact with a broad range of stakeholders, including our staff, customers, shareholders, financial partners, suppliers of business, the environment, Governments and the local communities in which we operate. And because we always strive to combine a powerful business sense and a strong sense of social responsibility towards these stakeholders, we have over the years managed to create and sustain long-standing relationships, marked by mutual respect and trust. Our guiding principles in managing our social, ethical and environmental commitments remain unchanged and this report demonstrates how we are continuing to meet the growing demands of our social responsibilities.

COMMUNITY INVESTMENT, SUPPORT AND DEVELOPMENT

Economic Empowerment

Rather than focus on donations and handouts, we strive to come up with sustainable means of providing economic empowerment to local communities living around our properties. It is, for instance, company policy to ensure that fresh foodstuff and other supplies are purchased locally. In some cases training is given to the local entrepreneurs to produce and package their wares in an internationally acceptable manner, thus building their capacity and improving their market.

Moreover, locals are given priority whenever new job opportunities arise and at any given time, at least five local youths are deployed at the units where they are trained on the job and encouraged to move to other establishments, both within and outside the Serena Group. If and when there is such a movement, the candidate is replaced by another from the local community.

Educational support

One of our biggest success stories is in Ngorongoro where a local primary school that was constructed 8 years ago continues to thrive. In the year 2010 they had additional support from a number of guests at the Ngorongoro Serena Safari Lodge who during their stay, made a point to visit the school and offer their donations in support of our work. Similarly, Kabiruini Girls High School located 15 kms from Serena Mountain Lodge, now boasts a new dormitory, a 10,000 litre water tank and new desktop computers donated by the management of the lodge who saw the need to uplift the school's standards.

Provision of clean drinking water and access to quality health care

Serena continues to provide free medical consultations and subsidized medication to patients at all our unit's clinics while our Wellness Educators, spread the word about optimized healthy living throughout the communities living near the units. Meanwhile, our lodges in Lake Manyara and Amboseli provide safe, clean drinking water to local communities.

Protecting a fragile Environment

The company's developments and operations are guided by an eco policy that is aimed at conserving the environment. In 2010, our responsible tourism practices were rewarded by attaining Bronze certification from the Ecotourism Society of Kenya. Some of the major programmes that we continue to support include;

- Butterfly and turtle conservation programme at the Kenyan Coast;
- Plant a Tree for Africa programme at all our lodges;
- Waste paper recycling programme in Nairobi.

As part of our Plant a tree for Africa program, we donated 11,000 tree seedlings to the Kenya Forestry Department, to be planted within the Mau Forest which has over the years suffered a huge cover loss, as a result of large-scale human encroachment, charcoal production and logging of indigenous trees. Further, the Kenya Forestry Department have pledged to allocate a 100acre plot to Serena for restoration.

We also continue to support lion conservation in Kenya and are currently working with the Born Free foundation building 'Lion proof Bomas' which are aimed at alleviating the conflict between humans and lions. Already 16 Bomas have been built in Amboseli and thousands of livestock have been saved from lion attacks. Consequently, many lions have been saved from retaliatory attacks by humans. The local Maasai community has fully embraced the project beyond anyone's expectations! Some even want to be considered in cost sharing Bomas where they pay for a percentage of the Boma Construction!. So far the Maasai's have been providing labour during the construction of Bomas.

Encouraging a good work-life balance

Not only does the company strive to ensure that it offers a rewarding career to all employees through access to training and development opportunities but it is also committed to providing a working environment that is both safe and fit for all. Our employees wellness has been successful in promoting healthy lifestyles leading to a maximized potential and optimal quality of life.

Lion proof 'Bomas' in Amboseli are turning out to be a huge success

Our wildly successful Plant a Tree for Africa program involves dignitaries, guests, local communities and staff.

Serena Hotels staff plant trees in the Mau Forest

The Serena Team seen with Prof. Wangari Maathai during the Serena sponsored Karura Forest walk and brunch.

Directors' Report

The Directors submit their report together with the audited financial statements for the year ended 31 December 2010 in accordance with Section 157 of the Kenya Companies Act, which disclose the state of affairs of the group and of the company.

PRINCIPAL ACTIVITIES

The principal activities of the group are to own and operate hotel and lodge facilities in Kenya and Tanzania, serving the business and tourist markets.

RESULTS AND DIVIDEND

The profit for the year attributable to equity holders of the Company of Shs 531,053,000 (2009: Shs 380,362,000) has been added to retained earnings. The directors recommend the approval of a final dividend of Shs 185,263,300 (2009: Shs 132,330,928).

The results for the year are set out in detail on pages 33 to 81 in the attached financial statements.

DIRECTORS

The directors who held office during the year and to the date of this report were:

Francis Okomo-Okello	(Chairman)
Mahmud Jan Mohamed	(Managing Director)
Abdulmalek Virani	(Finance Director)
Ameer Kassim-Lakha	
Dr. Ramadhani Dau	
Jack J Kisa	
Jean-Louis Vinciguerra	
Kate Bandawe	(Alternate to Dr. Ramadhani Dau)
Kabir Hyderally	
Kungu Gatabaki	
Mahmood Pyarali Manji	
Wolfgang Bertelsmeier	
Ghislain de Valon	
Ashish Sharma	(Alternate to Jean-Louis Vinciguerra)

AUDITOR

The Company's auditor, PricewaterhouseCoopers, continues in office in accordance with Section 159(2) of the Kenya Companies Act.

By order of the Board

DOMINIC NG'ANG'A
COMPANY SECRETARY

23 March 2011

Statement of Directors' Responsibilities

The Kenyan Companies Act requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the group and of the company as at the end of the financial year and of the group's profit or loss. It also requires the directors to ensure that the company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company. They are also responsible for safeguarding the assets of the company.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Kenya Companies Act. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the group and of the company and of the group's financial performance in accordance with International Financial Reporting Standards. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Nothing has come to the attention of the directors to indicate that the Company and its subsidiaries will not remain a going concern for at least twelve months from the date of this statement.

MR. FRANCIS OKOMO-OKELLO
Chairman
23 March 2011

MR. MAHMUD JAN MOHAMED
Managing Director
23 March 2011

Report of the Independent Auditor
to the Members of TPS Eastern Africa Limited

Report on the financial statements

We have audited the accompanying financial statements of TPS Eastern Africa Limited (the Company) and its subsidiaries (together, the group), set out on pages 33 to 81. These financial statements comprise the consolidated statement of financial position at 31 December 2010 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, together with the statement of financial position of the Company standing alone as at 31 December 2010 and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Kenya Companies Act and for such internal control, as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the accompanying financial statements give a true and fair view of the state of the financial affairs of the group and of the Company at 31 December 2010 and of the profit and cash flows of the group for the year then ended in accordance with International Financial Reporting Standards and the Kenyan Companies Act.

Report on other legal requirements

The Kenya Companies Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) In our opinion proper books of account have been kept by the company, so far as appears from our examination of those books;

iii) The company's statement of financial position is in agreement with the books of account.

pwc

Certified Public Accountants
23 March 2011
Nairobi

Consolidated Income Statement

for the year ended 31 December 2010

	Notes	2010 Shs'000	2009 Shs'000 Restated
Sales	5	4,462,614	3,889,365
Other operating income		445,092	320,255
Inventory expensed		(874,595)	(781,859)
Employee benefits expense	7	(1,335,351)	(1,100,769)
Other operating expenses		(1,589,742)	(1,468,086)
Profit before depreciation, interest and income tax expense		1,108,018	858,906
Depreciation on property, plant and equipment	18	(257,617)	(214,638)
Finance income	8	52,227	3,043
Finance costs	8	(210,783)	(127,335)
Share of profit/(loss) of associate	22	1,088	(287)
Profit before income tax	6	692,933	519,689
Income tax expense	9	(176,549)	(139,327)
Profit for the year (of which Shs 185,936,000 (2009: Shs 170,283,000) has been dealt with in the accounts of the Company)		516,384	380,362
Attributable to:			
Equity holders of the Company		531,053	380,362
Non controlling interest	28	(14,669)	-
		516,384	380,362
Earnings per share for profit attributable to the equity holders of the Company			
- basic and diluted (Shs per share)	10	4.39	3.32

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2010

	2010 Shs'000	2009 Shs'000
Profit for the year	516,384	380,362
Other comprehensive income:		
Items net of tax		
Gain on revaluation of land and buildings	2,577,570	-
Deferred tax impact	(773,272)	-
Currency translation differences	(42,888)	56,910
Movement in revaluation reserves	-	8,211
Total comprehensive income for the year	2,277,794	445,483
Attributable to:		
Equity holders of the Company	2,292,463	445,483
Non controlling interest	(14,669)	-
Total comprehensive income for the year	2,277,794	445,483

