Delta Corp East Africa Limited
(in Liquidation)

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF
DELTA CORP EAST AFRICA LIMITED (IN LIQUIDATION)

(1) We have audited the accompanying financial statements of Delta Corp East Africa Limited (In Liquidation), which comprise the Statement of Financial Position as at 31st March 2016, and the Statement of Comprehensive Income, Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

(2) Directors' and Liquidator's Responsibility for the Financial Statements

As stated on Page 3, the directors and liquidator are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

(3) Auditor's Responsibility

Our responsibility is to express an opinion on these 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 the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of the 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 of the effectiveness on the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 audit opinion.

(4) Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Delta Corp East Africa Limited (In Liquidation) as of 31st March 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Kenyan Companies Act (CAP 486).

(5) Emphasis of matter

As stated on page 3, the shareholders of Delta Corp East Africa Limited (In Liquidation) approved a plan of Members Voluntary Liquidation on 10th September 2013, and the company commenced liquidation shortly thereafter. As a result, the company has changed its basis of accounting for periods subsequent to 10th September 2013 from the going-concern basis to a liquidation basis.

(6) Report on Other Legal Requirements

As required by the Kenyan Companies Act we report to you, based on our audit, 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) proper books of account have been kept by the group, so far as appears from our examination of those books; and

(iii) the company's statement of financial position and statement of comprehensive income are in agreement with the books of account.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Joy V Bhatt – P/No. 992.

Joy V. Bhatt & Co.
Certified Public Accountants (K)
Nairobi.
Date: 14/04/2016

Statement of Profit or Loss for the year ended 31st March 2016

	Notes	**2016 Kshs.**	2015 Kshs.
Other operating (loss)/income	**3**	**(1,942,357)**	7,418,828
Administrative expenses	**5**	**(1,073,040)**	(34,295,472)
Operating loss		**(3,015,397)**	(26,876,644)
Finance costs	**6**	**(12,017)**	(25,274)
Loss before tax		**(3,027,414)**	(26,901,918)
Income tax expenses	**12**	**-**	(1,856,720)
Loss for the year		**(3,027,414)**	(28,758,638)
Earnings per share	***7***	**(0.328)**	(0.551)

Note:

The notes on page 9 to 23 form part of these financial statements.

Statement of Comprehensive Income for the year ended 31st March 2016

	2016 **Kshs.**	2015 Kshs.
Net loss for the year	**(3,027,414)**	(28,758,638)
Other comprehensive income:		
Total comprehensive loss for the year attributable to the owners of the company	**(3,027,414)**	(28,758,638)

Statement of Changes in Equity for the year ended 31st March 2016

	Share capital	Share premium	Retained earnings	**Total**
Balance at 1 April 2014	764,444,807	133,921,318	100,707,944	999,074,069
Changes in equity in 2015:				
Net loss for the year			(28,758,638)	(28,758,638)
Redemption of Share Capital and Premium	(620,637,991)	(108,728,134)		(729,366,125)
Balance at 31st March 2015	143,806,816	25,193,184	71,949,306	240,949,306
Changes in equity in 2016:				
Net loss for the year			**(3,027,414)**	**(3,027,414)**
Redemption of Share Capital and Premium	**(68,074,233)**	**(11,925,767)**		**(80,000,000)**
Balance at 31st March 2016	**75,732,584**	**13,267,416**	**68,921,892**	**157,921,892**

