

**PROFIT WARNING ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED
SEPTEMBER 30, 2019**

THIS ANNOUNCEMENT IS MADE PURSUANT TO RULE 6.05 (1)(F) & (2) OF THE NAIROBI STOCK EXCHANGE LISTING MANUAL AND THE CAPITAL MARKETS (SECURITIES) (PUBLIC OFFERS, LISTING AND DISCLOSURES) REGULATIONS, 2002.

The Board wishes to inform the shareholders of the Company and potential investors that the Company's financial results for the year ended 30 September 2019 are expected to be lower than the profit for the same period in 2018. The main contributor to the reduction in profitability levels in the period was the impact of the de-recognition of the deferred tax asset in the amount of KES.195M.

In prudent application of the International Accounting Standards on deferred tax which is reviewed at the end of the financial period and also having regard to the improvements in performance registered in the period, the Company did not de-recognize the deferred tax asset in the year. The first draft of the accounts bearing the changes was received from the external auditor on 21 January 2020 and a final draft thereof with further adjusted numbers submitted for the Board's approval on 29 January 2020.

The Company is on track in executing its revised Strategy 2018-22 and has registered an improved performance compared to prior year. This is attributable to the new Strategic Plan 2018-22 implemented in the second half of the financial year, where the Company completed implementation of a new business model that has reversed the Company's performance trajectory. The growth outlook is positive with the Company's revenue driver registering impressive gains of over 500%. Total year operational performance was a loss before tax of KES.106M compared to KES167M in 2018. This was a 37% improvement achieved on the back of reduced operating costs by 34% and improved Gross Profit by 16%. On the back of this, the Board and management are optimistic that the Company will perform well in the current financial year.

MARGARET A. ODHIAMBO, MANAGING DIRECTOR

30 January 2020

DISCLAIMER:

This announcement has been issued pursuant to the Capital Markets (Securities) (Public Offers, Listing And Disclosures) Regulations, 2002 as amended. As a matter of policy, the Capital Markets Authority assumes no responsibility for the correctness of statements appearing in this announcement.