

**draft MINUTES OF THE 9th AGM OF TWIN HUTS LTD HELD ON 21ST MAY 2016
AT PARKLANDS SPORTS CLUB**

ATTENDANCE

1. Lawrence Mugambi Mungania – 8068 – Company Secretary
2. Joseph Kiboi - 3885
3. Peter Kiarie Kibogo – 4554
4. David Muriu - 5177
5. Lawrence Mwangi Gitau - 8507
6. Ebrahim Kiarie Macharia - 7311
7. Caroline Nkatha Ithura - SGC/116/06
8. Joseph Wamwea - 7975
9. Dr. Moses Kinuthia - 7960
10. Isaac Njoro Thendiu - 5628
11. Wanjau Kahuthu – 7469
12. Joyce Wangari – SGC/112/06
13. David Mngolia - 6695
14. Philip Kanoti Ogega - 7687
15. Alfred Njeru Ndambiri – 7011
16. Peter M. Njuguna – 8291
17. Erastus Momanyi – 5336
18. Geoffrey Mbogo – 9639
19. Simon Ndungu – 8965
20. Nehemiah A. Ndeta – 8817
21. Julius Kihara – 4986
22. Francis Gakuru – 7766
23. John Karani – 6074
24. Charles Kogi – 4035
25. Githuku S. M. - 7271
26. Timothy Saruni – 7839
27. Edgar Mokua – 8243
28. George Wakaria – 10175
29. Pascal Obala – 9245
30. Wilson Irungu Nyakera – 8162 – Treasurer
31. Slim Umara as proxy for Martin Nyanjom
32. Osman Adow – 5575
33. Edwin Otieno Joseph - 8224
34. Samuel Gitau Mwangi – 8541 – Vice-chairman

IN ATTENDANCE

NIL

APPOLOGIES

1. Samuel Karima Macharia -
- 2.

MINUTES

1. **Reading the Notice**

The vice chairman (Samuel Gitau Mwangi) welcomed those present and on his request David Mngolia (6695) started the meeting with prayers followed by introduction of members present. The vice chairman informed the meeting that Mr. Samuel Karima Macharia (Chairman) was out of the country.

2. **Tabling Proxies and Noting Presence of Quorum**

The Company secretary confirmed that there were 23 members present at that moment hence there was a quorum. He also noted the following proxies.

- (a) Nehemiah Ndeta proxy for Evance Logondia and Ken Ngunjiri
- (b) Lawrence Mugambi proxy for Samuel Kamau Muhindi and Josphat Kariuki
- (c) Ian Gakoi Maina proxy for Dr. James Irungu

3. **Confirmation of the minutes of the AGM of 2015**

The vice chairman with the help of Nehemiah Ndeta read through the Minutes (attached) for the AGM 2015 and invited comments:

- (i) Joseph Wamwea (7975)- noted an error in attendant No. 4

There being no further comments, on the proposal of David Mngolia (6695) and secondment of Wanjau Kahuthu (7469) the minutes were confirmed as a true record.

4. **Receiving of the chairman's report**

The Vice Chairman read the chairman's report (attached), expounded on it and opened the same for discussions after the same was adopted upon the proposal by Peter Mwangi (8291) and secondment by Julius Kihara (4986) and comments were as follows:

- (a) Julius Kihara (4986) – proposed that an independent valuation of the company be done by two professionals.
 - Suggested that the strategic plan be resent in an acceptable format with an implementation matrix
- (b) Peter Mwangi (8291) – wondered whether the suggestion to value would be for knowing the share value or profit and the tax effect
 - Suggested that a proper office be set up to implement the strategic plan.
 - Suggested there be more regular communication.
- (c) Joe Kiboi (3885) - wanted question of valuation clarified.
- (d) Pascal Obala (9245) – pointed out that successful real estate investment should be driven by ongoing business profit and and gave an example Fanisi Capital which operates businesses such as petroleum, pharmacies, e.t.c.
- (e) Francis Gakuru (7766) - wondered what activities are going to be run over the next year apart from merely banking into land

speculation. Wishes to see more plan by directors towards that end. Suggested that to raise capital, the best way is to come up with a viable project.