Statement of Financial Position for the year ended 31st March 2016

	Notes	2016 Kshs.	2015 Kshs.
ASSETS			
Non Current Assets			
		-	-
Current Assets			
Trade and other receivables	**8**	**53,758,482**	53,767,926
Amounts due from related parties	**17**	**136,150,000**	230,000,000
Bank balances and cash	**13a)**	**380,328**	667,604
		190,288,810	284,435,530
TOTAL ASSETS		**190,288,810**	284,435,530
EQUITY & LIABILITIES			
Capital & Reserves			
Share capital	**14**	**75,732,584**	143,806,816
Share premium	**14**	**13,267,416**	25,193,184
Retained earnings		**68,921,892**	71,949,306
		157,921,892	240,949,306
Non Current Liabilities			
		-	-
Current Liabilities			
Trade and other payables	**11**	**5,232,000**	13,217,806
Taxation account	**12**	**11,905,538**	11,905,538
Amounts due to related parties	**17**	**15,229,380**	18,362,880
		32,366,918	43,486,224
TOTAL EQUITY & LIABILITIES		**190,288,810**	284,435,530

The financial statements on pages 5 to 23 were approved for issue by the board of directors on 11th April 2016 and were signed on its behalf by:

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Director ***Director***

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Liquidator

Statement of Cash Flows for the year ended 31st March 2016

	Notes	**2016 Kshs.**	2015 Kshs.
OPERATING ACTIVITIES			
Cash (used in)/ generated from operations	**13 (b)**	**79,712,724**	630,458,204
Interest received	**3**	**-**	3,964,657
Income tax paid	**12**	**-**	(178,879,290)
Net cash (used in)/generated from operating activities		**79,712,724**	455,543,571
INVESTING ACTIVITIES			
Net cash (used in)/generated from investing activities		**-**	-
FINANCING ACTIVITIES			
Repayment of Share Capital and Share Premium	**14**	**(80,000,000)**	(729,366,125)
Net cash (used in)/generated from investing activities		**(80,000,000)**	(729,366,125)
Net decrease in cash and cash equivalents		**(287,276)**	(273,822,554)
Cash and cash equivalent at beginning of the year	**13a)**	**667,604**	274,490,158
Cash and cash equivalent at end of the year	**13a)**	**380,328**	667,604

Notes to the Financial Statements for the year ended 31st March 2016

GENERAL INFORMATION

Delta Corp East Africa Limited is incorporated and domiciled in Kenya under the Kenyan Companies Act as a private company limited by shares, and is domiciled in Kenya. The address of its registered office is L. R. No. 1870/II/236, The Pride Rock No.6, Donyo Sabuk Avenue, P.O. Box 69952 - 00400, Nairobi. The principal activity of the company is purchasing various properties in Kenya for future development and then resale.

1 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

In accordance with IAS 1, Presentation of financial statements(“IAS 1”), the Company changed the basis of preparing its financial statements from going concern to liquidation, effective September 10, 2013. As a result, these financial statements have been prepared using the liquidation basis of accounting. They are presented in Kenya Shillings (Kshs).

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(i) STANDARDS AND AMENDMENTS AND INTERPRETATIONS EFFECTIVE

A number of amendments to standards became effective for the first time in the financial year beginning 1st January 2015, however none of them has had an effect on the company’s financial statements.

(ii) NEW AND REVISED STANDARDS AND INTERPRETATIONS WHICH HAVE BEEN ISSUED BUT ARE NOT YET EFFECTIVE

The company has not applied the following revised standards and interpretations that have been published but are not yet effective for the year beginning 1st January 2015.

IFRS 9 *Financial Instruments* (issued in July 2014)

This standard will replace IAS 39 (and all the previous versions of IFRS 9) effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition:

- IFRS 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.
- For financial liabilities, the most significant effect of IFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.
- For the impairment of financial assets, IFRS 9 introduces an “expected credit loss” model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognised.
- For hedge accounting, IFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.
- The derecognition provisions are carried over almost unchanged from IAS 39.

The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company’s financial statements.

