RIGHTS ISSUE INFORMATION MEMORANDUM

LONGHORN
PUBLISHERS LIMITED
expanding minds

LONGHORN

PUBLISHERS LIMITED

expanding minds

Incorporated in Kenya under the Companies Act

(Registration Number C. 12/03)

INFORMATION MEMORANDUM

In the Respect of the

Rights Issue of Shares

Fully Paid At An

Offer Price of KES 4.20

In The Ratio Of

Nought point Eight Six New Shares For Every One Ordinary Share Held

APRIL 14th, 2016

Vision

"To be the number one provider of innovative learning solutions in Africa"

Mission

"To enrich lives through knowledge"

Core Values

- *Integrity*
- *Innovation*
- *Professionalism*
- *Get it done*

LEAD TRANSACTION ADVISOR AND SPONSORING BROKER

EQUITY | Investment Bank

LEGAL ADVISOR

mboya wangong'u & waiyaki

service with integrity

REPORTING ACCOUNTANT

Deloitte.

PUBLIC RELATIONS AND MARKETING ADVISOR

BSDGROUP

BRAND• STRATEGY• DESIGN

RECEIVING BANK

SidianBank

Own Tomorrow

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1. IMPORTANT NOTICE

When considering what action you should take in relation to the Rights Issue and the information contained in this document, it is advisable that you immediately consult your stockbroker, investment advisor, banker or other financial consultant.

If you have sold or transferred all your Ordinary Shares in Longhorn Publishers Limited ("Longhorn Publishers", "Longhorn" or the "Company"), please forward this Information Memorandum and the Provisional Allotment Letter ("PAL") to the purchaser or transferee, or to the stockbroker or agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

The Information Memorandum contains information that is provided in compliance with the requirements of the Companies Act and the Capital Markets Act as well as the rules and regulations thereunder. The Directors of Longhorn Publishers being the persons listed below and named in Section 10 of this Information Memorandum have taken all reasonable care to ensure that the facts stated and the opinions expressed herein are true and accurate in all material respects, and there are no other material facts the omission of which would make any statement herein, whether of fact or opinion, misleading. All the Directors of Longhorn Publishers accept responsibility accordingly.

A copy of this Information Memorandum and of the PAL have been delivered to the Registrar of Companies at the Attorney General's Chambers in Nairobi for registration.

Section 16 and 17 of this Information Memorandum contains the Reporting Accountant's Report and Legal Opinion respectively, which constitutes statements purporting to be made by experts. The experts making the statements have not withdrawn their consent to the issue of the said Report and Opinion (as relevant) in the form and context in which they are included in the Information Memorandum.

The Capital Markets Authority ("CMA") has granted permission for the Rights Issue. As a matter of policy, the CMA does not assume responsibility for the correctness of any statements or opinions made or reports contained in this Information Memorandum. Approval of the Rights Issue and/or listing is not to be taken as an indication of the merits of the Issuer or the securities.

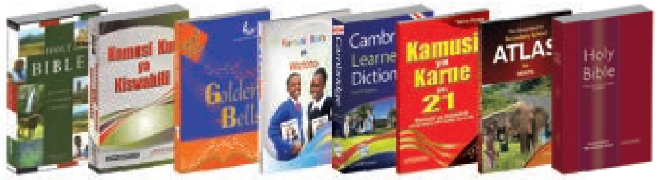
The Nairobi Securities Exchange ("NSE") has granted permission for the listing of the New Shares (hereinafter defined) on the Alternative Investment Market Segment of the Official List of the NSE. It is expected that admission of the New Shares will commence at 9.00 a.m. on Tuesday, 31st May 2016. The NSE assumes no responsibility for the correctness of any of the statements made or opinions or reports expressed in this Information Memorandum. Admission to the Official List is not to be taken as an indication of the merits of Longhorn Publishers or of the New Shares.

This Information Memorandum and the accompanying PAL are presented to you to enable you make an informed decision on the Offer.

The procedure for acceptance and payment is set out in this Information Memorandum and the PAL.

The latest time and date for the acceptance and payment in full for the Rights provisionally allotted to you is 3.00 p.m. on 6th May 2016. After this time and date, any untaken Rights will lapse and will revert to the Board of Directors of Longhorn Publishers to allot in line with the allotment procedure set out in this Information Memorandum. The allotment procedure is fully subject to the existing regulatory requirements as set out by the Capital Markets Act.

Enquiries concerning this Information Memorandum or the PAL may be made to the Company Secretary of Longhorn Publishers or the Transaction Advisor whose contact details are set out in Sections 4 hereof.



2. CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Longhorn Publishers it is my pleasure to invite you to participate in the continued growth and success of our Company.

Our growth story at Longhorn Publishers continues to bring us to new milestones and new shores, thus placing new and increasing demands on capitalization to fund each novel venture and each new growth opportunity.

Today, we as the Longhorn Publisher fraternity are pleased to be able to invite you to share in our success and our growth by investing up to KES 530 Million with us as we conduct a cash call through a rights issue.

At our recent annual general meeting, shareholders agreed with the Board sentiment that it is time for our baby to grow and voted to approve an increase in the nominal share capital of the Company by the creation of an additional 639,276,315 shares. These, we feel, will be adequate to afford us the ability to realize new sources of equity as we work to grow the Company. We are, however, holding most of these shares in reserve and will only issue them as the need arises for more capital. Some of these shares have been reserved for allotment and issue to an Employee Share Ownership Plan, which will be established in due course and with the requisite approval from the CMA.

Subsequently, we as a board, exercised our mandate in the day to day running of the company, by appropriating 126,190,476 of these newly created shares to be offered to our shareholders through a rights issue that will see each shareholder offered 0.86 shares for every 1 share held at a price of KES 4.20 to raise a total of KES 530 Million. The shares are offered on the terms set out in this information memorandum.

This rights issue is indeed a great milestone for us and is our first public offering of equity on the primary market of the bourse, since our listing by introduction on the Alternative Investment Segment ("AIMS") of the Nairobi Securities Exchange. Since then, Longhorn has maintained a singular focus of identifying and exploiting several new opportunities which will ensure the geographic diversification of the Company, while also working to expand its product offering to maintain a consistent growth.

Allow me to elaborate. The past few months have been a very exciting time for Longhorn Publishers as we have crossed new thresholds in our work, travelled across borders, cut our teeth in new markets, and opened up new arenas of our business in terms of content, product, technology and how we interact with our customers.

In the last quarter of 2014, we rebranded the Company in order to reflect our regional business perspective. While the name Longhorn Kenya Limited has stood us in good stead for several decades now, in order to reflect our regional business focus, we have now become Longhorn Publishers Limited.

As we work to cross list on all the bourses of the nations in which we have a presence, and to enhance our local

We have also turned our attention to the francophone regions of the continent, with significant inroads made in gaining a foothold in the publishing markets in Central and West Africa, with a significant focus on the ECOWAS region.

presence, we hope Longhorn Publishers is a name and a brand that will help drive our Pan - African agenda and one day take us across the oceans to new markets beyond the continent. That Pan African agenda continues apace.

On April the 29th, 2015, we officially launched operations in Rwanda, a country that has made tremendous progress in digitizing its education infrastructure and one that will be a leader in progressive teaching methods and materials for decades to come.

We are well positioned to take advantage of these developments by creating synergies that will see us support government efforts to enhance social impact investment and investment in bringing education to the population in digital formats.

We are also working continually to enhance our presence in Uganda, Tanzania, Zambia and Malawi with investments of KES 150 Million in the Tanzania subsidiary and KES 80 Million in the Uganda subsidiary already well underway.

Longhorn Publishers has also completed the acquisition of two properties in Uganda and Rwanda in bid to localize its presence within the two subsidiaries at a cost of KES 25.3 Million and KES 9.1 Million respectively. The properties will also serve as permanent residences for our regional offices in those countries.

We have also turned our attention to the francophone regions of the continent, with significant inroads made in gaining a foothold in the publishing markets in Central and West Africa, with a significant focus on the ECOWAS region.

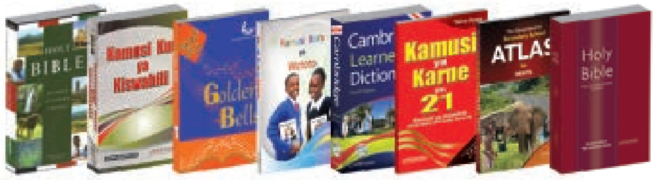
Finally ladies and gentlemen, as we branch out into the continent, allow me to touch on the global publishing industry that has experienced positive growth over the last five years and is expected to reach an estimated USD 348 Billion or KES 38.4 Trillion in 2017 with a Compound Annual Growth Rate (CAGR) of 2.3% projected over the next five years.

In contrast, our domestic Kenyan market is estimated at KES 12 Billion, a mere fraction of the global industry. Internet publishing, foreign investment and the elimination of regulatory restrictions are the areas expected to boost the publishing industry in Kenya and in Africa in the future.

Ladies and Gentlemen, participate fully in the rights issue by taking up your allotted shares and help ensure that with the investments we are making, Longhorn as a company will strategically position itself to take advantage of these changes that are continuously reshaping our industry.

Hon. Francis Thombe Nyammo,

CHAIRMAN,
LONGHORN PUBLISHERS LTD



3. GROUP MANAGING DIRECTOR'S STATEMENT

Since our listing on the Nairobi Securities Exchange, Longhorn Publishers has been on a rapid and aggressive but decidedly strategic growth path, with a view to enlarging its footprint in the markets in which it operates.

This is a deliberate effort to fulfil our mission of expanding minds through knowledge and the provision of materials and content that makes access to education and other reading and reference material much easier.

This growth requires a sustained and regular infusion of capital so as to ensure that our momentum is not broken and that growth continues to gather steam.

This is the main reason behind our rights issue. Our quest for new markets means that the Company now requires up to KES 530 Million in order to consolidate growth and begin to tap the markets in West and Central Africa, while also ensuring we remain at the cutting edge of technology through our consistently improving and market leading digital content offering.

As you are all no doubt aware, Longhorn Publishers is the only listed publishing company in the East Africa region. Having listed on the Nairobi Securities Exchange, we are now working to cross list on several different markets like Tanzania and Uganda in order to cement our local presence and give the subsidiary in each country a 'local' flavour and an understanding of the local business conditions.