Consolidated Statement of Financial Position

As at 31 December 2010

	Notes	2010 Shs'000	2009 Shs'000 Restated	2008 Shs'000 Restated
Capital and reserves attributable to the Company's equity holders				
Share capital	12	148,211	105,865	105,865
Share premium	12	3,032,431	1,906,676	1,906,676
Revaluation reserve	13	2,473,370	687,471	704,583
Translation reserve		(157,883)	(114,995)	(171,905
Retained earnings		1,717,779	1,371,235	1,097,881
Proposed dividends	11	185,264	132,331	132,331
		7,399,172	4,088,583	3,775,431
Non controlling interest	28	97,213	-	-
Total equity		7,496,385	4,088,583	3,775,431
Non-current liabilities				
Borrowings	14	1,204,524	1,206,809	1,052,754
Deferred income tax liability	15	1,453,428	627,788	590,947
Retirement benefit obligations	16	110,835	109,174	95,013
Total non-current liabilities		2,768,787	1,943,771	1,738,714
Total equity and non-current liabilities		10,265,172	6,032,354	5,514,145
Non-current assets				
Property, plant and equipment	18	8,248,664	4,286,088	4,052,367
Intangible assets	20	1,057,861	1,077,869	1,077,869
Investment in associates	22	30,718	29,630	29,917
Available-for-sale financial asset	17	216,251	55,051	55,051
Deferred income tax asset	15	33,661	49,470	66,378
		9,587,155	5,498,108	5,281,582
Current assets				
Inventories		299,776	266,901	243,533
Receivables and prepayments	23	986,959	902,996	874,121
Cash and cash equivalents	24	1,049,247	352,384	132,266
		2,335,982	1,522,281	1,249,920
Current liabilities				
Payables and accrued expenses	25	1,205,488	611,298	779,684
Current income tax		31,720	49,999	953
Borrowings	14	420,757	326,738	236,720
		1,657,965	988,035	1,017,357
Net current assets		678,017	534,246	232,563
		10,265,172	6,032,354	5,514,145

The financial statements on pages 33 to 81 were approved for issue by the board of directors on 23 March 2011 and signed on its behalf by:

MR. FRANCIS OKOMO-OKELLO
Chairman

MR. MAHMUD JAN MOHAMED
Managing Director

Company Statement of Financial Position

As at 31 December 2010

	Notes	2010 Shs'000	2009 Shs'000
Equity			
Share capital	12	148,211	105,865
Share premium	12	3,032,431	1,906,676
Retained earnings		588,727	605,699
Proposed dividends	11	185,264	132,331
Total equity		3,954,633	2,750,571
Non-current assets			
Investment in subsidiaries	21	2,799,623	2,528,608
Available-for-sale financial asset	17	216,251	55,051
Non-current receivable	19	141,575	-
		3,157,449	2,583,659
Current assets			
Receivables and prepayments	23	79,404	170,973
Bank and cash balances	24	723,540	-
		802,944	170,973
Current liabilities			
Payables and accrued expenses	25	5,760	2,006
Bank overdraft	14	-	2,055
		5,760	4,061
Net current assets		797,184	166,912
		3,954,633	2,750,571

The financial statements on pages 33 to 81 were approved for issue by the board of directors on 23 March 2011 and signed on its behalf by:

MR. FRANCIS OKOMO-OKELLO
Chairman

MR. MAHMUD JAN MOHAMED
Managing Director

Consolidated Statement of Changes in Equity
for the year ended 31 December 2008

	Share capital Shs'000	Share premium Shs'000	Revaluation reserves Shs'000	Translation reserves Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Total Shs'000
Year ended 31 December 2008							
At start of year							
As previously reported	105,865	1,906,676	698,001	(146,315)	981,853	132,331	3,678,411
Prior year adjustment (Note 26)	-	-	25,767	-	(947)	-	24,820
As restated	105,865	1,906,676	723,768	(146,315)	980,906	132,331	3,703,231
Comprehensive income for the year							
Net profit	-	-	-	-	222,403	-	222,403
Other comprehensive income:							
Deferred income tax on release of revaluation reserves	-	-	-	-	7,718	-	7,718
Currency translation differences	-	-	-	(25,590)	-	-	(25,590)
Transfer of excess depreciation to retained earnings	-	-	(27,407)	-	27,407	-	-
Deferred income tax on transfer	-	-	8,222	-	(8,222)	-	-
Total other comprehensive income	-	-	(19,185)	(25,590)	26,903	-	(17,872)
Total comprehensive income for the year	-	-	(19,185)	(25,590)	249,306	-	204,531
Transaction with owners:							
Dividends:							
- final for 2007 paid	-	-	-	-	-	(132,331)	(132,331)
- proposed for 2008	-	-	-	-	(132,331)	132,331	-
At end of year	105,865	1,906,676	704,583	(171,905)	1,097,881	132,331	3,775,431

Consolidated Statement of Changes in Equity (continued)

for the year ended 31 December 2009

	Notes	Share capital Shs'000	Share premium Shs'000	Revaluation reserves Shs'000	Translation reserves Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Total Shs'000
Year ended 31 December 2009								
At start of year								
As previously reported		105,865	1,906,676	678,816	(171,905)	1,099,142	132,331	3,750,925
Prior year adjustment (Note 26)		-	-	25,767	-	(1,261)	-	24,506
As restated		105,865	1,906,676	704,583	(171,905)	1,097,881	132,331	3,775,431
Comprehensive income for the year								
Net profit		-	-	-	-	380,362	-	380,362
Other comprehensive income:								
Deferred income tax on release of revaluation reserves		-	-	-	-	8,211	-	8,211
Currency translation differences		-	-	-	56,910	-	-	56,910
Transfer of excess depreciation to retained earnings		-	-	(24,446)	-	24,446	-	-
Deferred income tax on transfer	15	-	-	7,334	-	(7,334)	-	-
Total other comprehensive income		-	-	(17,112)	56,910	25,323	-	65,121
Total comprehensive income for the year		-	-	(17,112)	56,910	405,685	-	445,483
Transactions with owners								
Dividends:								
- final for 2008 paid	11	-	-	-	-	-	(132,331)	(132,331)
- proposed for 2009	11	-	-	-	-	(132,331)	132,331	-
At end of year		105,865	1,906,676	687,471	(114,995)	1,371,235	132,331	4,088,583

Consolidated Statement of Changes in Equity (continued)

for the year ended 31 December 2010

	Notes	Share capital Shs'000	Share premium Shs'000	Revaluation reserves Shs'000	Translation reserves Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Non controlling interest Shs'000	Total Shs'000
Year ended 31 December 2010									
At start of year									
As previously reported		105,865	1,906,676	661,704	(114,995)	1,372,809	132,331	-	4,064,390
Prior year adjustment (Note 26)		-	-	25,767	-	(1,574)	-	-	24,193
As restated		105,865	1,906,676	687,471	(114,995)	1,371,235	132,331	-	4,088,583
Comprehensive income for the year									
Net profit		-	-	-	-	531,053	-	(14,669)	516,384
Other comprehensive income:									
Revaluation surplus		-	-	2,577,570	-	-	-	-	2,577,570
Deferred income tax on revaluation	15	-	-	(773,272)	-	-	-	-	(773,272)
Currency translation differences		-	-	-	(42,888)	-	-	-	(42,888)
Transfer of excess depreciation to retained earnings		-	-	(26,284)	-	26,284	-	-	-
Deferred income tax on transfer	15	-	-	7,885	-	(7,885)	-	-	-
Total other comprehensive income		-	-	1,785,899	(42,888)	18,399	-	-	1,761,410
Total comprehensive income for the year		-	-	1,785,899	(42,888)	549,452	-	(14,669)	2,277,794
Transactions with owners									
On acquisition of subsidiary		-	-	-	-	-	-	111,882	111,882
Bonus issue of shares		17,644	-	-	-	(17,644)	-	-	-
Rights issue of shares		24,702	1,125,755	-	-	-	-	-	1,150,457
Dividends:									
- final for 2009 paid	11	-	-	-	-	-	(132,331)	-	(132,331)
- proposed for 2010	11	-	-	-	-	(185,264)	185,264	-	-
At end of year		148,211	3,032,431	2,473,370	(157,883)	1,717,779	185,264	97,213	7,496,385

Company Statement of Changes in Equity

for the year ended 31 December 2009

	Notes	Share capital Shs'000	Share premium Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Total Shs'000
Year ended 31 December 2009						
At start of year		105,865	1,906,676	567,747	132,331	2,712,619
Comprehensive income for the year						
Profit for the year		-	-	170,283	-	170,283
Total comprehensive income for the year		-	-	170,283	-	170,283
Transactions with owners						
Dividends:						
- final for 2008 paid	11	-	-	-	(132,331)	(132,331)
- proposed for 2009	11	-	-	(132,331)	132,331	-
At end of year		105,865	1,906,676	605,699	132,331	2,750,571

Company Statement of Changes in Equity (continued)

for the year ended 31 December 2010

	Notes	Share capital Shs'000	Share premium Shs'000	Retained earnings Shs'000	Proposed dividends Shs'000	Total Shs'000
Year ended 31 December 2010						
At start of year		105,865	1,906,676	605,699	132,331	2,750,571
Comprehensive income for the year						
Profit for the year		-	-	185,936	-	185,936
Total comprehensive income for the year		-	-	185,936	-	185,936
Transactions with owners						
Bonus issue		17,644	-	(17,644)	-	-
Rights issue		24,702	1,125,755	-	-	1,150,457
Dividends:						
- final for 2009 paid	11	-	-	-	(132,331)	(132,331)
- proposed for 2010	11	-	-	(185,264)	185,264	-
At end of year		148,211	3,032,431	588,727	185,264	3,954,633