Notes to the Financial Statements for the year ended 31st March 2016

2 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) on a basis consistent with prior year except for the adoption of the above new or revised standards:

a Liquidation basis of accounting

Under the liquidation basis of accounting, all assets and liabilities are measured at their net realizable values. Costs expected to be incurred during the winding up, including administrative costs and professional fees expected to be incurred in future periods until the winding up of the Company is completed, have been accrued. Provisions for contingent liabilities are accrued when the probability of loss is more likely than not. Contingent assets are not accrued unless receipt is virtually certain.

b Revenue recognition

Revenue from sales of properties is recognised when the properties' title has passed. Revenue from non-refundable deposits are recorded when received with related costs. Revenue from sale of services is recognised upon performance of the service and customer acceptance based on the proportion of actual service rendered to the total services to be provided. Revenue is measured at the fair value of the consideration received or receivable, net of discounts and value added tax.

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income is recognised when the right to receive the payment is established.

c Inventories

Inventories are stated at the lower of cost and net realisable value as valued by directors. Cost comprises direct materials and, where applicable, direct labour costs and overheads that have been incurred in bringing the inventories to their present location and condition. Cost of issues are calculated using the weighted average cost method. Net realisable value represents the estimated selling price less all estimated costs of disposal.

d Impairment of tangible and intangible assets

At each balance sheet date, the company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount represents the greater of the net selling price and the value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognised in income immediately.

e Property, plant and equipment

All categories of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying value only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Repairs and maintenance is charged to the profit and loss account in the year to which it relates.

Increases in the carrying amount arising on revaluation are credited to the revaluation surplus reserve in equity. Decreases that offset previous increases of the same asset are charged against the revaluation surplus. All other decreases are

Notes to the Financial Statements for the year ended 31st March 2016

charged to the profit and loss account. Annually, the difference between depreciation based on the revalued carrying amount of the asset charged to the profit and loss account and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

Depreciation is calculated using the reducing balance method to write down the cost of each asset to its residual value over its estimated useful life using the following annual rates:

Capital work-in-progress	NIL
Furniture & fittings	12.5%
Office equipment	12.5%
Motor vehicle	25%
Computers, faxes & copiers	30%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus reserve relating to that asset are transferred to retained earnings.

f **Intangible asset-computer software costs**

Costs incurred on computer software are stated at historical cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to write down the cost of the software to its residual value over the estimated useful life using an annual rate of 33%.

g **Investment property**

Buildings held for long-term rental yields and/or capital appreciation and which are not occupied by the company are classified as investment property under non current assets. Investment property is carried at fair value. Leasehold land interest on these properties are treated as operating leases.

h **Operating leases**

Leases of assets where a significant proportion 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 profit and loss account on a straight line basis over the lease period. Prepaid operating lease rentals are recognised as assets and are subsequently amortised over the lease period.

i **Translation of foreign currencies**

Transactions in foreign currencies during the year are converted into Kenya Shillings using the exchange rate prevailing at the transaction date. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated into Kenya Shillings using the exchange rate prevailing as at that date. The resulting gains and losses from the settlement of such transactions and translations are recognised on a net basis in the profit and loss account in the year in which they arise.

j **Leases and hirepurchase commitments**

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

Notes to the Financial Statements for the year ended 31st March 2016

k **Income Tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profits defer from net profit as reported in the income statement as it is adjusted in accordance with the Kenyan Income Tax Act. The company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred income tax

Deferred tax is the tax expected to be payable or recoverable on the differences between the carrying amounts of the assets and the liabilities in the financial statements on the corresponding tax bases used in the computation of the taxable profit (known as temporary differences), and is accounted for using the balance sheet liability method.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profits in the future and only to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authorities and an entity within the company intends to settle its current tax assets and liabilities on a net basis.

l **Comparatives**

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

m **Borrowing costs**

Borrowing costs consist of interest and other costs that an entity incurs in connection with borrowing of funds. Borrowing costs are expensed in the period they occur. Borrowing costs, net of any temporary investment income on those borrowings, that are attributable to acquisition, construction or production of a qualifying asset are capitalised as part of the asset. Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are complete.

n **Segment reporting**

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

o **Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of obligation.

p **Financial assets**

The company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Notes to the Financial Statements for the year ended 31st March 2016

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for sale equity instruments are recognised in the income statement as part of other income when the company's right to receive payments is established.