The Company is planning to continue growing through strategic alliances in the new territories to allow it to offer technical assistance- to government, policy makers and other stakeholders, while working to buffer it from the risks that new companies face in virgin markets.

Further in this regard, the Company has also been striving to ensure that the Boards of our various subsidiaries are populated with individuals who are able to lend their considerable weight to our quest to make a mark in those markets.

In 2013, we acquired the rights to the entire array of the Malkiat Singh range of textbooks. This means that with our large footprint and presence in the region we can market and circulate his 43 titles widely.

In December of 2014, we announced the full acquisition of Delah and Apex Publishers of Tanzania. The acquisition of the two publishers now means we control a significant share of that market and are well positioned to acquire market leadership position.

In November 2015, we at Longhorn stamped our authority on the reference book market by launching four reference books and reference materials that are expected to bring in more than KES 1 Billion in revenue over the next three years, making us one of the largest distributors of the reference materials in the region. The reference materials include The Cambridge Dictionary, Golden Bells, BSK and Biblica Bibles and Educational charts.

The future is indeed bright for Longhorn Publishers ladies and gentlemen, and with your continued investment should remain that way for a long time to come.

This launch was part of our diversification plan and was meant to ensure resilience in the face of changing educational policy and constantly changing curriculums. Their introduction into our product arsenal brings about changes that help buffer the Company from risks associated with curriculum changes.

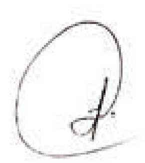
As part of its strategy to enhance its market presence, Longhorn has employed exceptional vibrant and young talent to steer the Company towards growth and into the future. We have increased our sales force and invested heavily in facilitating their work to make them more efficient and more effective in intermediating our products.

We have also bet heavily on the digital aspect of our business and believe that it could grow to over a third of all our revenues across Africa over the next decade. Our investment in digitizing our content now means we can simultaneously publish hard copies and digital titles and send them to market through their various platforms. It is mainly because we want to understand this market and respond to the needs of our customers that we hired a Chief Digital Officer whose sole mandate is to drive our digital agenda, and ensure that we remain at the cutting edge of technology as the digital wave continues to disrupt our conservative markets.

The future is indeed bright for Longhorn Publishers ladies and gentlemen, and with your continued investment should remain that way for a long time to come.

In closing, allow me to reiterate the fact that the Rights issue will enable the Company see its expansion strategies and product diversification plan become a reality. We plan to use the funds raised to support development and creation of digital content, grow our product lines, set up operations in Ethiopia, Zimbabwe, Ghana, Burundi and the Democratic Republic of the Congo in line with our vision to be the number one provider of innovative learning solutions in Africa.

Simon Ngigi



GROUP MANAGING DIRECTOR,
LONGHORN PUBLISHERS LTD

Invest in the future

4. CORPORATE INFORMATION

Longhorn Publishers Limited

Funzi Road, Industrial Area
P.O. Box 18033 – 00500 Nairobi
Tel:+254 (020) 6532579 / 80 /81
Fax: +254 (020) 558551 / 6533437

Mr. Simon Ngigi

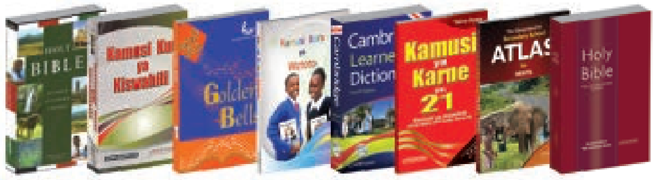
Group Managing Director
Longhorn Publishers Limited
Email: sngigi@longhornpublishers.com

Mr. Nicholas Oloo

Head of Finance and Strategy
Longhorn Publishers Limited
Email: noloo@longhornpublishers.com

Board of Directors

Name	**Position**	**Nationality**	**Address**
Hon. Francis Thombe Nyammo	Chairman (Non-Executive) *(Non-Independent)*	Kenyan	P.O. Box 18033 – 00500 Nairobi
Simon Ngigi	Group Managing Director (Executive) *(Non-Independent)*	Kenyan	P.O. Box 18033 – 00500 Nairobi
Sara Jerop Ruto	Director (Non-Executive) *(Independent)*	Kenyan	P.O. Box 18033 – 00500 Nairobi
Truphosa Kwaka-Sumba	Director (Non-Executive) *(Independent)*	Kenyan	P.O. Box 18033 – 00500 Nairobi
Ali Hussein Kasim	Director (Non-Executive) *(Independent)*	Kenyan	P.O. Box 18033 – 00500 Nairobi
Raymond Nyamweya	Director (Non-Executive) *(Non-Independent)*	Kenyan	P.O. Box 18033 – 00500 Nairobi
Susan Nkirote Omanga	Director (Non-Executive) *(Independent)*	Kenyan	P.O. Box 18033 – 00500 Nairobi
Centum Investment Company Limited (Represented by Job Kariru Muriuki)	Director (Non-Executive) *(Independent)*	Kenyan	P.O. Box 10518 - 00100 Nairobi
Muigai Githu	Director (Non-Executive) *(Independent)*	Kenyan	P.O. Box 1090 - 00502 Nairobi



OTHER CORPORATE INFORMATION

Company Secretary

Enid Muriuki
Livingstone Associates
Deloitte Place,
Waiyaki Way, Muthangari
P O Box 30029 – 00100
Nairobi

Legal Advisers

Mboya Wangong'u & Waiyaki Advocates
Lex Chambers, Maji Mazuri Road,
Off James Gichuru Road, Lavington
P.O Box 74041-00200
Nairobi

Registered Office

Funzi Road, Industrial Area
LR No 209/5604
P.O. Box 18033 – 00500
Nairobi

Financial Calendar

Financial Year End – 30th June

Auditors

(June 2011 – June 2015)
Deloitte & Touche
Deloitte Place, Waiyaki Way, Muthangari
P.O. Box 40092 – 00100
Nairobi

(July 2015 – onwards)
PricewaterhouseCoopers
PwC Tower, Waiyaki Way / Chiromo Road
P.O. Box 43963 – 00100
Nairobi

Principal Bankers

Standard Chartered Bank Kenya Limited
Industrial Area Branch
P.O. Box 18081 - 00500
Nairobi

NIC Bank Limited
NIC House Branch
P.O. Box 44599 – 00100
Nairobi

Barclays Bank of Kenya Limited
Enterprise Road Branch
P.O. Box 18060 – 00500
Nairobi

Subsidiaries of the Company

The Company's 100% beneficially owned subsidiaries as at the date of publication of this Information Memorandum comprise of Longhorn Publishers Tanzania Limited, Longhorn Publishers Uganda Limited and Longhorn Publishers Rwanda Limited that are all run as sales and promotions outfits for products developed by the parent company.

TRANSACTION ADVISORS AND AGENTS

Transaction Advisors

Equity Investment Bank Limited
Equity Centre
Upperhill, Hospital Road
P.O. Box 75104 - 00200, Nairobi, Kenya
Tel: +254 (20) 226 2000
Contact: Anthony Ngugi
Email: Anthony.Ngugi@equityinvestmentbank.co.ke

Receiving Bank

Sidian Bank (formerly K-Rep Bank)
K-Rep Center - Kilimani
P.O. Box 25363-00603, Nairobi, Kenya
Tel: (254) 020-3906000
Mobile 1: (254)0711058000
Contact: Titus Karanja
Email: TKaranja@sidianbank.co.ke

Reporting Accountant

Deloitte & Touche
Deloitte Place,
Waiyaki Way, Muthangari,
P.O. Box 40092 - 00100, Nairobi, Kenya
Tel: +254 20 4230000
Fax: +254 20 4448966
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Email: fokwiri@deloitte.co.ke

Legal Advisor

Mboya Wangong'u & Waiyaki Advocates
Lex Chambers, Maji Mazuri Road,
Off James Gichuru Road, Lavington,
P. O. Box 74041 – 00200, Nairobi, Kenya
Tel: +254 20 4348356 - 59
Fax: +254 20 4348351
Contact: Peter Waiyaki
Email: pwaiyaki@lexgroupafrica.com

Share Registrars

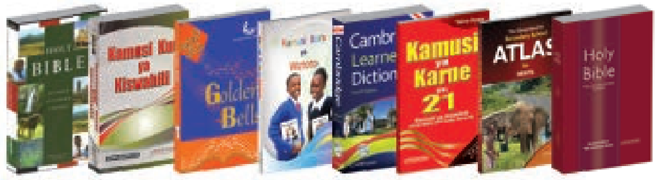
Livingstone Registrars Limited
Deloitte Place,
Waiyaki Way, Muthangari
P O Box 30029 – 00100, Nairobi, Kenya
Tel: +254 20 4230000
Contact: Caroline Macharia
Email: cmacharia@deloitte.com

Public Relations & Media Advisors

BSD Group
No 35 Mageta Road, Lavington
P.O Box 10237 - 00100, Nairobi, Kenya
Tel: +254 701 466 853/+254 738 499 133.
Contact: Eva Muraya
Email: eva@bsd.co.ke

Sponsoring Broker

Equity Investment Bank Limited
Equity Centre
Upperhill, Hospital Road
P.O. Box 75104 - 00200
Nairobi, Kenya
Tel: +254 (20) 226 2000
Contact: Muathi Kilonzo
Email: Muathi.Kilonzo@equityinvestmentbank.co.ke

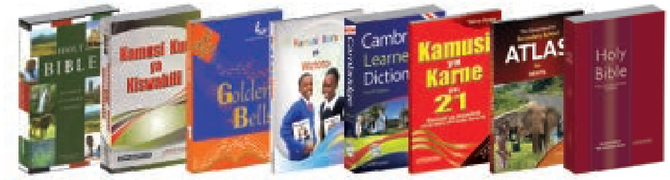


5. GLOSSARY OF DEFINITIONS AND ABBREVIATIONS

Unless otherwise stated and as the context allows, the words in the first column have the meaning stated opposite them in the second column, throughout this Information Memorandum, its appendices and enclosures. Words in the singular include the plural and vice versa, words signifying one gender include the other gender and references to a person include references to juristic persons and associations of persons:

Subject	Definition
AIMS	Alternative Investment Market Segment of the NSE;
Articles	The Articles of Association of Longhorn Publishers Limited;
Board	The Board of Directors of the Company;
CA	Competition Authority;
CAGR	Compounded Annual Growth Rate;
Capital Markets Legislation	Means (a) the Capital Markets Act, Chapter 485A of the Laws of Kenya and all subsidiary legislation and rules and guidelines promulgated thereunder (b) the rules of the NSE (c) Companies Act and (d) any law applicable to capital markets in Kenya;
CBP	Children Book Project;
CDS	The Central Depository System, a computer system operated by CDSC in accordance with the Central Depositories Act, 2000 that facilitates holding of securities in electronic accounts thereby facilitating faster and easier processing of transactions at the NSE;
CDS Account	A securities account opened with CDSC for the purpose of recording the deposit of and dealings in immobilized or dematerialized securities;
CDSC	The Central Depository and Settlement Corporation Limited a company incorporated in Kenya;
CMA	The Capital Markets Authority in Kenya, a statutory body incorporated under the Capital Markets Act and includes anybody replacing it or any of its functions;
Company or Issuer	Longhorn Publishers Limited;
Companies Act	The Companies Act, 2015 (and to the extent that any parts thereof remain in force, the Companies Act, Chapter 486 of the Laws of Kenya);
Directors or the Board	Directors of the Company whose names appear on page 7 of this Listing Memorandum;
DPS	Dividend per Share;
EAC	East African Community;
ECDE	Early Childhood Development Education;
Eligible Shareholder	A shareholder registered as holder of Existing Shares as of the Record Date;
Entitlement	The entitlement of New Shares of an Existing Shareholders (or purchaser or Renouncee of Rights pursuant to the Rights issue at the Entitlement Ration and the Rights/Offer Price;
Entitlement Ratio	0.86 New Share for every One (1) Existing Shares
EPS	Earnings per Share;
Existing Shares	The Issued and fully paid Ordinary Shares of the Company as at the date of this Listing;
Executive Director	A member of the Board of Directors who is an employee of the Company;
FPE	Free Primary Education;
FTSE	Financial Times and the London Stock Exchange;
GDP	Gross Domestic Product;
IAS or IFRS	International Accounting Standards (also referred to as International Financial Reporting Standards);
ICT	Information and Communication Technology;
IM	Information Memorandum;
IMU	Instructional Materials Unit;
Issuer	the Company;
KCPE	Kenya Certificate of Primary Education;
KCSE	Kenya Certificate of Secondary Education;
KICD	Kenya Institute of Curriculum Development;
KES, Shs, or Kshs	Kenya Shillings or the currency of the Republic of Kenya;
Listing	Admission of the Shares to the official list of the Nairobi Securities Exchange;
Longhorn or LKL	the Issuer;
MOEST	Ministry of Education, Science and Technology;

NABOTU	National Book Trust of Uganda;
NBDCK	National Book Development Council of Kenya;
NCDC	National Curriculum Development Centre;
New Shares	The 126,190,476 new Ordinary Shares in the capital of Longhorn Publishers Limited to be issued pursuant to the Rights issue;
NFD	Northern Frontier District, now the North Eastern Region;
NSE	The Nairobi Securities Exchange Limited;
Non-Executive Director	A member of the Board of Directors of the Company who is not an employee;
OTC	Over The Counter;
Rights/Offer Price	KES 4.20 per Share;
PAL	Provisional Allocation Letter;
PATA	Publishers Association of Tanzania;
PE	Price-Earnings Ratio;
Par Value	Nominal value of the Company's shares, which for the time being is KES 1 per share;
Registrar	Livingstone Registrars Limited, the share registrar appointed in connection with the Listing whose name and address appears on pages 9 (Corporate Information) of this Listing Memorandum;
Renouncee	Any person of at least 18 years of age as at the date of renunciation in whose favour Rights have been renounced in accordance with this Information Memorandum and the PAL;
Rights	The right to subscribe for New Shares under the terms of this Information Memorandum and the PAL
Rights Issue	The issue of 126,190,476 New Shares by Longhorn Publishers Limited by way of Rights as described in this Information Memorandum and the Pal;
Shares	Ordinary shares of KES 1/- each in the issued share capital of the Company;
TBDC	Tanzania Book Development Council;
TVC	Textbook Vetting Committee;
USD	United States Dollar;
USE	Universal Secondary Education;
VWAP	Volume Weighted Average Price



6. KEY FEATURES OF THE OFFER

This section contains a summary of the offer for New Shares. You should read this Information Memorandum in full along with other documents available for inspection for a full appreciation of the Offer (defined below).

6.1. The Offer

Longhorn is offering a total of 126,190,476 New Shares at KES 4.20 per Share to raise approximately KES 530 Million (before expenses) under this Information Memorandum on the basis of Nought Point Eight Six for every 1 Ordinary Share held on Thursday 14th April, 2016 (the "Offer").

The number of New Shares that you are entitled to is shown on the provisional allotment letter. The Entitlement Ratio, once declared, will not be altered.

Rights are renounceable, which means that Eligible Shareholders who do not wish to take up all or part of their New Shares may choose to abandon, sell, or transfer their Rights to a third party. All requisite forms will be provided in the appendices. The proceeds of the Rights Issue shall be used to fund the Company's strategic objectives and pay-off current short term debt.

6.2. Offering Overview and Consolidated Financial data

Par Value of each Share	KES 1.00
Total Number of Authorized Shares of Longhorn	785,526,315
Total number of issued and fully paid up shares before the Rights Issue	146,249,997
Authorized share capital of Longhorn	785,526,315
Fully paid up share capital of Longhorn before the Rights Issue	KES 146,249,997
Indicative issued and Fully paid up share capital of Longhorn post offer *(100% subscription)*	KES 272,440,473
Net Profit for the year ended 30 June 2015	KES 71,726,000
Total Dividends declared and paid for the year ended 30 June 2015	KES 8,700,000
Earnings per share (EPS) for the year ended 30 June 2015	KES 0.70
Dividend Per share (DPS) for the year ended 30 June 2015	KES 0.15
Price/Earnings (PE) ratio based on the closing price of KES 7.35 at the Nairobi Securities Exchange on 30 June 2015 based on the results for the year ended 30 June 2015	10.5
Net Asset Value per share for the year ended 31 June 2015	KES 2.60
Market Capitalization based on the closing price of KES 7.35 on the Nairobi Securities Exchange of 30 June 2015	KES 1,074,937,478
Offer Price per share	KES 4.20
Number of New Shares on offer under the Rights Issue	126,190,476
Gross proceeds of the offer (assumes no ineligible Rights arise)	KES 530,000,000
Net Proceeds of the offer	KES 500,308,810
Minimum subscription required 50% of KES 530,000,000	KES 265,000,000

6.3. Reasons for the Offer

Longhorn's management is of the opinion the additional KES 530 MN, inclusive of transactions costs, will be required to facilitate Longhorn's development to new product lines to diversify its current offering, funding the growth of business lines, retiring of current facilities, and funding local and regional expansion. A breakdown of the use of funds is highlighted below ranked in terms of importance:

Seniority rank	Use of Funds	Amount (KES MN)
1	Repayment of Debt Facilities	100
2	Funding Working Capital	100
3	Development and Creation of Digital Materials	50
4	Product Diversification	100
5	Geographical Diversification	80
6	Local Mergers & Acquisitions	70
	Total Funds	**500**

Debt facilities held by Longhorn are ranked below in terms of seniority and maturity date

Description	Amount (KES MN)
NABO Capital	100.0
Hire Purchase Loan	31.1
Standard Chartered term loan	90.6

It is important to note the above is dependent on the total amount raised. In the event Longhorn achieves minimum success i.e. 50% of the targeted amount, the company's preference lies in ensuring the facility from Nabo Capital is retired, working capital is fully funded to ensure business continuity, product diversification and development of digital materials are implemented to ensure the company achieves its immediate fiscal and strategic objectives. Additionally, in the event the rights issue is undersubscribed, Longhorn will implement the second phase of its strategic objectives i.e., Local and Geographical expansion, through alternative forms of funding in the future.

6.4. Rights Timetable

Activity	Timing
Announcement of Rights Price	Thursday, 7 April 2016
Record Date	Thursday, 14 April 2016
Distribution of Information Memorandum and PALs to Eligible Shareholders	Thursday, 21 April 2016
Commencement of trading in Rights on the NSE	Thursday, 21 April 2016
Last Date for immobilization of Rights	Friday, 29 April 2016
Last Date for renunciation (by way of private transfer)	Wednesday, 27 April 2016
Last Date for trading in Rights	Friday, 29 April 2016
Closing Date	Friday, 6 May 2016
Final date for payment for New Shares to Receiving Bank for applications	Tuesday, 10 May 2016
Announcement of Offer Results	Monday, 16 May 2016
Final date for payment for New Shares to Receiving Bank for applications against IBGs and Letter of Undertaking	Monday, 16 May 2016
Electronic crediting of CDS accounts	Monday, 30 May 2016
Dispatch of payment of Refunds through Electronic Funds Transfer or Refund Cheques	Monday, 30 May 2016
Listing and Commencement of Trading at the NSE	Tuesday, 31 May 2016

These dates are subject to change and are indicative only. Longhorn reserves the right to amend this indicative timetable and subject to approval from the CMA, a supplementary Rights Issue timetable will be issued. In particular, Longhorn reserves the right, subject to the CMA's approval to close the Offer early, to extend the Closing Date or to withdraw the Offer. Any extension of the Closing Date will have a consequential effect on the date of the issue of New Shares. Any such amendments will be published in the press.

6.5. Basis for Offering Price

The Offer Price of KES 4.20 represents a discount of 18% based on a share price of KES 5.12, which was determined by averaging the 6 month VWAP and the closing price as at March 22nd, 2016.