Consolidated Statement of Cash Flows

for the year ended 31 December 2010

	Notes	2010 Shs'000	2009 Shs'000 Restated
Operating activities			
Cash generated from operations	27	1,512,792	610,523
Interest paid		(136,266)	(118,735)
Income tax paid		(126,645)	(24,678)
Net cash generated from operating activities		1,249,881	467,110
Investing activities			
Purchase of property, plant and equipment	18	(1,840,991)	(359,197)
Proceeds from disposal of property, plant and equipment		227,433	463
Investment in available-for-sale financial asset	17	(161,200)	-
Short-term bank deposits - net	24	(591,652)	(188,408)
Cash inflow on acquisition of Upekee Lodges Limited	28	111,882	-
Net cash used in investing activities		(2,254,528)	(547,142)
Financing activities			
Net proceeds from rights issue of shares		1,150,455	-
Long-term borrowings - net		136,670	215,754
Dividends paid to company's shareholders	11	(132,331)	(132,331)
Net cash generated from financing activities		1,154,794	83,423
Net increase in cash and cash equivalents		150,147	3,391
Movement in cash and cash equivalents			
At start of year		49,197	45,806
Increase in cash		150,147	3,391
At end of year	24	199,344	49,197

Notes to the Financial Statements

1 GENERAL INFORMATION

TPS Eastern Africa Limited is incorporated in Kenya under the Companies Act as a public limited liability company and is domiciled in Kenya. The address of its registered office is:

Williamson House
4th Ngong Avenue
PO Box 48690
00100 NAIROBI
KENYA

The Company's shares are listed on the Nairobi Stock Exchange.
For the Kenya Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and profit or loss by the statement of comprehensive income in these financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings (Shs), rounded to the nearest thousands, except where otherwise indicated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Group

IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27, 'Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. The adoption of the revision to the standard has not had a significant impact on the group financial statements in the year.

IFRS 8 Operating Segments – effective 1 January 2010. Paragraph 23 of IFRS 8 has been amended to make it clear that an entity should report a measure of total assets and total liabilities for each reportable segment, if the amounts are regularly provided to the chief operating decision maker. This is to be applied retrospectively. The adoption of this amendment has led to enhanced disclosures in the group financial statements.

IAS 27 Consolidated and Separate Financial Statements – Revised – effective 1 July 2009. IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The adoption of this revision has had no impact on the group financial statements.

IAS 17 Leases, effective 1 January 2010 - The amendment clarifies that leases of land and buildings need to be considered separately for all transactions. In establishing whether the land component is an operating or finance lease the entity should take into account that the land has an indefinite economic life. The adoption of this amendment has led to change in accounting policy for leasehold land. The resulting adjustments are included in Note 26.

(ii) New standards, amendments and interpretations issued but not yet effective and not early adopted by the group
The Group's and Company's assessment of the impact of these new standards and interpretations is set out below.

IFRS 9, 'Financial instruments' – effective 1 January 2013. This standard is the first step in the process to replace IAS 39, 'Financial instruments: recognition and measurement'. It introduces new requirements for classifying and measuring financial assets and is likely to affect the Group's accounting for its financial assets.

IAS 24 (Revised) 'Related party disclosures' – effective 1 January 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for Government-related entities to disclose details of all transactions with the Government and other Government-related entities. When the revised standard is applied, the Group will need to disclose any transactions between itself and associates of its parent company. The Group already has systems in place to capture the necessary information.

Classification of rights issues' (amendment to IAS 32) – effective 1 February 2010. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment applies retrospectively in accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors'.

IFRIC 19, 'Extinguishing financial liabilities with equity instruments' - effective 1 July 2010. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished.

The directors have assessed the relevance of these standards, amendments and interpretations with respect to the Group and Company operations and concluded that they will not have a significant impact on the Group's financial statements.

(b) Consolidation

(i) Subsidiaries
Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Consolidation (continued)

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value over any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss .

(iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Consolidation (continued)

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising from investments in associates are recognised in the income statement.

Changes in accounting policy

The Group has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control or significant influence from 1 January 2010 when revised IAS 27, 'Consolidated and separate financial statements', became effective. The revision to IAS 27 contained consequential amendments to IAS 28, 'Investments in associates', and IAS 31, 'Interests in joint ventures'.

Previously transactions with non-controlling interests were treated as transactions with parties external to the group. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

Previously, when the Group ceased to have control or significant influence over an entity, the carrying amount of the investment at the date control or significant influence became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entity or financial assets.

The Group has applied the new policy prospectively to transactions occurring on or after 1 January 2010. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

(c) Functional currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Kenya Shillings, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Functional currency and translation of foreign currencies (continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income' or 'other expenses'.

Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities, such as equities held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) income and expenses for each income statement amount are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that are recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The CODM who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Managing Director who makes strategic decisions.

(e) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax (VAT), returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Revenue recognition (continued)

Revenue is recognised as follows:

(i) Sales of goods are recognised in the period in which the Group has delivered products to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been accepted by the customer.

(ii) Sales of services are recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a percentage of the total services to be provided.

(iii) Interest income is recognised using the effective interest method.

(iv) Dividends are recognised as income in the period in which the right to receive payment is established.

Changes in accounting policy

The Group has changed its accounting policy for dividends paid out of pre-acquisition profits from 1 July 2009 when the revised IAS 27, 'Consolidated and separate financial statements', became effective. Previously, dividends paid out of pre-acquisition profits were deducted from the cost of the investment. The new accounting policy is applied prospectively in accordance with the transition provisions. It was therefore not necessary to make any adjustments to any of the amounts previously recognised in the financial statements.

(f) Property, plant and equipment

All categories of property, plant and equipment are initially recorded at cost. Buildings are subsequently shown at fair value, based on periodic, but at least every five year, valuations by external independent valuers, less subsequent depreciation for buildings. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation are credited to a revaluation surplus reserve in equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

Depreciation on assets is calculated using the straight line method to write down their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Land and buildings	Over the period of the lease
Computers	3 - 4 years
Motor vehicles	4 years
Furniture and fittings	8 years
Lift installations	10 years
Laundry equipment	10 years

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its estimated recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are included in profit or loss. On disposal of revalued assets, amounts in the revaluation surplus relating to that asset are transferred to retained earnings.

(g) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to operating segments for the purpose of impairment testing.

(h) Financial assets

The Group classifies its financial assets under loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates such designation periodically.

(i) Loans and receivables

Loans and receivables are initially recorded at fair value (plus transaction costs) and subsequently carried at amortised cost using the effective interest method. They are included in current assets, Loans and receivables are included in receivables and prepayments in the balance sheet.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are not classified as loans and receivables. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss.

(i) Accounting for leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Accounting for leases (continued)

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the lease property and the present value of the minimum lease payments.

Changes in accounting policy

The amendment clarifies that leases of land and buildings needs to be considered separately for all transactions. In establishing whether land component is an operating lease, the entity takes into account that land has an indefinite economic life. The adoption of this standard with retrospective application has been dealt with through a prior year adjustment. See note 26.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out (FIFO) method and computed as the cost of purchase plus any incidental costs incurred in bringing inventory items to their present location. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Inventories mainly comprise hotel consumables, food and beverage items.

(k) Receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are a classified as current assets. If not, they are presented as non-current assets.

(l) Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(m) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

(n) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(o) Employee benefits

(i) Retirement benefit obligations

For unionised employees, the group has an unfunded obligation to pay terminal gratuities under its Collective Bargaining Agreement with the union. Employees who resign after serving for periods of between five years and ten years, receive eighteen days salary and house allowance for each completed year of service at the rate of pay applicable at the date of resigning. Those who resign after serving for more than ten years receive twenty four days salary and house allowance for each completed year of service. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. Any increase or decrease in the provision other than benefits paid is taken to the profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee benefits (continued)

The group operates a defined contribution post-employment benefit scheme for all its permanent employees after their first year of employment. The assets of the scheme are held in a separate trustee administered fund, which is funded by contributions from both the group and the employees. The group and all its permanent employees also contribute to the statutory National Social Security Fund, which is a defined contribution scheme. The group's contributions to both these defined contribution schemes are charged to profit or loss in the year in which they fall due. The group has no further obligation once the contributions have been paid.

(ii) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

(p) Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax enacted or substantively enacted at the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. However, if the deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective interest method; any differences between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which they are declared. Dividends are declared upon approval at the annual general meeting. Proposed dividends are shown as part of retained earnings until declared.

(s) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

(i) Critical accounting estimates and assumptions

Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the balance sheet date.

Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(g). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 20).

Income taxes

The Group is subject to income taxes in various jurisdictions. Significant judgement is required in determining the Group's provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Retirement benefit obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate and future salary increases. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company relies on an independent actuary to determine the appropriate discount rate at the end of the year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations.

Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in Note 16.

(i) Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made judgements in determining:

- the classification of financial assets and leases
- whether financial and non-financial assets are impaired.

4 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the treasury department under the guidance of management. Treasury department identifies, evaluates and hedges financial risks. The Board of Directors provides guidance on principles for overall risk management covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and investment of excess liquidity.

Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group aims to minimise volatility arising from fluctuations in exchange rates by adopting natural hedges such as holding cash balances in foreign currencies to hedge against any foreign currency denominated amounts payable.

The Group manages foreign exchange risk by converting its foreign currency collections into local currency on an ongoing basis to cater for its operational requirements. As a result, the Group does not hold large amounts of foreign currency deposits. In addition, the Group receives its collections in foreign currency and therefore any future foreign currency commercial transactions are settled in the same currency to avoid the effect of swinging currency exchange rates.

Currency exposure arising from the net assets of foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

At 31 December 2010, if the Shilling had weakened/strengthened by 5% against the US Dollar with all other variables held constant, consolidated post tax profit for the year would have been Shs 6,313,843 (2009: Shs 2,505,080) higher/lower, mainly as a result of US dollar receivables, payables and bank balances.

4 FINANCIAL RISK MANAGEMENT (continued)

(ii) Price risk

The Group has invested in the unquoted shares of Tourism Promotion Services (Rwanda) Limited which have been classified under Available-for-sale financial assets. In the opinion of the directors, there is no material exposure to price risk.

(iii) Cash flow and fair value interest rate risk

The Group has borrowings at variable rates. The Group does not hedge itself against interest rate risk. No limits are placed on the ratio of variable rate borrowing to fixed rate borrowing. At 31 December 2010, an increase/decrease of 2% on interest rate would have resulted in an increase/decrease in consolidated post tax profit of Shs 1,040,081 (2009: 3,146,987).

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to customers, including outstanding receivables and committed transactions. Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The credit controller is responsible for managing and analysing credit risk for each new customer before standard payment and delivery terms are offered. Credit risk arises from cash at bank and short term deposits with banks, as well as trade and other receivables. The Group does not have any significant concentrations of credit risk.

For banks and financial institutions, only reputable well established financial institutions are accepted. For trade receivables, the credit controller assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The Group does not grade the credit quality of receivables. Individual risk limits are set based on internal ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored.

The amount that best represents the Group's and Company's maximum exposure to credit risk at 31 December 2010 and 2009 is made up as follows:

	Group		Company	
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000
Cash equivalents	1,040,317	339,869	723,540	-
Trade receivables	744,084	534,447	-	-
Receivables from related companies	99,001	222,704	72,403	169,455
Other receivables	105,318	105,267	7,001	1,518
	1,988,720	1,202,287	802,944	170,973

No collateral is held for any of the above assets. Receivables that are neither past due or impaired are within their approved credit limits, and no receivables have had their terms renegotiated.

4 FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

Related party and other receivables are neither past due nor impaired. The Group's bankers are reputable and sound financial institutions.

None of the above assets are past due or impaired except for the following amounts in trade receivables (which are due within 30 days of the end of the month in which they are invoiced):

	Group		Company	
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000
Past due but not impaired:				
- by up to 30 days	382,587	301,327	-	-
- by 31 to 60 days	107,591	69,304	-	-
- by 61 to 90 days	14,678	29,247	-	-
- by over 90 days	67,682	70,441	-	-
Total past due but not impaired	572,538	470,319	-	-
Impaired and fully provided for	50,239	62,193	-	-

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash securities, and the availability of funding from an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Group	Less than 1 year Shs'000	Between 1 and 2 years Shs'000	Between 2 and 5 years Shs'000	Over 5 years Shs'000
At 31 December 2010:				
- borrowings	420,757	366,427	838,097	-
- trade and other payables	1,205,488	-	-	-
At 31 December 2009:				
- borrowings	326,738	339,754	867,055	-
- trade and other payables	611,298	-	-	-

4 FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Company	Less than 1 year Shs'000	Between 1 and 2 years Shs'000	Between 2 and 5 years Shs'000	Over 5 years Shs'000
At 31 December 2010:				
- overdraft	-	-	-	-
- trade and other payables	5,760	-	-	-
At 31 December 2009:				
- overdraft	2,055	-	-	-
- trade and other payables	2,006	-	-	-

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

During 2010 the Group's strategy, which was unchanged from 2009, was to maintain a gearing ratio between 25% and 40%. The gearing ratios at 31 December 2010 and 2009 were as follows

	2010 Shs'000	2009 Shs'000 Restated
Total borrowings	1,625,281	1,533,547
Less: cash and cash equivalents	(1,049,247)	(352,384)
Net debt	576,034	1,181,163
Total equity	7,496,385	4,088,583
Total capital	8,072,419	5,269,746
Gearing ratio	7%	22%

5 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Managing Director that are used to make strategic decisions.

The Managing Director considers the business from both a geographic and product perspective. Geographically, management considers the performance in Kenya and Tanzania. Kenya is further segregated into hotels and lodges.

The reportable operating segments derive their revenue primarily from accommodation, food and beverage sales.

The Managing Director assesses the performance of the operating segments based on profits before depreciation and amortisation, interest and tax, which is a measure of adjusted earnings before interest, tax, depreciation and amortisation (EBITDA). The measure also excludes the effects of unrealised gains/losses on financial instruments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the group.

The segment information provided to the Managing Director for the reportable segments for the year ended 31 December 2010 is as follows:

	Kenya Hotels Shs '000	Kenya Lodges Shs '000	Tanzania Lodges Shs '000	All other segments Shs '000	Total Shs '000
Revenue	1,831,923	812,522	1,753,678	214,684	4,612,807
Less inter segmental sales	-	-	-	(150,193)	(150,193)
Net revenue from third parties	1,831,923	812,522	1,753,678	64,491	4,462,614
EBITDA	481,501	207,166	417,045	2,306	1,108,018
Depreciation and amortisation	(83,236)	(48,228)	(114,712)	(11,441)	(257,617)
Income tax expense	(56,076)	(36,199)	(76,498)	(7,776)	(176,549)
Share of profit from associate	-	1,088	-	-	1,088
Investment in associate	-	30,718	-	-	30,718
Additions to non-current assets	243,057	-	1,448,019	312,879	2,003,955
Total assets	3,443,807	1,112,568	4,010,628	3,356,134	11,923,137
Goodwill	230,152	90,000	733,218	4,491	1,057,861

5 SEGMENT INFORMATION (continued)

The segment information for the year ended 31 December 2009 is as follows

	Kenya Hotels Shs '000	Kenya Lodges Shs '000	Tanzania Lodges Shs '000	All other segments Shs '000	Total Shs '000
Revenue	1,694,900	791,164	1,302,733	288,860	4,077,657
Less inter segmental sales	-	-	-	(188,292)	(188,292)
Net revenue from third parties	1,694,900	791,164	1,302,733	100,568	3,889,365
EBITDA	452,273	66,043	283,347	57,243	858,906
Depreciation and amortisation	(75,598)	(43,005)	(88,429)	(7,606)	(214,638)
Income tax expense	(57,695)	(47,552)	(28,810)	(5,270)	(139,327)
Share of loss from associate	-	(287)	-	-	(287)
Investment in associate	-	29,630	-	-	29,630
Additions to non-current assets	222,696	-	136,501	-	359,197
Total assets	1,791,583	908,201	2,319,527	2,001,078	7,020,389
Goodwill	230,152	110,008	733,218	4,491	1,077,869

See note 20 for details of the impairment of goodwill of Shs 20,008,000 in the Kenyan operating segment in 2010. The write off relates to the portion of goodwill on Samburu Serena Safari Lodge which was damaged by floods in March 2010 and has since not been operational.

The revenue from external parties reported to the Managing Director is measured in a manner consistent with that in the income statement.

A reconciliation of adjusted EBITDA to profit before tax is provided as follows:

	2010 Shs' 000	2009 Shs' 000 Restated
Adjusted EBITDA	1,108,018	858,906
Depreciation	(257,617)	(214,638)
Share of profit/(loss) from associate	1,088	(287)
Finance costs – net	(158,556)	(124,292)
Profit before tax	692,933	519,689

The entity is domiciled in the Kenya. The result of its revenue from external customers in Kenya is Shs 2,644,445,000 (2009: Shs 2,486,064,000), and the total of revenue from external customers from other countries is Shs 1,968,362,000 (2009: Shs 1,591,593,000). The breakdown of the major component of the total of revenue from external customers from other countries is disclosed above.

There are no significant revenues derived from a single external customer.