- (f) David Muiru (5177) – Gave an example of a Sacco formed in 1987 and now is giving 3 million in dividends. Urged the new board to look at the various issues raised. Suggested an advisory group independent of the board be formed by the board to look into the issues already raised and so that members can forward complaints to it and seek solutions.
- (g) Dr. Moses Kinuthia (7960) – said that he had mooted the establishment of an investment company in 2002 initially as a social club to bring (us) the alumni together. He also mooted the mbuzi in 2003 – 4 but there is little to discuss as we are mainly strangers to each other. He deliberately did not join THL when formed. He identified that the main source of disconnect within THL and any other unit of the brotherhood is lack of trust. He has known 5 persons in the meeting and can trust them with his life. He advised that the whole strategy be mooted and driven by all shareholders so that all own it up. He advised that there should be no quarrelling on social media and disrespect for professionals. Persons should give precise proposals. He proposed coming up with a shareholders' agreement containing *inter alia* an exact plan. He urged that we own the business of the company proactively. Each and every shareholder is to blame for lack of structures. Shareholders should own THL as their baby and run with it.
- (h) Samuel Gitau (8541) – stated that all the comments are useful. Admitted that the board didn't do very well in communication, has noted all complaints, will involve members more and the board will come up with ways to involve the almost 200 shareholders going forward. He pointed out that he doesn't have all solutions himself hence the reason for pooling together all the diverse minds and wealth of knowledge and experience that comprise THL shareholders. Regarding the strategic plan, it may not have met the required standards and going forward we should all improve it and own it.
- (i) Mugambi (8068) – pointed out that several attempts have been made in the past in setting up an office. Firstly, the office was based in a free office at SBC but was closed as our equipment were being vandalised by boys and it became difficult to supervise our employee. The office was then moved to the CS's office. Later a Director/CEO housed it together with certain employees but he closed it and again moved it back to CS's office for the reasons that the outgoings

were quickly eating into capital without realising an income. Last year, the Syokimau (long-term) project was synchronised with a short term project but the latter did not take off as closing the former and raising cash from Syokimau to inject into the short-term project has taken much longer than expected. Consequently, the office's relocation to own premises effected about September 2015 was terminated and in January 2016 reverted back to the CS's office. In his opinion all efforts should be made to commence a project to raise sustained routine income to support the office. Otherwise, hosting THL is actually a burden to his own office which he does merely to ensure THL is able to be on its own feet.

5. **Financial Statements and Reports 2015**

The Vice Chairman invited the Treasurer to read the financial statements and reports.

The Treasurer – Irungu Nyakera invited the members to note the following in Reports and financial statements for the year ended 31st December 2015.

- (i) All income of Kshs. 1,765,060/= was derived from interest.
- (ii) In respect to the administrative expense of Kshs. 1,711,311/= major increases were:
 - Salaries/wages of Kshs. 666,288/= which increased from Kshs. 140,000/= of the previous year because of the employ of an additional staff member.
 - Rent of Kshs. 110,000/= which was in respect to amounts paid when the company moved for a few months from the C/S's offices.
 - Marketing expenses of Kshs. 199,700/= associated with activities to promote sale of shares and other products.
- (iii) He also pointed out that the several trips the directors made to Kajiado, Ngong and Nanyuki in a bid to identify short term project were not compensated for.
- (iv) In respect to assets, he pointed out that investments had increased by Kenya Shillings 20 million in the year courtesy of a 25% stake in Gatkeyland Ltd; the SPV for the Syokimau project. He also pointed out that Gatkeyland Ltd owed the company Kshs. 7,826,525/= at the end of the year but the amount has recoverable the next year as funds from co-investors trickled in. He pointed out that the company has about Kshs. 10,000,000/= in cash or equivalent.
- (v) He reminded members that the loan to a member had been cleared in 2013.

Upon the proposal and secondment by Julius Kihara and Timothy Saruni respectively the financial statements and reports were adopted and the following comments were made on the invitation of the vice-chairman:

- (a) Julius Kihara (4986) – sought to know what the contribution of Syokimau has been to the company's equity.
- (b) Irungu Nyakera (8162) – explained that the company had invested Kshs. 20 million in Syokimau but is yet to make any return yet, hence no return from Syokimau was factored in the company's equity.
- (c) Francis Gakuru (7766) – pointed out that the financial statements and reports painted a picture of little or no business activity and urged for a business meeting of shareholders to assist to generate/strategize on business.
- (d) Joseph Wamwea (7975) – enquired as to why there were rent and telephone expenses yet it was said that the C/S offers office free of charge as well as what tax penalties were.
- (e) Samuel Gitau (8541) (vice-chairman) – explained that the company moved from company secretary's office for only a few months and tax penalties were for tax returns for early periods filed late or rather could not be found with KRA.
- (f) Peter Mwangi (8291) – enquired about details of Gatkeyland receivables.
- (g) Mugambi (8068) – Explained that the receivables resorted from expenses/costs met on behalf of Gatkeyland by the company owing to a shortfall of moneys received by the company on behalf of Gatkeyland by the company. The receivables would be recouped in the next year.
- (h) Edwin Otieno (8224) – asked whether a minimum share price can be fixed to protect the THL share value.
- (i) Irungu Nyakera (8162) (Treasurer) – suggested that a Net Asset Value (NAV) be communicated to members annually or sooner, say half yearly if possible.
- (j) Dr. Moses Kinuthia (7960) – suggested that a shareholders' agreement be prepared to provide that a seller informs the company in the 1st instant of intention to sell and in default of the company buying, then shareholders would exercise the option.
- (k) Lawrence Mugambi (8068) (C/S) – Explained that prior to the Companies Act 2015, it was unlawful for a company to buy back its shares as this would amount to reduction of capital. And though introduced in the new law, the relevant part is not yet in operation.