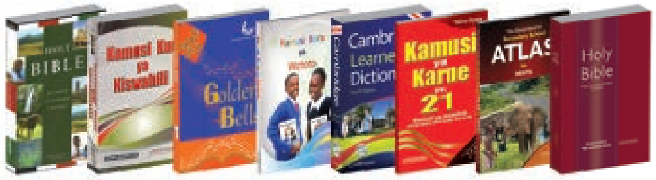
6 Month VWAP

Month	Min	Max	Average Monthly Price	Volume traded	Turnover
Oct-15	4.70	6.40	5.64	509,400	2,874,471
Nov-15	4.45	4.95	4.70	988,400	4,640,538
Dec-15	3.95	4.50	4.14	602,700	2,492,595
Jan-16	4.65	6.75	5.41	817,600	4,422,827
Feb-16	4.75	6.00	5.30	488,300	2,587,990
Mar-16	5.05	5.85	5.43	309,500	1,680,972
			Total for the period	3,715,900	18,699,393
6 month VWAP			5.03		
Average Price between VWAP and Closing price			5.12		

* Dates include part of the month of September 2015 and March 2016

The Offer Price has been determined from the trading history at the NSE of Longhorn shares and the following factors:

- Recent performance of the index and turnover at the NSE;
- The Company's recent announcement of the financial results for the year ended 30 June 2015;
- Past performance of Rights Issues at the NSE;
- The current macro-economic environment;
- The publishing industry; and
- Longhorn's strategic plans



6.6. Underwriting

The Rights Issue has not been underwritten.

6.7. Shareholder, Board, and Regulatory Approvals

6.7.1. Shareholder Approvals

An Annual General Meeting was held on December 21st, 2015 and the shareholders resolved to approve the Rights Issue. Shareholder resolutions were submitted in conjunction with the application to the CMA. The Board has approved the Rights Issue and publication of this Information Memorandum.

6.7.2. Major Intention of Shareholders

Centum has declared via [waiver/letter/CMA] application they intend to take up their rights and take up at least 50% of total available rights. This might take their shareholding to above 51%, but the shareholder has categorically stated they have no intention to take-over the company. Requisite approvals and waivers from the CMA and CA are highlighted in section 6.7.3 and 6.7.4 respectively.

In the event a shareholder may trigger a takeover by taking additional rights, the shareholder shall request for exemption from initiating a takeover to the Authority.

6.7.3. CMA approvals

CMA provided approval for the rights issue on April 5th, 2016 in line with the requirements of the Fourth Schedule of the Capital Markets (Securities)(Public Offers, Listing and Disclosures) Regulations, 2002. Where necessary, an exemption granted under paragraph 5 of the Capital Markets (Take Overs and Mergers) Regulations, 2002, will be sought from the CMA. The Issuer has confirmed that it is not the intention of any shareholder to undertake a take-over of the Company.

6.7.4. CA approvals

Where necessary, CA approval sought based on Competition Act, Act No. 12 of 2010

6.8. Entitlements

Your Entitlement is shown on the PAL.

The number of New Shares offered to Eligible Shareholders has been calculated pro rata on the basis of the Entitlement Ratio and no restrictions are placed on the number of Existing Shares to be held before entitlement accrues. However, mathematically, this might result in fractional entitlements to New Shares and in such an event, fractions will be rounded downwards to the nearest whole number. Kindly, therefore note that where this occurs, the Eligible Shareholder will be allotted the number of New Shares after rounding down.

Fractions of New Shares that result from applying the Entitlement Ratio will form part of the available Rights.

Eligible Shareholders with CDS Accounts will have such accounts credited with the applicable Entitlement. In this regard, the Bank will notify the Eligible Shareholders of their credited Entitlement through the PAL (PAL-I).

Eligible Shareholders without CDS Accounts will be notified of their Rights through the PAL (PAL-II).
Investors who wish to become shareholders in Longhorn via this Rights Issue can purchase Rights being sold on the NSE by Eligible Shareholders. Such investors will be issued with a Form E [Appendices] from their Authorized Agent which requires to be duly completed, accepted and fully paid for as per the Acceptance Procedure below. These investors can apply for Additional Shares provided they take up their Entitlement in full.

Form R

Form R: Form of Renunciation for Private Transfers to be used by Eligible Shareholders without CDS Accounts renouncing or transferring their Rights by way of private transfer and by Renouncees to take up their New Shares. The beneficiary shareholder will be required to have a CDS Account.

CDS Form 1

CDS Form 1: CDS Account Opening form to be used by new shareholders to open a CDSC Account for means or acquiring Rights through purchase on the NSE or means of private transfer.

CDS Form 7

CDS Form 7: To be used in connection with a private transfer by Eligible Shareholders with CDS Accounts.

Form Z

Form Z: To be completed by Eligible Shareholders wishing to appoint a third party as their lawful attorney or agent to act on their behalf in connection with the Rights Issue.

Form E

Form E: Form of Entitlement for Purchased Rights or Renounced Rights to be used in the case of Rights purchased on the NSE by any person and issued in favour of such person or renounced and issued in favour of any person.

CDS Form 5

CDS Form 5: To be used by investors with CDS accounts utilizing loan facilities to subscribe for New Shares.

6.9. Shareholders without CDS accounts

It is not mandatory for an Eligible Shareholder to open a CDS Account. However, without a CDS Account, Eligible Shareholders will not be able to trade their Rights on the NSE. Eligible Shareholders who do not have CDS Accounts but wish to open one are requested to submit duly completed and signed CDS 1 Account opening form. Shareholders are to submit a CDS 2 Immobilization Form together with their PAL II to the Authorized Selling Agents for submission to the Registrar by 3.00 pm on Friday, 6th May, 2016 to enable crediting of Entitlements to the newly opened accounts.

6.10. Acceptance Procedure

6.10.1. Acceptance of the Offer, once given is irrevocable. Full details of the procedure for acceptance and payment are set out below:

6.10.2. Persons wishing to apply for New Shares must complete the Entitlement and Acceptance Form.

6.10.3. Copies of the IM may be obtained from the Authorized Selling Agents referred to in the IM, and on the Longhorn's website.

6.10.4. Save in the case of negligence or wilful default on the part of Longhorn, their Advisors or any of the Authorized Selling Agents, neither the Issuer, nor any of the Advisors nor any of the Authorized Selling Agents shall be under any liability whatsoever should an Entitlement and Acceptance Form not be received by the Closing Date.

6.10.5. Acceptance may ONLY be communicated by submitting a duly completed Entitlement and Acceptance Form together with Application Money for the number of New Shares applied for, which cannot be withdrawn and constitutes a binding application for the number of New Shares (including any Additional Shares) specified in the Entitlement and Acceptance Form on the terms set out in this IM. The Entitlement and Acceptance Form must be signed so as to be binding.

6.10.6. The Entitlement and Acceptance Form, once duly completed and signed, must be returned to broker either directly or through any Authorized Agent, together with the Application Money for the number of New Shares. Payment of the Application Money by all Eligible Shareholders must be made as specified in section 6.13 (Application Money) no later than 3:00 pm on 6th May, 2016.

6.10.7. New Shares in respect of which duly completed and signed Entitlement and Acceptance Forms together with the Application Money, paid in accordance with the section above, which are not received by the broker or an Authorized Agent by the dates and times stipulated in the section above will be deemed not to have been duly subscribed for and any Rights in connection with the same will have lapsed.

6.10.8. Eligible Shareholders who wish to take up their full Entitlement are required to duly complete the section entitled "Full Acceptance of New Shares" as well as other relevant sections of the PAL. Eligible Shareholders wishing to accept only part of their entitlement are required to duly complete the section of the PAL entitled "Partial Acceptance of New Shares" as well as other relevant sections of the PAL. Please note that partial acceptance will not be permitted for less than 100 New Shares.

6.11. Application of Additional Shares and Allocation Policy

6.11.1. Eligible Shareholders who have taken up all their Entitlement may apply for Additional Shares by completing the section for Application for Additional Shares on their PAL and signing and returning the duly completed and signed PAL together with the Application Money. These should be received by the broker or the relevant Authorized Selling Agent no later than 3:00 pm on on 6th May, 2016.

6.11.2. Additional Shares applied for by Eligible Shareholders will be allocated by the Board of Longhorn in accordance with the Allocation Policy to the extent only of any Untaken Rights. Please note that payment in respect of any Additional Shares applied for and not allocated will be refunded in accordance with section 6.15 (Refund Policy) and will be free of interest. There will be no changes once the basis of allocation has been announced.

6.11.3. Subject to section 6.11.4 of this section, the Untaken Rights will be allocated on a pro rata basis to Eligible Shareholders who have applied for Additional Shares in accordance with this section 6.11 (Application for Additional Shares and Allocation Policy).

6.11.4. If any person applies for Additional Shares which might trigger the regulatory restrictions and obligations set out in section 6.19 (Regulatory Restrictions) of this Section, the Directors reserve the right, at their sole discretion, not to allocate any Additional Shares to any such person unless all required regulatory approvals are duly obtained and attached with the PAL no later than 3:00 pm on on 6th May, 2016.

6.11.5. Eligible Shareholders wishing to take up Additional Shares are required to duly complete the section entitled "Application for Additional Shares" as well as other relevant sections of the PAL.

6.12. Renunciation of Rights

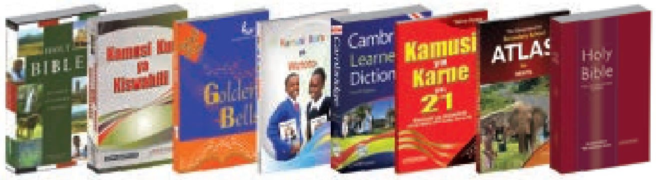
The Rights are renounceable. Accordingly, Eligible Shareholders may elect to (a) give up their Rights in full or in part or (b) transfer their rights in full or in part (c) sell their Rights in full or in part, all in accordance with the procedures set out below

6.12.1. Renunciation by Declining

Eligible Shareholders who wish to decline their Rights need not do anything. Any Rights not taken up by such Eligible Shareholders will form part of the Untaken Rights.

6.12.2. Renunciation by way of Private Transfer

6.12.2.1. Eligible Shareholders wishing to transfer their Rights to a particular Renouncee may do so by way of private transfer, subject to (a) Section 31 of the Capital Markets Act (b) Regulations 57 to 61 of the Capital Markets (Licensing Requirements) General (Amendment) Regulations 2002 and (c) Rule 31 of the Central Depository Rules, 2004. Regulation 57 allows a transfer, inter alia, of Rights by an Eligible Shareholder to a close relation in the form of a gift. In such a case, any Authorised Selling Agent, being a stockbroker, is required to assess, endorse and submit to the NSE a written



application for such a transfer with the required information and supporting documents stating the reason for the proposed private transfer. A close relation means a relationship supported by documentary evidence of a spouse, parent, sibling, child, father-in-law, son-in-law, daughter-in-law, mother-in-law, brother-in-law, son-in-law, grandchild or spouse of a grandchild.