Presentation

All financial assets are classified as non-current except financial assets at fair value through profit or loss, those with maturities of less than 12 months from the balance sheet date, those which the directors have the express intention of holding for less than 12 months from the balance sheet date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

All financial liabilities are classified as non-current except financial liabilities at fair value through profit or loss,

Notes to the Financial Statements for the year ended 31st March 2016

those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the balance sheet date and those which the company does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated cash receipts (including all fees, transaction costs and premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Derecognition of financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the assets have been impacted.

For certain categories of financial asset, such as trade receivables, assets are assessed for impairment individually. Objective evidence of impairment for receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amounts reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

q Financial liabilities and equity instruments issued by the company

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Classification as debt or equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Notes to the Financial Statements for the year ended 31st March 2016

Financial liabilities

Financial liabilities are classified in the category of other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire.

r Cash and cash equivalents

These comprise cash on hand and at bank, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to and insignificant risk of changes in value.

s Retirement benefit costs

The liability for post-employment benefit obligations relates to pensions. All full-time staff are covered by the programme.The Company also contributes to a statutory defined contribution pension scheme, the National society security fund (NSSF). Contributions are determined by local statute and shared equally between employer and employee.

The company's obligations to the scheme are charged to the income statement as they fall due.

t Share capital and share premium

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

u Dividend

Dividends on ordinary shares are recognised as a liability in the year in which they are declared. Proposed dividends are accounted for as a separate component of equity until they have been declared at an annual general meeting.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with International Financial reporting Standards requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying company's accounting policies.

In the process of applying the company's accounting policies, management has made estimates and assumptions that affect the reported amounts of assets and liabilities within current and future financial years. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The critical areas of accounting estimates and judgments in relation to the preparation of these financial statements are set out below:

a Property and equipment

Critical estimates are made by the directors in determining the useful lives and residual values of property, plant and equipment based on the intended useful lives of the assets. Subsequent changes in circumstances such as technological advances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

Notes to the Financial Statements for the year ended 31st March 2016

b **Inventories**

Critical estimates are made by the directors in determining other costs to be included in the cost of inventories to the extent that they are incurred in bringing the inventories to their present location and condition.

c **Investment property**

Critical estimates are made by the directors in determining the fair value and the portion on prepaid operating lease rentals and buildings for investment property.

d **Impairment of financial instruments**

The company reviews its receivables' portfolio regularly to assess the likelihood of impairment. This requires an estimation of the amounts that are irrecoverable.

Impairment of non-financial ssets

The company assesses whether there are any indicators of impairment for all non-financial assets at each reproting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

e **Use of estimate**

Effective September 10, 2013; the preparation of financial statements under the liquidation basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Different assumptions could significantly affect these estimates. Accordingly, the estimated net realizable values of the assets and liabilities may differ from the actual values received or settled in the winding up, and the estimates of future costs expected to be incurred may differ from those actually incurred during the winding up. The primary areas of measurement uncertainty include accruals for the costs expected to be incurred during the winding up (note 11).

Notes to the Financial Statements for the year ended 31st March 2016

		2016	2015
3	**OTHER OPERATING INCOME/(LOSS)**	**Kshs.**	Kshs.
	Unrealised exchange gain/ (loss)	**(1,942,496)**	580,355
	Interest Received	-	3,964,657
	Other income	**139**	2,750,072
	Profit from partnership	-	123,744
		(1,942,357)	7,418,828

		2016	2015
4	**OPERATING PROFIT**	**Kshs.**	Kshs.
	(a) Items charged		
	The following items have been charged in arriving at operating profit:		
	Directors bonus	-	26,232,686
	Unrealised exchange loss	**1,942,496**	-
	Auditors' remuneration - current year	**1,044,000**	1,624,000
	And after crediting:		
	Unrealised exchange gain	-	580,355
	Interest Received	-	3,964,657