6. **Election of directors**

The vice-chairman informed the meeting that there were three (3) vacant positions available for filling as per the notice. He invited the members to elect a returning officer.

Julius Kihara (4986) was unanimously elected as a returning officer. He noted that voting may be one man one vote or by poll.

Mr. Kihara invited the Treasurer (Wilson Nyakera) to state whether he intends to run as a director and the treasurer indicated that his busy schedules cannot allow him to sit in the board. Members congratulated him for his service.

The following were nominated for election: -

<u>Candidate</u>	<u>Proposer</u>	<u>Second</u>
1. Ian Gakoi Maina	David Mngolia	Pascal Obala
2. Dr. Moses Kinuthia	Francis Gakuru	Erustus Kibogo
3. George Wakaria	Irungu Nyakera	Peter Mwangi
4. Osman Adow	Isaac Njoro	Edgar Mokua
5. David Mngolia	Joe Kiboi	Ian Maina

George Wakaria (10175) – said he is of class of 2000 and a banker by profession with Citibank. He is a chartered financial analyst. He believes he will assist to execute projects that can help generate income.

David Mungai Mngolia (6695) – a businessman for 12 years running a tour company after working with major tour companies. He believes he is good in business deals.

Dr. Moses Kinuthia (7960) – started his own clinic 18 years ago. Expects to assist in putting up structures in THL and also spark the passion back from the alumni of the Starehe. He also hopes to assist in bringing the brotherhood into a family and hopefully even have a club house.

Osman Adow (5575) indicated that he will be very busy in the campaign season and may not have enough time hence he withdrew.

Ian Gakoi Maina (6611) – indicated he has served for a long time and would like to **give** another person a chance. He asked those offering themselves for election to be ready for hard work and to spend a lot of time.

There being no other candidates other than Dr. Moses Kinuthia (7960), George Wakaria (10175) and David Mungai Mngolia (6695) the returning officer declared them duly elected as directors.

7. **Appointment of Auditors & Remuneration**

Upon the proposal and secondment of Osman Adow and Pascal Obala respectively M/s Umuro Wario & Associates CPA were retained as auditors for the next financial year 2016. The directors were authorised to fix the auditors remuneration

8. **Directors Remuneration**

Upon the proposal of and secondment by Joe Kiboi and Kiarie Macharia respectively it was resolved that directors' remuneration be retained as at 10% of profits before tax.

9. **AOB**

Upon the enquiry of the vice-chairman the company secretary informed the meeting that he had received two notices under A.O.B as follows: -

- (a) Paul Olungae's sent on 7th May 2016 which was within the prescribed time but the said Paul Olungae had since disposed off all his shares and was not present at the meeting hence his notice had terminated.
- (b) Martin Nyanjom's sent on the 6th May 2016 which also within time. However, he was not present to move his motion and therefore the same **was** deemed as withdrawn.

On the vice-chairman's invitation members made other comments as follows: -

- (i) Francis Gakuru (7766) – enquired whether the remuneration payable to directors would also include re-valuation profits.
- (ii) Irungu Nyakera (8162) – confirmed that directors' remuneration would not include re-valuation profits until when realised.
- (iii) Julius Kihara (4986) – urged that an office be set up and somebody be ready to meet the costs so as to relieve directors to deal with policy matters.
- (iv) Joe Kiboi (3885) – suggested that the company holds business forums frequently.
- (v) Simon Githuku (7271) – also added that such business forums be as regular as monthly. He also urged that directors as well as former directors do conduct themselves ethically so that public communication from them is controlled and responsible.

The vice-chairman invited the members for lunch and there being no other business the meeting ended at 2.00 p. m. with prayers led by David Mungai Mngolia (6695).

Signed:

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CHAIRMAN

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COMPANY SECRETARY