6.12.2.2. In order to effect a private transfer, an Eligible Shareholder with a CDSC account must duly complete and submit a CDS Form 7 while certificated shareholders will submit a Form R. Both these forms are available from Authorized Selling Agents. By executing the relevant form, an Eligible Shareholder is deemed to renounce and, subject to section 6.12.2.1, transfer the relevant Rights.

6.12.2.3. The last date and time for renunciation by way of private transfer is 3:00 pm on 27th April, 2016.

6.12.2.4. Eligible Shareholders are advised to contact any Authorized Selling Agent for the purposes of effecting the renunciation by way of private transfer.

6.12.2.5. If an Eligible Shareholder accepts some of their Rights and renounces the remainder by way of private transfer in the manner specified in this section 6.12.2 (Renunciation by way of Private Transfer), such Rights have to be immobilized. The Eligible Shareholder shall be required to submit the Entitlement and Acceptance Form and Form R for splitting of the PAL and renunciation by 27th April, 2016. Split PAL in addition to the resulting Form E for the transferee, both duly completed and signed and accompanied with the Application Money in connection with the Accepted Rights to Longhorn or the relevant Authorized Selling Agent not later than 3:00 pm on 6th May, 2016. Eligible Shareholders without CDS Accounts who wish to accept a partial number of rights and renounce the remainder by way of private transfer, or who wish to renounce to more than one person are advised to immobilize their Rights as set out in section 6.12.3 below

6.12.3. Restriction on Renunciation of Rights

6.12.3.1. Section 6.19 (Regulatory Restrictions) of this Section sets out certain regulatory restrictions and obligations that may be relevant to any Eligible Shareholder or Renouncee.

6.12.3.2. Please note that any renunciation by way of trading of Rights through NSE or by way of private transfer of Rights in accordance with section 6.12.4 (Renunciation by way of Trading in Rights) and section 6.12.2 (Renunciation by way of Private Transfer) of this Section is only permitted if such renunciation does not trigger regulatory restrictions as set out in Section 6.19.

6.12.4. Renunciation by way of Trading rights

6.12.4.1. The Rights constitute a security in the form of an option and are tradable on the NSE for a value but only by Eligible Shareholders with CDS Accounts. The Rights shall be listed on the NSE under the AIMS.

6.12.4.2. Eligible Shareholders will be notified of their Rights through the PAL.

6.12.4.3. In addition, Eligible Shareholders with CDS Accounts will have such accounts credited with their Rights.

6.12.4.4. Only Eligible Shareholders with CDS Accounts will be permitted to trade in Rights. In such an event, Eligible Shareholders who wish to renounce some or all of their Rights in this way may instruct any Authorized Selling Agent to dispose of any or all of such Rights by way of sale on the NSE.

6.12.4.5. Eligible Shareholders without CDS Accounts who wish to trade in Rights in this way must first open CDS Accounts and immobilize such Rights prior to trading and must duly complete the section entitled "Immobilization for trading in the Rights" as well as other relevant sections of the PAL. The CDS Account opening forms may be obtained from any Authorized Selling Agent. Eligible Shareholders who wish to immobilize their PAL for purposes of trading in Rights must ensure they do so before 6th May, 2016.

6.12.4.6. Rights may be traded on the NSE from 18th April, 2016 to 27th April, 2016.

6.12.4.7. Please note that trading of Rights on the NSE will attract a brokerage commission plus other statutory costs payable by the seller and buyer of such Rights. The CMA and NSE have approved the trading of Rights

6.13. Application Money

6.13.1. Payment for the New Shares shall be made in the form of a banker's cheque for values that are under one million shillings or via RTGS for values that are one million shillings and above. Payment may also be made by Authorized Selling Agents on behalf of Eligible Shareholders (Global Payment System or GPS). Bankers cheques for each PAL must be in Kenya Shillings and drawn on a licensed commercial bank that is a member of the Central Bank of Kenya Clearing House, and should be made payable to "Longhorn Publishers Rights Issue-PAL No {insert no}" and be crossed "A/C Payee Only". Each banker's cheque received by Sidian Bank will be deposited immediately for collection. Please note that no interest will be payable by Sidian Bank on money received. Any Eligible Shareholders applying for any New Shares may provide an Irrevocable Bank Guarantee in the form stipulated in section 18 of the Information Memorandum, for the full amount of the Shares, provided that such application is for a value of KES 1,000,000 and above. Such a bank guarantee must be authenticated by the guaranteeing bank via a SWIFT message sent to Sidian Bank before 3:00 pm on 16th May, 2016. The Eligible Shareholder must attach the original Irrevocable Bank Guarantee to the PAL at the time of submission by 3:00 pm on 16th May, 2016. Qualified Institutional Investors applying for New Shares who wish to make payment after the allotment of New Shares should note that acceptance of the application will be at the discretion of the Bank and must be secured by an Irrevocable Letter of Undertaking, in the format required by the Bank (Appendices of the Information Memorandum) for the required amount.

6.13.2. Payments made in accordance with the above will, upon receipt by Sidian Bank of the relevant amount in cleared funds, constitute acceptance of the Rights Issue upon the terms and condition set out in the Information Memorandum and in the Entitlement and Acceptance Form.

6.13.3. Eligible Shareholders with CDS Accounts are required to pay the Subscription Price per New Share in accordance with the Entitlement and Acceptance Form plus a separate fee of KES 30 payable directly to their Authorised Agents in accordance with the Central Depositories (Regulation of Central Depositories)(Amendment) Rules, 2008.

6.14. Rejection Policy

Applications will be rejected for the following reasons:

6.14.1. Application Form

a) The PAL is missing;
b) The cheque payment is less than the value of the shares applied for;
c) The number of shares applied for are below the minimum or not in multiples set out in the Information Memorandum;
d) Missing CDS 5 form number /financing bank details in case of financed application;
e) Missing or illegible name of primary applicant/joint applicant/corporate applicant in any application;
f) Missing or illegible identification number, including company registration number;
g) Missing account number or name for nominee applications;
h) Insufficient documentation;
i) Missing or illegible postal address and postal code;
j) Missing bank details and verification documents where mode of refund is indicated as electronic fund transfer and the bank mandate details are not provided on the Register (the refund will be defaulted to a cheque payment);
k) Missing or inappropriately signed Application Form including:-
   - Primary signature missing from signatures box;
   - Joint signature missing from signature box;
   - One or both of the two directors/official or a director and company secretary has/have not signed in the case of a corporate application;
   - Missing seal in the case of a corporate application of a company registered under the companies act;
   - Application bears stamps from two different Agents.

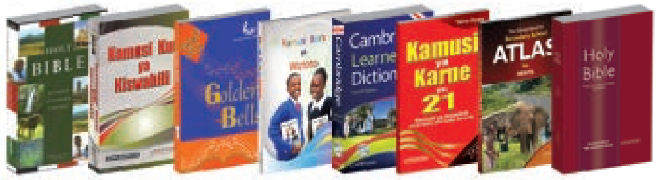
6.14.2. Payment

a) Personal cheques from shareholders to Longhorn Publishers Rights Issue account will not be accepted;
b) Cash payments will not be accepted;
c) Post-dated or stale cheques will not be accepted;
d) Amount in words does not agree with amount in figures;
e) Amount on cheque does not agree with amount on Application Form;
f) Cheque is not signed;
g) Cheque carries alterations;
h) Mutilated or cancelled cheques;
i) Endorsed cheques will not be accepted.

6.15. Refund Policy

No interest will be paid on any Application Monies to any Eligible Shareholder or other person taking the Rights. Interest, if any, earned on Application Monies is payable to the CMA Investor Compensation Fund is based on the average Central Bank of Kenya inter-bank overnight lending rate for the period between the closing date and the date of crediting of accounts or issuing refund cheques.

Refunds in respect of applications for additional shares, where the allotted value is less than that applied for shall be in the form of refund cheques or by way of EFT by Sidian Bank (where an Eligible Shareholder has valid EFT details in the Register or has provided accurate EFT details to the CDSC via their broker). In the event an Eligible Shareholder has no valid EFT details on the Register or provided to the CDSC through their broker, the refund will be made by cheque through the Authorised Selling Agent. Sidian Bank will begin refunds to Eligible Shareholders from Monday, 30th May 2016. Eligible Shareholders are required to choose their preferred option of refund: (a) by EFT, or (b) collected by the Eligible Shareholder from the relevant Authorized Selling Agent (as designated by



the Eligible Shareholder on the PAL for that purpose) against proof of identity. Neither Sidian Bank nor any Authorized Selling Agent will be responsible for any refund not received. Where a Lender has advanced money to an investor to subscribe for New Shares, refunds will be made to or for the account of such Lender as the case may be.

6.16. New Shares

6.16.1. Eligible Shareholders and their Renouncees with CDS Accounts who comply with the procedures for acceptance as set out in this IM, will receive their New Shares in electronic form by way of credit to their respective CDS Accounts. It is the responsibility of Eligible Shareholders and Renouncees to ensure that their CDS Account details set out in the Entitlement and Acceptance Form are correct.

6.16.2. Eligible Shareholders without a CDS Account who comply with the procedures for acceptance as set out in this IM, will receive their New Shares in certificate form to be delivered through their Authorized Selling Agent. Trading of the New Shares may only take place if the Eligible Shareholder has a CDS Account and has immobilized the New Shares.

6.16.3. New Shares will be admitted on the AIMS on the NSE on 31st May, 2016 with dealings of New Shares commencing on the same date.

6.16.4. The New Shares will rank pari passu in all respects with the Existing Shares including the right to receive in full all dividends and other distributions declared, made or paid in respect of the Ordinary Shares, for the financial year ending 30 June 2016. There are therefore no time limitations in respect of the right to dividend for the said financial year.