6 EXPENSES BY NATURE

The following items have been (credited)/charged in arriving at profit before income tax:

	Group	
	2010 Shs'000	2009 Shs'000 Restated
Release of amounts payable to minority shareholders (Note 25)	-	(62,172)
(Gain)/ loss on disposal of property, plant and equipment	(81,953)	166
Impairment of goodwill (Note 20)	20,008	-
Net foreign currency exchange (gains)/losses	(15,903)	19,654
Receivables – provision for impairment losses (Note 23)	(2,575)	8,608
Auditors' remuneration (Company: 2010: Shs 2,109,910 2009:Shs 2,086,820)	12,498	9,317
Employee benefit expense (Note 7)	1,335,351	1,100,769
Repairs and maintenance of property, plant and equipment	97,013	81,080

7 EMPLOYEE BENEFITS EXPENSE

	Group	
	2010 Shs'000	2009 Shs'000
The following items are included within employee benefits expense:		
Salaries, wages and other staff costs	1,268,983	1,033,910
Retirement benefits costs:		
- Gratuity charge (Note 16)	10,115	20,209
- Defined contribution scheme	24,343	24,036
- National Social Security Funds	31,910	22,614
	1,335,351	1,100,769

8 FINANCE INCOME AND COSTS

	Group	
	2010	2009
	Shs'000	Shs'000
Interest income:		
- fixed and call deposits	37,119	-
- staff loans	2,200	3,043
- related party loans	12,908	-
Finance income	52,227	3,043
Net foreign currency exchange losses on borrowings	(22,290)	(5,557)
Interest expense:		
- bank borrowings	(188,493)	(120,586)
- related party loans	-	(1,192)
Finance costs	210,783	127,335
Net finance costs	(158,556)	(124,292)

9 INCOME TAX EXPENSE

	Group	
	2010	2009
	Shs'000	Shs'000
Current income tax	108,366	73,724
Deferred income tax (Note 15)	68,183	65,603
Income tax expense	176,549	139,327

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2010	2009
	Shs'000	Shs'000
		Restated
Profit before income tax	692,933	519,689
Tax calculated at domestic rates applicable to profits in the respective countries - 30% (2009 - 30%)	207,880	155,907
Tax effect of:		
Income not subject to tax	(71,090)	(18,518)
Expenses not deductible for tax purposes	23,064	2,944
Over/(under) provision of deferred income tax in prior year	16,695	(1,006)
Income tax expense	176,549	139,327

10 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2010	2009
Profit attributable to equity holders of the Company (Shs 000s)	531,053	380,362
Weighted average number of ordinary shares in issue (thousands)	120,947	114,687
Basic earnings per share (Shs)	4.39	3.32

There were no potentially dilutive shares outstanding at 31 December 2010 or 2009. Diluted earnings per share are therefore the same as basic earnings per share.

11 DIVIDEND PER SHARE

Proposed dividends are accounted for as a separate component of equity until they have been ratified at the annual general meeting. Qualifying shares for 2010 were 148,210,640 shares (2009: 105,864,742 shares). A dividend in respect of qualifying shares for the year ended 31 December 2010 of Shs 1.25 per share (2009: Shs 1.25) amounting to Shs 185,263,300 (2009: Shs 132,330,928) is to be proposed at the forthcoming annual general meeting.

Payment of dividends is subject to withholding tax at a rate of either 5% or 10% depending on the residence of the respective shareholders.

12 SHARE CAPITAL

	Number of shares (Thousands)	Ordinary shares Shs'000	Share premium Shs'000
Balance at 1 January 2008 & 2009	105,865	105,865	1,906,676
Balance at 1 January 2010	105,865	105,865	1,906,676
Bonus issue of shares	17,644	17,644	-
Rights issue of shares	24,702	24,702	1,125,755
Balance at 31 December 2010	148,211	148,211	3,032,431

12 SHARE CAPITAL (continued)

During the year, the total authorised number of ordinary shares was increased from 106,000,000 shares to 192,000,000 shares with a par value of Shs 1.00 per share. 148,210,640 (2009: 105,864,742) shares are issued at a par value of Shs 1.00 per share and are fully paid.

In the year, the Company capitalised its reserves through a bonus issue of 17,644,124 at a ratio of one share of Shs 1.00 for every six held to existing shareholders.

The Company also issued additional 24,701,774 shares with a par value of Shs 1.00 at Shs 48.00 per share, on the basis of one new share for every five held, to existing shareholders in a rights issue. This resulted in a share premium, net of rights issue transaction costs, of Shs 1,125,755,161.

13 REVALUATION RESERVE

The revaluation reserve represents solely the surplus on the revaluation of buildings net of deferred income tax and is non-distributable.

14 BORROWINGS

	Group		Company	
	2010	2009	2010	2009
	Shs'000	Shs'000	Shs'000	Shs'000
The borrowings are made up as follows:				
Non-current				
Bank borrowings	1,204,524	1,206,809	-	-
Current				
Bank overdraft	58,251	103,187	-	2,055
Bank borrowings	362,506	223,551	-	-
	420,757	326,738	-	2,055
Total borrowings	1,625,281	1,533,547	-	2,055

The borrowings include secured liabilities (bank borrowings and overdraft) in a total amount of Shs 1,625,781,000 (2009: Shs 1,533,547,000). Bank loans and overdrafts are secured by legal charges over certain land, buildings and other assets of the group in addition to a floating debenture over all assets of Tourism Promotion Services (Kenya) Limited and a certificate of shares in the name of TPS Eastern Africa Limited.

	Group	
The effective interest rates at the year-end were as follows:	2010	2009
Kenya		
- bank borrowings : Kenya Shillings	10.00%	12.16%
Tanzania		
- bank overdrafts: US Dollars (3% above 3-month LIBOR)	3.30%	5.82%
- bank borrowings: US Dollars (2% above 3-month LIBOR)	2.30%	4.82%
: Tanzania Shillings – National Bank of Commerce Tanzania Limited	13.50%	13.50%
: Tanzania Shillings – Barclays Bank of Tanzania Limited	11.50%	-
Zanzibar		
- bank overdrafts and bank borrowings: Tanzania Shillings	12.50%	12.50%

14 BORROWINGS (continued)

The carrying amounts of short-term borrowings approximate to their fair value. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that directors expect would be available to the Group at the balance sheet date.

It is impracticable to assign fair values to the Group's long term liabilities due to inability to forecast interest rate and foreign exchange rate changes.

None of the above borrowings was in default in at any time in the year.

15 DEFERRED INCOME TAX

Deferred income tax is calculated using the enacted income tax rate of 30% (2009: 30%). The movement on the deferred income tax account is as follows:

Year ended 31 December 2009	Movement in deferred tax liability Shs'000	Movement in deferred tax asset Shs'000	Total Shs'000
At start of year	590,947	(66,379)	524,568
Income statement charge (Note 9)	36,841	28,762	65,603
Credit to equity	-	(8,211)	(8,211)
Currency translation differences	-	(3,642)	(3,642)
At end of year	627,788	(49,470)	578,318
Year ended 31 December 2010			
At start of year	627,788	(49,470)	578,318
Income statement (credit)/charge (Note 9)	(8,202)	76,385	68,183
Charged to equity	581,600	191,672	773,272
Currency translation differences	-	(6)	(6)
Transfer of deferred tax liability/ (asset)	252,242	(252,242)	-
At end of year	1,453,428	(33,661)	1,419,767

15 DEFERRED INCOME TAX (continued)

Deferred Income Tax - Group

Consolidated deferred income tax assets and liabilities, deferred income tax charge/(credit) in the income statement and deferred income tax charge/(credit) in equity are attributable to the following items:

Year ended 31 December 2010	1.1.2010	Charge/ (credit) to P/L	Charge to equity	Translation differences	31.12.2010
	Shs'000	Shs'000	Shs'000	Shs '000	Shs'000
Deferred income tax liabilities					
Property, plant & equipment					
- on historical cost	316,830	43,358	-	-	360,188
- on revaluation surplus	541,399	(7,885)	773,272	-	1,306,786
Unrealised exchange gains	30,405	8,205	-	-	38,610
Accelerated tax depreciation	40,702	-	-	-	40,702
Other deductible temporary differences	(159,215)	162,113	-	(6)	2,892
	770,121	205,791	773,272	(6)	1,749,178
Deferred income tax assets					
Tax losses carried forward	(157,090)	(136,630)	-	-	(293,720)
Provisions	(34,711)	(978)	-	-	(35,689)
Under provision in the year	(2)	-	-	-	(2)
	(191,803)	(137,608)	-	-	(329,411)
Net deferred income tax liability	578,318	68,183	773,272	(6)	1,419,767

15 DEFERRED INCOME TAX (continued)

Year ended 31 December 2009	1.1.2009	Charge/ (credit) to P/L	Charge to equity	Translation differences	31.12.2009
	Shs'000	Shs'000	Shs'000	Shs '000	Shs'000
Deferred income tax liabilities					
Property, plant & equipment					
- on historical cost	285,317	31,513	-	-	316,830
- on revaluation surplus	556,944	(7,334)	(8,211)	-	541,399
Unrealised exchange gains	20,937	9,468	-	-	30,405
Accelerated tax depreciation	40,702	-	-	-	40,702
	903,900	33,647	(8,211)	-	929,336
Deferred income tax assets					
Tax losses carried forward	(210,196)	53,106	-	-	(157,090)
Provisions	(31,868)	(2,843)	-	-	(34,711)
Under provision in the year	(2)	-	-	-	(2)
Other deductible temporary differences	(137,266)	(18,307)	-	(3,642)	(159,215)
	(379,332)	31,956	-	(3,642)	(351,018)
Net deferred income tax liability	524,568	65,603	(8,211)	(3,642)	578,318

Deferred income tax of Shs 7,885,000 (2009: Shs 7,334,000) was transferred within shareholders' equity from revaluation reserves to retained earnings. This represents deferred income tax on the difference between the actual depreciation on the property and the equivalent depreciation based on the historical cost of the property.