		2016	2015
5	**ADMINISTRATION EXPENSES**	**Kshs.**	Kshs.
	Auditors Remuneration	**1,044,000**	1,624,000
	Directors bonus	-	26,232,686
	General Expenses	-	27,500
	Insurance	-	15,731
	Legal & Professional Expenses	-	5,989,480
	Light and water	-	5,000
	Travelling and accomodation	**11,200**	37,238
	Telephone, Fax, Email & Postage	**17,840**	35,640
	Printing & Stationery	-	200
	Secretarial Fees	-	122,500
	Other light and water expenses	-	205,497
		1,073,040	34,295,472

		2016	2015
6	**FINANCE COSTS**	**Kshs.**	Kshs.
	Bank charges	**12,017**	25,274
		12,017	25,274

Notes to the Financial Statements for the year ended 31st March 2016

		2016	2015
7	**EARNINGS PER SHARE**	**Kshs.**	Kshs.
	Net loss attributable to ordinary shareholders	**(3,027,414)**	(28,758,638)
	Number of ordinary shares	**9,228,615**	52,211,723
	Earnings per share	**(0.328)**	(0.551)

a) Basic earnings per share is calculated on the profit after taxation and on the average number of ordinary shares in issue during the year.
b) The basic and diluted earnings per share are the same.

		2016	2015
8	**TRADE AND OTHER RECEIVABLES**	**Kshs.**	Kshs.
	Vat receivable	**11,905,540**	11,905,540
	Deposits	**1,787**	11,231
	Other receivables & advances	**41,851,155**	41,851,155
		53,758,482	53,767,926

There were no impairments recognised (see note below); trade receivables are non-interest bearing.
The above represent the fair value of trade and other receivables.

9 CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

– Group 1 – new customers/related parties (less than 6 months)/ recent banks.
– Group 2 – existing customers/related parties (more than 6 months) with no defaults in the past/other reputable banks.
– Group 3 – existing customers/related parties (more than 6 months) with some defaults in the past. All defaults were fully recovered. Currently, nothing is in this category.

None of the financial assets that are fully performing has been renegotiated in the last year. Loan to related party is not impaired.

			2016
	Kshs.	**Kshs.**	**Kshs.**
	Group 1	**Group 2**	
Cash at bank and short-term bank deposits:			
Company	**-**	**380,328**	**380,328**
	-	**380,328**	**380,328**
Loans to related parties:			
Company	**-**	**136,150,000**	**136,150,000**
	-	**136,150,000**	**136,150,000**

			2015
	Kshs.	Kshs.	Kshs.
	Group 1	Group 2	
Cash at bank and short-term bank deposits:			
Company	-	667,604	667,604
	-	667,604	667,604
Loans to related parties:			
Company	-	230,000,000	230,000,000
	-	230,000,000	230,000,000

Notes to the Financial Statements for the year ended 31st March 2016

10 DEFERRED TAX

Deferred Tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (March 2015: 30%).

The deferred tax assets are the tax effects of expected future income tax benefits relating to:

(a) differences between the carrying amounts and tax written down values of property, plant and equipment;

The movement on the deferred tax account is as follows:

	2016 Kshs.	2015 Kshs.
At beginning of the year	**-**	1,584,081
Income statements (Debits)/Credits	**-**	(1,584,081)
Balance as at 31/03/2016	**-**	-

11 TRADE AND OTHER PAYABLES	**2016 Kshs.**	2015 Kshs.
Other payables and advances	**-**	7,869,806
Provisions	**5,000,000**	5,000,000
Accruals	**232,000**	348,000
	5,232,000	13,217,806