6.17. Untaken Rights and Allocation Policy

6.17.1. All Eligible Shareholders who apply for their New Shares in full shall receive the full number of New Shares indicated in their PAL. New Shares not taken up shall form the Untaken Rights. The Untaken Rights may be allocated as Additional Shares in accordance with the Allocation Policy set out in this section to Eligible Shareholders who duly submit applications for Additional Shares in accordance with section 6.11 (Application for Additional Shares and Allocation Policy) of this Section.

6.17.2. Any Rights not taken up of the Untaken Rights may be allocated by the Board on a pro-rata basis subject to section 6.19 (Regulatory Restrictions) and if not so allotted, will lapse.

6.17.3. If the results for the subscription makes the above Allocation Policy impractical, then an amendment of the Allotment Policy shall be made with the approval of the Capital Markets Authority and such amendment will be announced within twenty four (24) hours of the grant of the approval.

6.18. Foreign Investors

6.18.1. The Capital Markets (Foreign Investors) Regulations, 2002 (as amended) ("the Foreign Investor Regulations") provide that "a foreign investor" ("Foreign Investor") is any person who is not a local investor. A "local investor" is defined to mean (a) an individual being a natural person who is a citizen of an East African Community Partner State or (b) a body corporate being a company incorporated under the Companies Act of Kenya or such other similar statute or an East African Community Partner State in which the citizen or the Government of an East African Community Partner State have beneficial interest in 100% of its ordinary shares or any other body corporate established or incorporated in an East African Community Partner State under the provisions of any written law. An East African Community Partner State means States that are members of the East African Community.

6.18.2. Foreign Investors wishing to apply for New Shares must satisfy themselves as to the full observance of the laws of the relevant territory and governmental and other consents to ensure that all requisite formalities are adhered to, and pay any issue, transfer or other taxes due in such territory. Before applying for and purchasing New Shares, foreign investors are advised to consult their own professional advisors as to whether they require any governmental or other approvals or need to observe any applicable legal or regulatory requirements.

6.18.3. This IM and accompanying PAL do not, and are not intended to, constitute an offer for the New Shares in any place outside Kenya or in any circumstances where such offer or solicitation is not authorized or is unlawful. In that regard, this IM and accompanying PAL may not be used for or in connection with any offer to, or solicitation by, anyone in any jurisdiction or in any circumstances where such offer or solicitation is not authorized or is unlawful. The distribution of this IM and the accompanying PAL outside of Kenya may be restricted by law and persons who come into possession of this IM and the accompanying PAL should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws. Any such recipient must not treat this IM and PAL as constituting an offer to him, unless in the relevant jurisdiction, such invitation or offer could be made lawfully to him without contravention of any unfulfilled registration or legal requirements. Without limitation, this IM may not be sent or passed or otherwise distributed outside Kenya.

6.18.4. In particular, the Rights Issue has not been, and will not be, registered under the United States Securities Act, 1933 or the securities laws of any state in the United States of America and is not being made in the United States of America or to persons resident in the United States of America. Without limitation, this IM may not be sent or otherwise distributed to investors in the United States of America.

6.18.5. Eligible Shareholders with a registered address in

Kenya holding Existing Shares on behalf of persons who are resident in a jurisdiction outside Kenya are responsible for ensuring that taking up New Shares under the Rights Issue does not breach securities laws in that other jurisdiction. The return of a duly completed Entitlement and Acceptance Form in accordance with this IM will not be deemed as a representation that there has been no breach of such laws.

6.19. Regulatory Restrictions

Eligible Shareholders are requested to note that Longhorn is subject to the provisions of the Capital Markets Act and the regulations made thereunder. Notable for purposes of the Rights Issue are the provisions summarized below. Eligible Shareholders are required to seek independent advice in connection with these matters. Kindly note that the Directors may take the said provisions into account when determining the allocation of any Untaken Rights to applicants for Additional Shares.

6.19.1. The Capital Markets (Take-Overs and Mergers) Regulations, 2002, oblige the observance of certain procedures if any person takes up Rights which would result in that person "acquiring effective control" of a listed company.

6.20. Taxation Implications

Eligible Shareholders interested in participating in the Rights Issue should consult their tax advisors of any possible tax implications connected with the Rights Issue. Therefore, Longhorn and the Directors consider it inappropriate to provide detailed advice in respect of taxation consequences in connection with the Rights Issue save for what is expressly set out in this Information Memorandum.

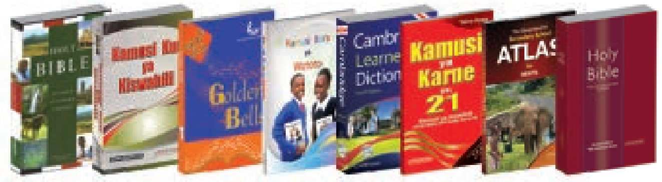
6.20.1. Neither Longhorn nor any of the Directors or any Longhorn's officers or advisors accepts any liability for any tax implications of Eligible Shareholders in connection with the Rights Issue.

6.20.2. Local investors are subject to withholding tax on dividends at the rate of 5%. Foreign Investors will be subject to a withholding tax rate of 10%.

6.21. Expenses of the Offer

Expense	FEE (inclusive of VAT) in KES
Transaction advisor	10,000,000
Legal Costs	2,000,000
Reporting Accountant Costs	1,700,000
CMA approval fees	1,325,000
NSE Approval Fees	126,190
Marketing ,Public Relations, and Printing	2,340,000
Registrar & Secretarial Services	1,350,000
Sponsoring Broker	1,400,000
Placing agents	7,950,000
Contingency	1,500,000
Total	**29,691,190**

The transaction costs account for 5.6% of the total offer amount.



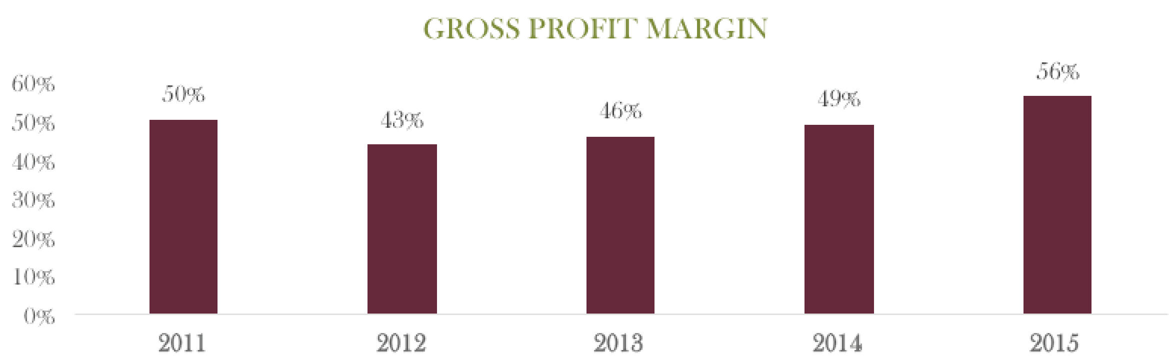
7. KEY INVESTMENT CONSIDERATIONS

The investment considerations set forth below do not give a guarantee, neither are they indicative of future returns. Potential investors are advised to consult with their investment, legal and tax advisors to determine the suitability of an investment in the Notes, and the appropriate amount, if any, of an investment of this nature.

7.1. Well known and established brand with wide range of products

- Longhorn possess full approval by MOEST to publish and print material in key subjects for secondary and primary schools in Kenya;
- There is opportunity in expanding product base by embracing emerging technologies such as mobile phone, internet, e-books and other electronic media. Longhorn intends to continue exploiting this potential to grow and expand digital content; and
- In product development, Longhorn has sharpened the focus on uniqueness in design and content, with a view to achieving brand differentiation in a growing competitive environment.

7.2. Track record of growth



Longhorn has exhibited constant growth in profits over the last 4 years driven by:

- Research – to Understand customer needs so as to meet customer requirements and engage customers effectively so as serve customers better – exceeding expectations
- Brand positioning -"Top" of mind brands
- Strategic alliances
- Lobbying
- Aggressive "selling"/"sales team"
- Subsidiary empowerment
- Engaging and iterative Leadership

7.3. Market leader with regional footprint

Longhorn currently has operations in Kenya, Uganda, Tanzania, Rwanda, Zambia and Malawi. The Company aims to build the respective market shares in all the countries as well as expand its reach to countries in the East and Central African region and beyond.

8. ECONOMIC OVERVIEW

8.1. Global Economic Overview

Global economic growth declined in the first half of 2015, reflecting a further slowdown in emerging markets and a weaker recovery in advanced economies. Growth is now projected at 3.1 % for rest of 2015, slightly lower than in 2014, and 0.2% below the forecasts. Relative to 2014, growth in advanced economies is expected to pick up slightly, but expected to decline in the emerging markets and developing economies. With declining commodity prices, depreciating currencies, and increasing financial market volatility, downside risks to the outlook have risen, particularly for emerging market and developing economies.

Global activity is projected to gather momentum in 2016. In advanced economies, the modest recovery that started in 2014 is projected to strengthen further. Similarly, the outlook is projected to improve in the emerging market and developing economies, in particular, growth in countries in economic distress in 2015 (including Brazil, Russia, and some countries in Latin America and in the Middle East), while remaining weak or negative, and is projected to be higher next year, more than offsetting the expected gradual slowdown in China.

Source: IMF World Economic Outlook 2015

8.2. African Economic Overview

Africa's gross domestic product (GDP) growth is expected to strengthen to 4.5% in 2015 and 5% in 2016 after subdued expansion in 2013 (3.5%) and 2014 (3.9%). The 2014 growth was about one percentage point lower than projected in last year's African Economic Outlook, as the global economy remained weaker and some African countries faced various challenges.

Domestic demand has continued to boost growth in many countries while external demand has remained mostly subdued because of flagging export markets, notably in advanced countries and to a lesser extent in emerging economies. Export values of goods were also depressed by lower export prices. African exports are expected to strengthen in 2015 and 2016 as the world economy improves.

On the supply side, many African countries have improved their investment climate and conditions for doing business, which enhance long-term growth prospects. Benin, Côte d'Ivoire, the Democratic Republic of the Congo (DRC), Senegal and Togo are even in the top ten countries worldwide with the most reforms making it easier to do business.