16 RETIREMENT BENEFIT OBLIGATIONS

Provision for employees' entitlement to gratuity is based on the number of years worked by individual employees up to the balance sheet date. The movement during the year is as follows:

	Group	
	2010	2009
	Shs'000	Shs'000
At start of year	109,174	95,013
Charge to income statement	10,115	20,209
Benefits paid	(8,454)	(6,048)
At end of year	110,835	109,174

The amounts recognised in the consolidated income statement for the year are as follows:

	Group	
	2010	2009
	Shs'000	Shs'000
Current service cost	7,399	7,948
Interest cost	10,865	9,453
Net actuarial (gains)/ losses recognised in the year	(8,149)	2,808
Total, included in employee benefits expense (Note 7)	10,115	20,209

The principal actuarial assumptions used were as follows:

	2010	2009
- discount rate	10%	10%
- future salary increases	8%	8%

Assumptions regarding future mortality experience are set based on actuarial advice, published statistics and experience in the industry.

Five year summary:

	2010	2009	2008	2007	2006
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Present value of defined benefit obligation	110,835	109,174	95,103	121,701	117,493

In the opinion of the Directors, the provision for gratuity entitlement for employees fairly reflects the Group's future obligation under the terms of the Collective Bargaining Agreement. The scheme has no dedicated assets.

17 AVAILABLE FOR SALE FINANCIAL ASSET

	Group and Company	
	2010	2009
	Shs'000	Shs'000
At start of the year	55,051	55,051
Investment during the year	161,200	-
At end of year	216,251	55,051

Shs 161.2 million was invested by the Company in 2010 to increase its interest in the shareholding in Tourism Promotion Services (Rwanda) Limited, a company incorporated in Rwanda, from 8% to 17%. The directors have designated this investment as an 'available-for-sale financial asset' that is carried at fair value as the investment is to be held for the foreseeable future. There were no fair value gains or losses in the year (2009: Nil).

18 PROPERTY, PLANT AND EQUIPMENT - GROUP

	Land & buildings Shs'000	Plant & machinery Shs'000	Vehicles & equipment Shs'000	Capital work in progress Shs'000	Total Shs'000
At 1 January 2008					
As previously stated					
At cost or revaluation	5,120,277	1,450,405	189,586	76,060	6,836,328
Accumulated depreciation	(1,035,808)	(1,080,609)	(129,102)	-	(2,245,519)
Translation differences	(475,879)	11,941	(23,362)	(79)	(487,379)
Net book amount	3,608,590	381,737	37,122	75,981	4,103,430
Prior year adjustment (Note 26)	37,553	-	-	-	37,553
As restated	3,646,143	381,737	37,122	75,981	4,140,983
Year ended 31 December 2008					
Opening net book amount	3,646,143	381,737	37,122	75,981	4,140,983
Additions	49,050	88,652	1,617	20,738	160,057
Disposals	-	(817)	(150)	-	(967)
Transfers	8,843	-	-	(8,843)	-
Depreciation charge	(117,580)	(83,663)	(15,233)	-	(216,476)
Translation differences	(29,113)	(1,387)	(293)	(437)	(31,230)
Closing net book amount	3,557,343	384,522	23,063	87,439	4,052,367
At 31 December 2008					
At cost or revaluation	5,216,670	1,538,240	191,053	87,955	7,033,918
Accumulated depreciation	(1,154,335)	(1,164,272)	(144,335)	-	(2,462,942)
Translation differences	(504,992)	10,554	(23,655)	(516)	(518,609)
Net book amount	3,557,343	384,522	23,063	87,439	4,052,367

18 PROPERTY, PLANT AND EQUIPMENT - GROUP (continued)

	Land & buildings Shs'000	Plant & machinery Shs'000	Vehicles & equipment Shs'000	Capital work in progress Shs'000	Total Shs'000
At 1 January 2009					
As previously reported					
At cost or revaluation	5,178,170	1,538,240	191,053	87,955	6,995,418
Accumulated depreciation	(1,152,914)	(1,164,272)	(144,335)	-	(2,461,521)
Translation differences	(504,992)	10,554	(23,655)	(516)	(518,609)
Net book amount	3,520,264	384,522	23,063	87,439	4,015,288
Prior year adjustment (Note 26)	37,079	-	-	-	37,079
As restated	3,557,343	384,522	23,063	87,439	4,052,367
Year ended 31 December 2009					
Opening net book amount	3,557,343	384,522	23,063	87,439	4,052,367
Additions	101,035	203,049	-	55,113	359,197
Disposals	(11)	(618)	-	-	(629)
Transfers	46,403	-	-	(46,403)	-
Depreciation charge	(118,944)	(83,496)	(12,198)	-	(214,638)
Translation differences	80,267	7,041	826	1,657	89,791
Closing net book amount	3,666,093	510,498	11,691	97,806	4,286,088
At 31 December 2009					
At cost or revaluation	5,362,676	1,740,671	191,053	96,665	7,391,065
Accumulated depreciation	(1,271,858)	(1,247,768)	(156,533)	-	(2,676,159)
Translation differences	(424,725)	17,595	(22,829)	1,141	(428,818)
Net book amount	3,666,093	510,498	11,691	97,806	4,286,088

18 PROPERTY, PLANT AND EQUIPMENT - GROUP (continued)

	Land & buildings Shs'000	Plant & machinery Shs'000	Vehicles & equipment Shs'000	Capital work in progress Shs'000	Total Shs'000
At 1 January 2010					
As previously reported					
At cost or revaluation	5,325,597	1,740,671	191,053	96,665	7,353,986
Accumulated depreciation	(1,271,385)	(1,247,768)	(156,533)	-	(2,675,686)
Translation differences	(424,725)	17,595	(22,829)	1,141	(428,818)
Net book amount	3,629,487	510,498	11,691	97,806	4,249,482
Prior year adjustment (Note 26)	36,606	-	-	-	36,606
As restated	3,666,093	510,498	11,691	97,806	4,286,088
Year ended 31 December 2010					
Opening net book amount	3,666,093	510,498	11,691	97,806	4,286,088
Additions	1,266,769	306,322	42,618	225,282	1,840,991
Disposals	(134,793)	(10,687)	-	-	(145,480)
Transfers	16,728	33,609	1,178	(51,515)	-
Depreciation charge	(133,140)	(113,803)	(10,674)	-	(257,617)
Revaluation	2,577,570	-	-	-	2,577,570
Translation differences	(42,889)	(8,273)	(147)	(1,579)	(52,888)
Closing net book amount	7,216,338	717,666	44,666	269,994	8,248,664
At 31 December 2010					
At cost or revaluation	9,088,950	2,069,915	234,849	270,432	11,664,146
Accumulated depreciation	(1,404,998)	(1,361,571)	(167,207)	-	(2,933,776)
Translation differences	(467,614)	9,322	(22,976)	(438)	(481,706)
Net book amount	7,216,338	717,666	44,666	269,994	8,248,664

18 PROPERTY, PLANT AND EQUIPMENT – GROUP (continued)

In the opinion of the directors, there is no impairment of property, plant and equipment. Land and buildings for Tourism Promotion Services (Kenya) Limited, Tourism Promotion Services (Tanzania) Limited & Tourism Promotion Services (Zanzibar) Limited were all revalued on 31 December 2010 by independent professional valuers, C.P.Robertson-Dunn for Kenya and H & R Consultancy Limited in Tanzania. Valuations were made on the basis of earnings for existing use.

The book values of the properties were adjusted to the revaluations and the resultant surplus net of deferred income tax was credited to the revaluation surplus in shareholders' equity.

Capital work in progress is mainly in relation to capital projects being undertaken with respect to Kenyan and Tanzanian lodges.

If the buildings, freehold and leasehold land were stated on the historical cost basis (adjusted for translation differences), the amounts would be as follows:

	Group	
	2010 Shs'000	2009 Shs'000
Cost	5,300,995	4,017,498
Accumulated depreciation	(1,753,946)	(1,647,926)
Net book amount	3,547,049	2,369,572

19 NON-CURRENT RECEIVABLES - COMPANY

	2010 Shs'000	2009 Shs'000
At start of the year	-	-
Advanced during the year	141,575	-
At end of year	141,575	-

All non-current receivables relate to advances to Tourism Promotion Services (Tanzania) Limited, a subsidiary of the Group, and are due within 5 years from the statement of financial position date. The interest rate on the advance is 11.8% per annum.

20 INTANGIBLE ASSET - GROUP

Goodwill	2010 Shs'000	2009 Shs'000
Cost	1,077,869	1,077,869
Impairment	(20,008)	-
Net book amount	1,057,861	1,077,869

Impairment during the year relates to the write off goodwill relating to Samburu Serena Safari Lodge which forms part of the Kenya operating segments. This lodge was fully damaged by floods in March 2010 and has since not been operational.

Impairment tests for goodwill

Goodwill is allocated to the group's operating segments identified according to the location of operation and business segment.

An entity-level summary of the goodwill allocation is presented below:

	2010 Shs'000	2009 Shs'000
Tourism Promotion Services (Kenya) Limited	324,643	344,651
Tourism Promotion Services (Tanzania) Limited	576,345	576,345
Tourism Promotion Services (Zanzibar) Limited	154,671	154,671
Tourism Promotion Services (Mangapwani) Limited	2,202	2,202
	1,057,861	1,077,869

A summary of the segment level goodwill allocation is presented in Note 5.
The recoverable amount of an operating segment is determined based on value-in-use calculations. These calculations use cash flow projections based on financial projections approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using estimated growth rates. The growth rates do not exceed the long-term average growth rates for the respective businesses in which the operating segments operate.