12 TAXATION ACCOUNT	**2016 Kshs.**	2015 Kshs.
a) Statement of comprehensive income		
Current tax at applicable rate of 30%	-	1,189,397
Over provision prior period	-	(916,758)
Deferred tax (Note 10)	**-**	1,584,081
Tax Charge	-	1,856,720
b) Statement of financial position		
Balance as at 01/04/2015	**11,905,538**	190,512,189
Corporation tax for the year	-	1,189,397
Under/(over) provision in prior period	-	(916,758)
Tax paid	-	(176,369,668)
Withholding tax paid	**-**	(2,509,622)
Balance as at 31/03/2016	**11,905,538**	11,905,538
c) Reconciliation of tax charge to expected tax based on accounting profit		
Accounting profit before taxation	**(3,027,414)**	(26,901,918)
Tax at applicable rate of 30%	**(908,224)**	(8,070,575)
Tax effect of expenses not deductible for tax /(non taxable income)	**908,224**	10,844,053
Under/(Over) provision in taxes	-	(916,758)
Current tax charge	-	1,856,720

Notes to the Financial Statements for the year ended 31st March 2016

			2016	2015
13	a)	**CASH AND CASH EQUIVALENTS**	**Kshs.**	Kshs.
		Cash on hand	**-**	1,780
		Cash at bank	**380,328**	665,824
			380,328	667,604

	b)	**RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**		
			2016 Kshs.	2015 Kshs.
		Profit before income tax	**(3,027,414)**	(26,901,918)
		Adjustments for:-		
		Interest income	**-**	(3,964,657)
		Operating Profit Before Working Capital Changes	**(3,027,414)**	(30,866,575)
		(Increase)/Decrease in Trade and other Receivables	**9,444**	16,131,852
		(Decrease)/Increase in Trade and other Payables	**(7,985,806)**	2,970,025
		Decrease/(Increase) in Related party balances	**90,716,500**	642,222,902
		Cash (used in)/ generated from operations	**79,712,724**	630,458,204

		2016	2015
14	**SHARE CAPITAL**	**Kshs.**	Kshs.
	AUTHORISED		
	289,000,000 Ordinary shares of Kshs 10/= each	**2,890,000,000**	2,890,000,000
	ISSUED & FULLY PAID UP		
	Ordinary shares of Kshs 10/= each	**143,806,816**	764,444,807
	Redemption of Share Capital (6,807,423 Ordinary shares)	**(68,074,233)**	(620,637,991)
	7,573,258 Ordinary shares of Kshs 10/= each (2015: 14,380,682 Ordinary shares of Kshs 10/= each)	**75,732,584**	143,806,816
	SHARE PREMIUM		
	Share premium	**25,193,184**	133,921,318
	Redemption of Share Premium	**(11,925,767)**	(108,728,134)
		13,267,416	25,193,184

March 2016: During the year ended 31st March 2016, further distributions were made towards redemption of Share Capital and Share Premium amounting to Kshs 80,000,000/- (2015: During the year ended 31st March 2015, distributions were made towards redemption of Share Capital and Share Premium amounting to Kshs 729,366,125/-).

		2016	2015
15	**RESERVES**	**Kshs.**	Kshs.
	Share premium	**13,267,416**	25,193,184
	Retained earnings	**68,921,892**	71,949,306
		82,189,308	97,142,490

Notes to the Financial Statements for the year ended 31st March 2016

16 CONTINGENT LIABILITIES

Contingent liabilities:

March 2016: The Company's Lawyers are of the opinion that they are unable to assess the probable outcome of the case at present. (March 2015: During the year ended 31st March 2015; a Civil Case was filed at the High Court, Milimani Law Court under Commercial and Admirality Division , Civil Case Number 152 of 2014 by Edward M Kamau, Ngoroge N Mungai, Peter M Murage and Esther N Omulele trading as (T/A) Muiru Mungai & Company Advocates Versus Delta Resources Limited (former name of Delta Corp East Africa Limited) claiming special damages amounting to KShs. 55.3 million).

17 RELATED PARTIES

The company is related to other companies which are related through common shareholding.

The following transactions were carried out with related parties.