Africa's supply side growth in 2014 was mainly driven by agriculture, extractive industries, construction and services, and to a lesser extent by manufacturing. But sectorial growth should not be seen in isolation, as there are important spill overs between sectors. Furthermore, modernisation and structural transformation, the process by which new, more productive activities arise and resources move from traditional activities to these newer ones, is also happening within some sectors.

Africa's growth by region, 2013-16 (Real GDP growth in %)

	2013	2014	2015(F)	2016(f)
Africa	3.5	3.9	4.5	5.0
Central Africa	4.1	5.6	5.5	5.8
East Africa	4.7	7.1	5.6	6.7
North Africa	1.6	1.7	4.5	4.4
Southern Africa	3.6	2.7	3.1	3.5
West Africa	5.7	6.0	5.0	6.1

8.3. Kenya Economic Overview

GDP Growth

- The country's real Gross Domestic Product (GDP) is estimated to have expanded by 5.5 per cent during the second quarter of 2015 compared to 6.0 per cent in the same quarter of 2014.
- The quarter was characterized by a fairly stable macroeconomic environment supported by a slowdown in inflation and decline in interest rates.
- During the review period, the country experienced good rains that led to improved agricultural activities despite suppressed demand of key agricultural exports.

Inflation

- The CPI increased by 0.50 per cent from 161.33 in September 2015 to 162.13 in October 2015. The overall inflation rate stood at 6.72 per cent per annum in October 2015, a 12.6 per cent rise from the previous month.
- The rise in the inflation rate was attributed to an increase in the Food and Non-alcoholic Index and the Housing, Water, Electricity, Gas and Other Fuels' Index.

Monetary Policy

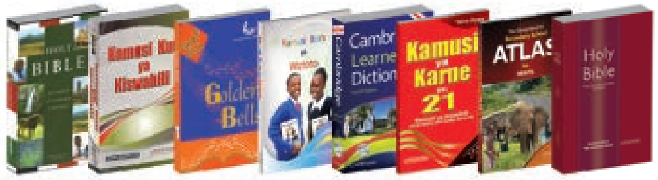
- In view of pressures on the exchange rate over the last few months and the consequent need to anchor inflationary expectations, the MPC raised the Central Bank Rate (CBR) from 10.0 per cent to 11.5 per cent. Furthermore, the MPC introduced a 3 day repo rate to augment its instruments of liquidity management.
- In view of CBR, the CBK revised the KBRR from 8.5 per cent to 9.9 per cent in July 2015.

Fiscal Policy

- The fiscal budget 2015/2016 is KES 2.1 trillion, a 25 per cent increase from the previous budget characterized with increased budget allocation towards bolstering security and facilitating the recovery of the tourism sector.

Exchange Rate

- The KES performance has continuously deteriorated against the USD by an average of 15 per cent from a monthly average of 91.36 in January to 105.15 in September 2015, the KES fell by 15 per cent to the Sterling Pound and 11 per cent to the Euro from January to September 2015.
- However, the KES is seen to have improved in October 2015 strengthening against the USD by an average of 3 per cent to 101.95.
- Over the past five years the KES performance has been relatively stable and is expected to continue on this trend over the long-term amid the current short-term volatility.



- From 2011 to 2012 the KES strengthened by 0.77 per cent, weakened by 0.37 per cent from 2012 to 2013 and further weakened by 4.79 per cent from 2013 to 2014 against the USD.

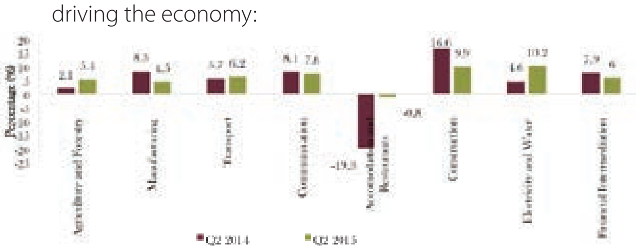
Yield Curve

- Treasury rates experienced a sharp increase in October 2015, peaking at over 21% for the 364 day T-bill.
- However, rates have returned to vicinity of the annual average of approximately 12 – 14 % for government paper
  Source: CBK, KNBS

The below graph depicts trends in domestic Real GDP growth for the past five years:
Source: KNBS–Second Quarter 2015 GDP Release

8.4. Kenya Sector Analysis

The below graph shows the growth rates from the second quarter 2014 to second quarter 2015 for the main sectors driving the economy:



Source: Central Bank of Kenya

8.4.1. Agriculture and Forestry

- The agricultural sector is estimated to have expanded by 5.4 per cent during the second quarter of 2015 compared to 2.1 per cent growth estimated for a similar quarter in 2014. The improved performance of the sector is attributed to increased activities in the growing of maize, vegetables, and fruits as a result of favourable climatic conditions in contrast to last year. Higher output from these core crops far outweigh farm losses of beans and potatoes, which were adversely affected by heavy rains in some regions.
- Exports of horticultural produce presented mixed results during the second quarter of 2015. Volume of fruits exported increased by 22.2 per cent to stand at 12,080 metric tonnes in the period under review. Volume of cut flower exports during the second quarter of 2015 reduced by 4.2 per cent to reach 29,357 metric tonnes in comparison to the second quarter 2014. Similarly, there was a reduction in vegetable exports from 18,128 metric tonnes in second quarter 2014 to 16,023 metric tonnes in 2015.
- Tea production declined by 17.2 per cent to 93,646 metric tonnes in the second quarter 2015 compared to 113,106 metric tonnes recorded the same period of 2014. Tea fetched higher prices at an average of USD 3.0 in the second quarter of 2015 compared to USD 2.1 during the same quarter in 2014. The export of coffee declined from 14,039 metric tonnes in the second quarter 2014 to an estimated 12,551 metric tonnes in 2015 over the same period.

8.4.2. Manufacturing

- The manufacturing sector expanded by 4.5 per cent during the quarter under review compared to a growth of 8.3 per cent during the second quarter of 2014. The growth in the sector was partly attributed to the reduced cost of inputs such as electricity during the second quarter 2015.
- In the food manufacturing sub-sector, there was an increase in the manufacture of soft drinks and processing of canned foods which recorded growths of 8.4 per cent and 19.2 per cent, respectively. In non-food manufacturing, increased demand for cement in construction sector led to increased production by 9.3 per cent during the second quarter 2015, higher than the production of 1,397.6 thousand metric tonnes recorded during the second quarter of 2014.

8.4.3. Transport and Communication

- During the period under review, the transportation sector is estimated to have grown by 6.2 per cent compared to 5.7 per cent during the same quarter of 2014. The communication sector on the other hand recorded a slower growth of 7.6 per cent over the same period compared to an 8.1 per cent growth in the same quarter of 2014. The key indicator to the sector such as consumption of light diesel expanded by 13.3 per cent during the second quarter 2015 partly due to a decline in fuel prices during the review period. However, there was a slight decline in the volume of cargo handled at the port.

8.4.4. Accommodation and Restaurants

- Accommodation and food services experienced a slower contraction of 0.8 per cent compared to a contraction of 19.3 per cent in the same quarter of 2014. Visitor arrivals from Jomo Kenyatta International Airport (JKIA) and Moi International Airport (MIA) recorded mixed results with arrivals from JKIA increasing by 2.8 per cent and that from MIA recording a contraction of 39.1 per cent. Overall, the sector recorded a 1.9 per cent drop in hotel occupancies.

8.4.5. Construction

- The construction sector recorded a decelerated growth of 9.9 per cent during the second quarter 2015 compared to a growth of 16.6 per cent during the same quarter in 2014. The growth was on account of increased public infrastructure projects and private sector development in the real estate sector. Commercial bank credit extended to the sector grew from KES 77 billion during the second quarter of 2014 to an estimated KES 88 billion during the second quarter 2015. Cement consumption, a key indicator for the sector, increased by 4.8 per cent during the reviewed quarter to reach an estimated 459,022 metric tonnes.

8.4.6. Electricity and Water

- The sector recorded a growth of 10.2 per cent in the quarter under review compared to 4.6 per cent in the corresponding quarter of 2014. The accelerated growth was mainly due to expansion of electricity generation by geothermal and hydro sources which increased by 89.5 and 5.0 per cent, respectively. This was attributed to the injection of 280 megawatts to the national grid in second half of 2014 and good rainfall received during the review quarter. Generation by thermal contracted by 57.4 per cent. Geothermal, hydro and thermal contributed 48.0, 37.5 and 14.5 per cent to the total power generation during the second quarter 2015. Electricity consumption increased by 22.8 per cent during the review period. The increase was due to an increase in electricity connections especially under rural electrification program, the reduction of electricity connection fees, and lower power costs.

8.4.7. Financial Intermediation

- The sector recorded a growth of 6.0 per cent during the review period compared to 7.9 per cent in the same quarter of 2014. Domestic credit by commercial banks rose by 29.2 per cent in the second quarter of 2015 compared to a growth of 14.6 per cent over the same period in 2014. Similarly, credit to the private sector expanded by 20.6 per cent from KES 1.7 trillion in the second quarter of 2014 to KES 2.1 trillion during the same period of 2015. Broad money supply grew by 17.6 per cent to KES 3.2 trillion in the second quarter of 2015 compared to a growth of 19.3 per cent recorded in a similar period in 2014.

8.5. Inflation Rates and CPI

The graph below shows the trends in inflation rates and overall CPI from May 2014 to October 2015:

Source: Kenya National Bureau of Statistics

- Overall month-on-month inflation increased to 6.7 percent in October 2015, from 6.0 percent in September, but remained within the government target range. Month on month non-food-non-fuel (NFNF) inflation rose marginally to 4.8 percent in October from 4.7 percent in September. The rise in inflation was largely due to increases in the prices of some food items, and a significant base effect.
- However, the 3-month annualized inflation declined to 2.5 percent in October from 3.4 percent in September, indicating moderating demand pressure due to the impact of the monetary policy measures.