Key assumptions used for value-in-use calculations:

	Kenya	Tanzania	Zanzibar
EBITDA margin[1]	23%	37%	37%
Growth rate[2]	2%	2%	2%
Discount rate[3]	12.3%	12.5%	12.5%

[1] Budgeted EBITDA margin
[2] Weighted average growth rate used to extrapolate cash flows beyond the projected period.
[3] Pre-tax discount rate applied to the cash flow projections.

These assumptions have been used for the analysis of each operating segment within the business segment. Management determined budgeted EBITDA margin based on past performance and its expectations for the market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

21 INVESTMENT IN SUBSIDIARIES (AT COST)

The Company's interest in its subsidiaries (Tourism Promotion Services (Kenya) Limited – TPS(K), Tourism Promotion Services (Tanzania) Limited – TPS(T), Tourism Promotion Services (Zanzibar) Limited – TPS(Z), Tourism Promotion Services (Mangapwani) Limited – TPS(Mgp), Tourism Promotion Services (South Africa)(Pty) Limited – TPS(SA) and Tourism Promotion Services (Management) Limited – TPS(M)) none of which is listed on a stock exchange and all of which have the same year end as the company, were as follows:

	TPS(K) Shs'000	TPS(T) Shs'000	TPS(Z) Shs'000	TPS(Mgp) Shs'000	TPS(SA) Shs'000	TPS(M) Shs'000	Total Shs'000
At 1 January 2009 and 2010	828,621	1,216,768	437,423	45,795	1	-	2,528,608
Additional investment	-	271,015[1]	-	-	-	-	271,015
At 31 December 2010	828,621	1,487,783	437,423	45,795	1	-	2,799,623
Country of Incorporation	Kenya	Tanzania	Tanzania	Tanzania	South Africa	Kenya	
% interest held – 2009 and 2010	100%	100%	100%	100%	100%	75%	

[1] TPS(T) is an owner and operator of hotel and lodge facilities in Tanzania, serving the business and tourist markets. During the year, TPS Eastern Africa Limited invested in additional equity in TPS(T) and the funds were utilised to purchase two previously managed lodges, Mountain Village in Arusha and Mbuzi Mawe Tented Camp in Western Serengeti. The additional investment formed part of the purchase price for the two lodges while the balance of the funds were invested in TPS(T) as long term loans.

In the opinion of the directors, there has been no impairment of any of the investments.

22 INVESTMENT IN ASSOCIATES (GROUP)

	2010 Shs'000	2009 Shs'000
At start of the year	29,630	29,917
Share of associate results before tax	415	307
Share of tax	673	(594
Net share of results after tax	1,088	(287)
At end of year	30,718	29,630

The key financial data as at year end of Mountain Lodges Limited, the associate whose principal business is to provide lodge facilities for tourists, and is incorporated in Kenya is follows:

	% interest held	Assets Shs'000	Liabilities Shs'000	Revenues Shs'000	Profit Shs'000
2010					
Mountain Lodges Limited	29.9	146,067	43,000	80,072	3,639
2009					
Mountain Lodges Limited	29.9	134,749	43,708	75,556	(959)

23 RECEIVABLES AND PREPAYMENTS

	Group		Company	
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000
Trade receivables – third parties	792,641	596,450	-	-
Less: provision for impairment of receivables	(50,239)	(62,193)	-	-
Trade receivables – other related companies (Note 29)	1,682	190	-	-
Net trade receivables	744,084	534,447	-	-
Prepayments	38,556	40,578	-	-
Advances to related companies (Note 29)	99,001	222,704	72,403	169,455
Other receivables	105,318	105,267	7,001	1,518
	986,959	902,996	79,404	170,973

23 RECEIVABLES AND PREPAYMENTS (continued)

Movements on the provision for impairment of trade receivables are as follows:

	Group		Company	
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000
At start of year	62,193	53,585	-	-
Provision in the year	(2,575)	8,608	-	-
Receivables written off during the year as uncollectible	(9,379)	-	-	-
At end of year	50,239	62,193	-	-

In the estimate of the Directors, the carrying amounts of the receivables and prepayments approximate to their fair value. The carrying amounts of the Group's receivables and prepayments are denominated in the following currencies:

	Group		Company	
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000
US Dollar	422,969	335,250	-	-
Euro	2,361	5,670	-	-
Sterling Pound	7,105	13,914	-	-
Kenya Shillings	554,524	548,162	79,404	170,973
At end of year	986,959	902,996	79,404	170,973

24 CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000
Cash at bank and in hand	257,595	152,384	183,458	-
Short term bank deposits	791,652	200,000	540,082	-
	1,049,247	352,384	723,540	-

The weighted average effective interest rate on short-term bank deposits at the year-end was 8.2 % (2009: 5.2 %). These deposits have an average maturity of 90 days.

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	Group	
	2010 Shs'000	2009 Shs'000
Cash and bank balances as above	257,595	152,384
Bank overdrafts (Note 14)	(58,251)	(103,187)
	199,344	49,197

25 PAYABLES AND ACCRUED EXPENSES

	Group		Company	
	2010 Shs'000	2009 Shs'000	2010 Shs'000	2009 Shs'000
Trade payables	427,747	336,827	-	-
Trade payables – related companies (Note 29)	6,363	5,092	-	-
Advances from related companies (Note 29)	252,637	18,613	-	40
Dividends payable	-	166	-	166
Accrued expenses and other payables	518,741	250,600	5,760	1,800
	1,205,488	611,298	5,760	2,006

The carrying amounts of the above payables and accrued expenses approximate to their fair values.

On 28 February 2007, the company acquired the remaining share in Tourism Promotion Services (Kenya) Limited from minority shareholders who did not take up the share swap offer made in 2006. Under the legal terms of the transaction, Tourism Promotion Services (Kenya) Limited received, on behalf of the minority shareholders, the full consideration from the company and held it for a period of three years pending claims by the former shareholders. The three year period ended in August 2009 and the balance transferred to income after seeking appropriate legal advice.

Amounts paid during the year and the movement of this amount are as follows:

	2010 Shs'000	2009 Shs'000
At start of year	-	64,361
Payments made	-	(2,189)
Transfer to income	-	(62,172)
At end of year	-	-

26 PRIOR YEAR ADJUSTMENT

The Group has changed its accounting policy for leasehold land where significant risk and rewards are transferred from 1 January 2010 following the amendment to IAS 17, Leases.

Previously, leasehold land could not be capitalised irrespective of the substance of the transaction. All leasehold land was included in the financial statements as prepaid operating lease rentals and amortised over the period of the lease.

The Group has applied the amended policy retrospectively. The impact of the prior year adjustments is as below:

	Group		
	2010	2009	2008
	Shs'000	Shs'000	Shs'000
Increase in property, plant and equipment	36,606	37,079	37,553
Increase in revaluation reserve	(25,767)	(25,767)	(25,767)
Decrease in prepaid lease rental	(12,413)	(12,573)	(12,733)
Net decrease in net asset/ retained earnings	(1,574)	(1,261)	(947)
Increase in depreciation charge	(474)	(474)	(474)
Decrease in amortisation charge	160	160	160
Net decrease in profit for the year	(314)	(314)	(314)

27 CASH GENERATED FROM OPERATIONS

Reconciliation of profit before income tax to cash generated from operations:

	Group	
	2010	2009
	Shs'000	Shs'000
Profit before income tax	692,933	519,689
Adjustments for:		
Interest expense (Note 8)	136,266	118,735
Depreciation (Note 18)	257,617	214,638
Impairment of goodwill (Note 20)	20,008	-
(Profit)/loss on sale of property, plant and equipment	(81,953)	166
Share of (profit)/ loss from associates (Note 22)	(1,088)	287
Effect of currency translation	9,996	(36,524)
Changes in working capital		
- receivables and prepayments	(83,963)	(28,875)
- inventories	(32,875)	(23,368)
- payables and accrued expenses	594,190	(168,386)
- Retirement benefit obligations	1,661	14,161
Cash generated from operations	1,512,792	610,523

28 NON CONTROLLING INTEREST

	2010 Shs '000
At start of the year	-
On investment by minority shareholder	111,882
Share of loss for the year	(14,669)
At end of year	97,213

During the year, Tourism Promotion Services (Tanzania) Limited, a 100% subsidiary of the TPS Eastern Africa Limited, invested in the purchase of 51% equity in Upekee Lodges Limited (ULL) while 49% was invested by Export Holdings Limited, a company that owned two lodges in the Selous Game Reserve in Southern Tanzania. The proceeds from both shareholders were used to purchase the two lodges, now owned and managed under Upekee Lodges Limited. Upekee Lodges Limited is incorporated in Tanzania and has the same year end as the Company.

29 RELATED PARTY TRANSACTIONS

The group is controlled by Aga Khan Fund for Economic Development SA, incorporated in Switzerland. There are various other companies which are related to the group through common shareholdings, common directorships or through management contracts.