		2016 Kshs.	2015 Kshs.
i)	**Delta Square Limited**		
	Funds received against sale of property	(93,850,000)	(315,000,000)
ii)	**Amratlal Shah**		
	Payment received against sale of shares	-	(2,997,000)
iii)	**Delta Properties Limited**		
	Payment received against sale of property	-	(305,863,022)
iv)	**Neelish Shah**		
	Performance bonus	-	(18,362,880)
v)	**Directors' remuneration**		
	Directors' remuneration	-	26,232,686
vi)	**Amounts due from related party**		
	Delta Square Limited	136,150,000	230,000,000
		136,150,000	230,000,000
vii)	**Amounts due to related party**		
	Neelish Shah	15,229,380	18,362,880
		15,229,380	18,362,880
viii)	**Directors remuneration and key management compensation**		
	Directors remuneration- as executives	-	26,232,686
		-	26,232,686

Notes to the Financial Statements for the year ended 31st March 2016

18 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are:

i) to match the profile of its assets and liabilities, taking account of the risks inherent in the business;

ii) to maintain financial strength to support business growth; and

iii) to safeguard the entity's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The company has a number of sources of capital available to it and seeks to optimize its debt to equity structure in order to ensure that it can consistently maximise returns to shareholders.

The above strategies have been parted with as the company is under liquidation with the view of striking off the company within the next few months.

19 FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, and cash flow interest rate risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance. The company doesn't use derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the board of directors. The board identifies and evaluates risks.

(a) Market risk

(i) Foreign currency risk

The company's main operations are concentrated in Kenya and its assets and liabilities are reported in Kenya and its assets and liabiliites are reported in the local currency. It has transactions in foreign currency which are mainly denominated in US Dollars.

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The balances in foreign currencies were as follows:

	2016 Kshs.	2015 Kshs.
Assets in foreign currencies:		
Bank and cash	**11,469**	307,296
Foreign currency assets	**11,469**	307,296
Liabilities in foreign currencies:		
Net foreign currency asset/(liability) position	**11,469**	307,296

The following table demonstrates the sensitivity to a reasonably possible change in USD, with all other variables held constant, of the company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	2016 Kshs.	2015 Kshs.
Profit before tax:		
Increase in US$ by 5%	**573**	15,365
Decrease in US$ by 5%	**(573)**	(15,365)

Notes to the Financial Statements for the year ended 31st March 2016

(ii) Interest rate risk

The company's exposure to the risk of changes in market interest rates relates primarily to the company's loans. The company manages its interest risk by having a balanced portfolio of local and foreign currency loans and borrowings.

There would be an immaterial change to the financial statements had interest rates changed.

Borrowings issued at variable rates expose the company to cash flow interest rate risk.

Borrowings issued at fixed rates expose the company to fair value interest rate risk.

Company policy is to maintain its borrowings on variable interest rates.

The company's borrowings are at variable rates but pegged to local banks' base rate for local borrowings and LIBOR for foreign borrowings, hence reducing the risk as these rates have fluctuated marginally.

The above strategies have been parted with as the company is under liquidation with the view of striking off the company within the next few months.

(b) Liquidity risk

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost. Prudent liquidity risk management includes maintaining sufficient cash. Management monitors rolling forecasts of the company's liquidity reserve on the basis of expected cash flow.

Surplus cash held by the company over and above balance required for working capital management are invested in deposits.

Summarised in the table below is the maturity profile of financial liabilities based on the remaining period at the balance sheet date to the contractual maturity date.

The amounts disclosed are the contractual undiscounted cash flows:

At 31st March 2016

	Less than 1 year Kshs.	**2 - 5 years Kshs.**	**Total Kshs.**
Trade and other payables	**5,232,000**	**-**	**5,232,000**
Amounts due to related party	**15,229,380**	**-**	**15,229,380**
	20,461,380	**-**	**20,461,380**

At 31st March 2015

	Less than 1 year Kshs.	2 - 5 years Kshs.	Total Kshs.
Trade and other payables	13,217,806	-	13,217,806
Amounts due to related party	18,362,880	-	18,362,880
	31,580,686	-	31,580,686