The following transactions were carried out with related parties:

i) Sale of goods and services to:

	Group	
	2010 Shs'000	2009 Shs'000
Mountain Lodges Limited	7,946	7,735
Diamond Trust Bank Kenya Limited	5,490	2,625
Farmer's Choice Limited	7	5
Frigoken Limited	315	281
The Jubilee Insurance Company Limited	4,127	3,172
TPS (Uganda) Limited	23,421	23,617
Tourism Promotion Services (Rwanda) Limited	22,861	25,975
Arusha Duluti Limited	-	32,798
Mbuzi Mawe Limited	-	29,501
Upekee Lodges Limited	-	56,623
Hoteis Polana, S.A.	9,417	3,092
Nation Media Group	5,232	2,041
Industrial Promotion Services (Kenya) Limited	869	1,505
Directors & key management	2,380	4,353

ii) Purchase of goods and services from:

	Group	
Farmer's Choice Limited	62,235	35,553
Premier Food industries Limited	15	136
The Jubilee Insurance Company Limited	4,025	2,339
Serena Tourism Promotion Services, S.A.	147,123	108,672
Nation Media Group	400	390

29 RELATED PARTY TRANSACTIONS (continued)

iii) Key management compensation

	Group 2010 Shs'000	Group 2009 Shs'000
Salaries and other short-term employment benefits	157,167	142,671
Post-employment benefits - gratuity	-	-

iv) Directors' remuneration

	Group 2010 Shs'000	Group 2009 Shs'000
Fees for services as a non-executive director	1,250	1,261
Emoluments to executive directors (included in key management compensation above)	58,812	51,189
Total remuneration of directors of the Company	60,062	52,450

v) Outstanding balances arising from sale and purchase of goods/services from related parties

	Group 2010 Shs'000	Group 2009 Shs'000
Trade receivables from related parties		
Nation Media Group	932	-
Industrial Promotion Services (Kenya) Limited	88	-
The Jubilee Insurance Company Limited	662	190
	1,682	190
	Group	
Advances to related parties		
Mountain Lodges Limited	694	169
TPS (Uganda) Limited	5,921	120
Hoteis Polana, S.A.	69,430	19,207
Tourism Promotion Services (Rwanda) Limited	16,109	5,387
Arusha Duluti Mountain Village	267	81,590
Ol Pejeta Ranching Ltd - Hotel Division	5,403	93
Serena Tourism Promotion Services S.A.	-	206
Tourism Promotion Services (Burundi) Limited	1,177	-
Mbuzi Mawe Limited	-	56,961
Upekee Lodges Limited	-	58,971
	99,001	222,704
	100,683	222,894

29 RELATED PARTY TRANSACTIONS (continued)

v) Outstanding balances arising from sale and purchase of goods/services from related parties (continued)

	Company	
	2010	2009
	Shs'000	Shs'000
Receivables from related parties		
Tourism Promotion Services (Kenya) Limited	4,692	169,445
Tourism Promotion Services (Tanzania) Limited	49,152	-
Tourism Promotion Services (Zanzibar) Limited	18,540	-
Tourism Promotion Services (Management) Limited	19	-
	72,403	169,445

v) Outstanding balances arising from sale and purchase of goods/services from related parties (continued)

	Group	
	2010	2009
	Shs'000	Shs'000
Payables to related parties		
Farmer's Choice Limited	6,048	4,883
Nation Media Group	103	51
The Jubilee Insurance Company Limited	212	158
	6,363	5,092
Advances from related parties	Group	
Mountain Lodges Limited	166	1,386
TPS (Uganda) Limited	15,862	6,484
Hoteis Polana, S.A.	251	-
Tourism Promotion Services (Rwanda) Limited	37,554	10,743
Export Holdings Limited	198,804	-
	252,637	18,613
	259,000	23,705

vi) Loans to directors of the Company

At start of year	1,696	2,272
Loans advanced	102	150
Loan repayments received	(722)	(726)
At end of year	1,076	1,696
Less: current portion	(669)	(669)
Non-current portion	407	1,027

29 RELATED PARTY TRANSACTIONS (continued)

vi) Loans to directors of the Company (continued)

The loans advanced to directors and key management have the following terms and conditions:

2010	Amount Shs'000	Term Years	Security Shs'000	Interest rate
Loan balance	1,076	5	4,392	8%
2009				
Loan balance	1,696	5	4,392	8%

No provisions for impairment losses have been required in 2009 and 2010 for any related party receivables.

30 CONTINGENT LIABILITIES

At 31 December 2010, Tourism Promotion Services (Kenya) Limited had given guarantees amounting to Shs 4,560,000 (2009: Shs 4,560,000) to banks on behalf of third parties for supply of goods and services.

Tourism Promotion Services (Kenya) Limited is a defendant in various legal actions and claims made by third parties. In the opinion of the directors, after taking appropriate legal and other advice, no material liabilities are expected to crystallise from these claims. Consequently no provision has been set against the claims in the books of accounts.

In the year 2008, National Bank of Commerce Tanzania Limited converted part of Tourism Promotion Services (Tanzania) Limited's (TPS(T)) outstanding Tanzania Shillings borrowings into United States Dollars without the approval of TPS(T). The Company has disputed the conversion and therefore not recognized an exchange loss of Shs 56 million arising from the unauthorized conversion as at 31 December 2010. After having obtained legal advice, the directors are of the opinion that the bank's position has no merit and no further amount is due to the bank.

31 COMMITMENTS

Capital commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows:

	Group	
	2010 Shs'000	2009 Shs'000
Property, plant and equipment	-	-

Operating lease commitments

	Group	
	2010 Shs'000	2009 Shs'000
Not later than 1 year	3,998	2,699
Later than 1 year but not later than 5 years	5,396	5,555
Later than 5 years	50,113	51,111
	59,507	59,365

Notes

Proxy Form

TPS EASTERN AFRICA LIMITED

I/We ______________________________

being a member/members of the above named Company, hereby appoint ______________________________

of ______________________________ and failing him, ______________________________

of ______________________________ as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday 31 May 2011 at 11.00 a.m. and at any adjournment thereof.

No. of shares held: ______________________________ Account number: ______________________________

Signed this ______________________________ day of ______________________________ 2011

Signature: ______________________________

Signature: ______________________________

NOTES:

1. If you so wish you may appoint the Chairman of the meeting as your proxy.
2. To be valid, this Form of Proxy MUST be returned to the Company's Share Registrars, Image Registrars, 8 floor, Transnational Plaza, Mama Ngina Street, P. O. Box 9287-00100, GPO, Nairobi, Kenya, not later than 27 May, 2011 at 11.00a.m.
3. A person appointed as a proxy need not be a member of the Company.
4. In the case of a member being a limited liability Company/ Corporation, this Form of Proxy MUST be completed under its seal or under the hand of an officer or attorney duly authorized in writing.
5. In the case of joint holders, the signature of any one of them will suffice but the names of all joint holders should be stated.

Fomu ya Uwakilishi

Mimi/ sisi ______________________________

Kama mwanachama/ wanachama wa kampuni iliyotajwa hapo juu, namteua/Twamteua ______________________________

Kutoka ______________________________ na akikosa kufika ______________________________

Kutoka ______________________________ kama wakala wangu/wetu kupiga kura kwangu/kwetu na kwa niaba yangu/ sisi wakati wa mkutano wa pamoja wa mwaka wa kampuni utakaofanyika Mei 31 2011 kuanzia saa tano asubuhi au kuahirishwa kwake.

Idadi ya hisa zinazomilikiwa ______________________________ nambari ya akaunti

Imetiwa sahihi ______________________________ Tarehe ______________________________ 2011

Sahihi ______________________________

Sahihi ______________________________

MUHIMU

1) Kwa hiari yako unaweza kumteua Mwenyekiti wa Mkutano kuwa wakala wako
2) Ili kuwa halali, fomu hii ya uwakilishi LAZIMA irudishwe kwa msajili wa hisa za kampuni, Image Registrars, orofa ya nane Jumba la Transnational Plaza, barabara ya Mama Ngina SLP 9287-00100, GPO, Nairobi,Kenya kabla ya Mei 27 2011 saa tano asubuhi.
3) Si lazima kwa mtu aliyeteuliwa kama wakala kuwa mwanachama wa kampuni
4) Endapo mwanachama atakuwa kampuni/shirika, fomu hii ya uwakilishi LAZIMA ijazwe na kupigwa mhuri wake rasmi na afisa au kutiwa sahihi na wakili aliyeruhusiwa kwa njia ya kuandika.
5) Endapo umiliki utakuwa wa pamoja, sahihi ya mmoja wao itatosha lakini majina ya wamiliki wote yaonyeshwe.

SERENA HOTELS
SAFARI LODGES • HOTELS • RESORTS

FOLD 1 / KUNJA 1

Please afix
Stamp here

Bandika
Stampu Hapa

IMAGE REGISTRARS

8th Floor (**Orofa ya nane**), Transnational Plaza,
Mama Ngina Street (**Barabara ya**)
P.O. Box (S.L.P.) 9287-00100 GPO
Nairobi, Kenya

FOLD 2 / KUNJA 2

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SERENA HOTELS
SAFARI LODGES • HOTELS • RESORTS