The table below shows the forecasted annual inflation rates and average CPIs over the next five years:

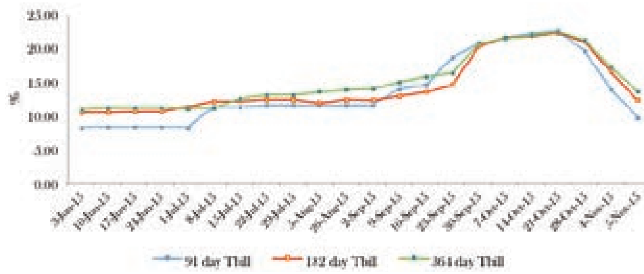
Units	2015F	2016F	2017F	2018F	2019F
Index	294.4	311.8	327.6	344.0	361.2
Percentage Change	6.33	5.91	5.06	5.01	5.01

Source: IMF, World Economic Outlook Database

- The annual average CPI is expected to approach an average growth rate of 5 per cent in the next two years and stabilize at this constant growth rate over the following three years.

8.6. Financial Intermediation

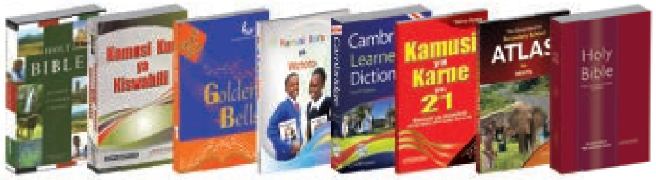
The graph below shows the 91 day, 183 day and 364 day T-bill movements from June 2014 to November 2015:



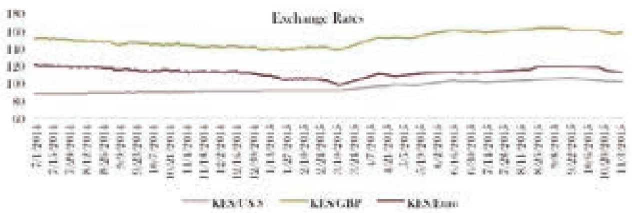
Source: Central Bank of Kenya

Below is a description of the short term interest rates movement:

- Like other Sub Saharan currencies, the KES has underperformed against major international currencies in H1 of 2015. The KES performance has continuously deteriorated against the USD by an average of 15 per cent from a monthly average of 91.36 in January to 105.15 in September 2015, the KES fell by 15 per cent to the Sterling Pound and 11 per cent to the Euro from January to September 2015.
- The local currency's fall against the USD has been attributed to a number of factors mainly deriving from supply side constraints as inflows from tourism remain subdued from the start of the year whilst the value of tea inflows has taken a hit from drought conditions in tea producing regions. On the other hand, rallying of the USD globally is a significant external factor adding pressure to the local currency.
- However, the KES stabilized since September supported by CBK's monetary policy operations. Furthermore, the current account deficit narrowed, mainly due to a lower oil import bill, and a slowdown in consumer imports.
- The KES performance improved against the major currencies for KES 105.15, 159.62 and 117.79 respectively at close of September to 102.19, 155.46 and 108.99 respectively in the third week of November against the dollar, sterling pound and Euro respectively.



The graph below shows the recent exchange rate movements for the Kenya Shilling against the United States Dollar, Sterling Pound and Euro:



Source: Central Bank of Kenya

The table below displays the exchange rates for the KES against the USD, GBP and Euro over the past five years:

	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
KES/USD	79.23	86.66	85.99	86.31	90.44
KES/Euro	105.1	114.15	112.77	119.22	111.52

Source: Central Bank of Kenya

- During the past five years the KES performance has been relatively stable and is expected to continue on this trend over the long-term amid the current short-term volatility.
- From 2011 to 2012, the KES strengthened by 0.77 per cent but weakened by 0.37 per cent from 2012 to 2013 and further weakened by 4.79 per cent from 2013 to 2014 against the USD.

8.6.1. Kenya Economic Outlook 2015

Country	Projected Inflation Rates		Projected GDPGrowth	
	2015F	2016F	2015F	2016F
Kenya	6.3%	5.9%	6.9%	7.2%

Source: IMF, World Economic Outlook

8.7. Regional Economic Review

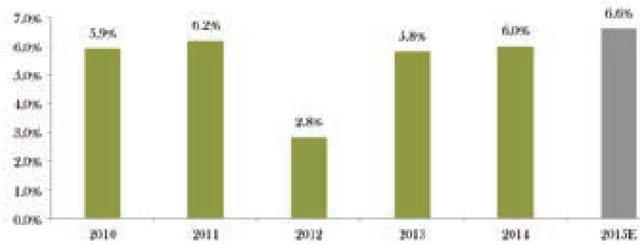
8.7.1. Uganda

The Uganda economy saw the consolidation of macroeconomic stability and a continued, albeit modest recovery of economic activities. The country's Gross Domestic Product (GDP) is estimated to have grown at 6.0 per cent on the background of a fiscal and monetary policy stance focused on containing inflationary pressures, while ensuring debt and exchange rate stability.

The forecast for 2015 is positive with GDP growth expected to be around 6.6 per cent on the back of steadily improving economic conditions. However, the ongoing conflict in South Sudan (one of Uganda's key trade partners) is expected to negatively impact exports.

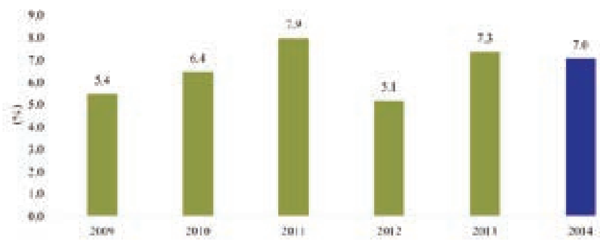
Beyond 2015, the expected monetary supply expansion arising out of the planned elections of 2016 are expected to lead to increased inflation reducing real GDP growth rates.

Below is a summary of GDP growth rates for the period 2010 to 2015:



Source: Bank of Uganda

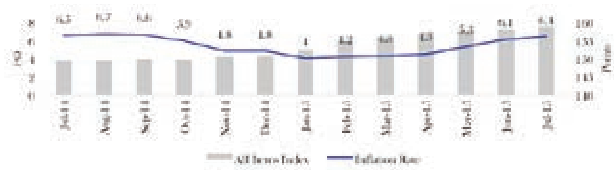
8.7.2. Tanzania



Source: National Bureau of Statistics, Bank of Tanzania

- Real GDP grew by 7.0 per cent in 2014 compared with 7.3 per cent in the preceding year. The main contributors to growth were construction which accounted for 18.8 per cent of the growth, wholesale and retail trade (14.3 per cent), agriculture (11.6 per cent), transport and storage (10.8 per cent), manufacturing (7.2 per cent).

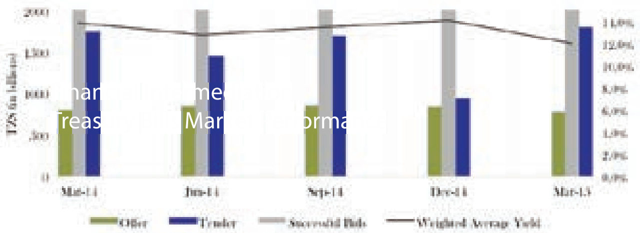
Inflation Rates and CPI



Source: National Bureau of Statistics

- Annual Headline Inflation Rate for the month of July, 2015 has increased to 6.4 per cent from 6.1 per cent recorded in June, 2015. The increase of Annual Headline Inflation Rate for the year ending July, 2015 explains that, the speed of price increase for commodities in the year ending July, 2015 has increased as compared to the speed of price increase recorded for the year ended June, 2015.

- The overall index went up to 158.78 in July, 2015 from 149.16 recorded in July, 2014. Food and Non Alcoholic Beverages Inflation Rate for the Month of July 2015 has further increased to 10.6 per cent from 10.1 per cent recorded in June, 2015.



Source: Bank of Tanzania

During the quarter, Treasury bills worth TZS 740.0 billion were offered compared with TZS 765.0 billion offered in the corresponding quarter in 2014. Amount tendered summed to TZS 2,900 billion compared with TZS 1,700 billion. Bids worth TZS 1,300 billion were successful compared with TZS 910.0 recorded in the quarter ending March 2014. As a result of high demand as reflected by the value of bids, overall weighted average yield decreased to an average of 11.98 per cent from 13.82 per cent.

Interest Rates

During the first quarter of 2015, banks' lending and deposit rates were generally lower compared with the corresponding quarter in 2014. Overall deposit rate averaged 8.07 per cent compared with 8.75 per cent in the corresponding quarter in 2014. Interest rate on one-year deposits was 10.81 per cent, lower than 11.37 per cent in the quarter ending March 2014.

Overall lending rate decreased to an average of 15.87 per cent from 16.59 per cent registered in the corresponding quarter in 2014. Interest rate on one-year loans averaged 14.18 per cent compared with 14.83 per cent recorded in the corresponding quarter in 2014. In line with these developments, the spread between the one-year deposit and lending rates narrowed to 3.37 percentage points from 3.46 percentage points.

Sector Analysis

Procurement of Traditional Export Crops

- Procurement of Tanzania's major traditional export crops (cotton, tobacco, cashew nuts, coffee, sisal, and tea) amounted to 29,996.1 tonnes during the quarter of March 2015 compared to 21,646.2 tonnes recorded in the corresponding quarter in 2014. Coffee and cashew nuts procurement significantly increased while that of sisal was dismal. The decrease in the procurement of tea is attributed to dry weather condition that characterized the northern tea growing areas.

Production of Gold and Diamond

- Production of gold and diamond declined in the quarter ending March 2015 relative to corresponding period in 2014. Gold production declined to 7,527.1 kilograms from 8,935.3 kilograms recorded in the quarter ending March 2014. This, combined with a decline in price in the world market, led to a fall in value by 22.5 per cent. Production of diamond amounted to 69,275.1 carats (worth USD 20.0 million) compared with 88,577.3 carats which were valued at USD 22.6 million in the corresponding period in 2014.

8.7.3. Rwanda Economic Update

GDP Growth

- Real GDP grew by 7.0% in 2014, higher than the initially projected 6.0% and the 4.7% recorded in 2013. Growth in industry slowed as a result of a downturn in mining, manufacturing and construction. Public and private investments and a recovery in agriculture and services are expected to continue driving growth in the short and medium term.
- A public investment programme in transport and energy infrastructure has been prioritised to ease transport and energy bottlenecks and bolster economic growth.
- Efforts to promote spatial inclusion are bearing fruit, with the share of rural households living in integrated and economically viable planned settlements increasing from 37.5% in 2012 to 53.0% in 2013/14.

Monetary Policy

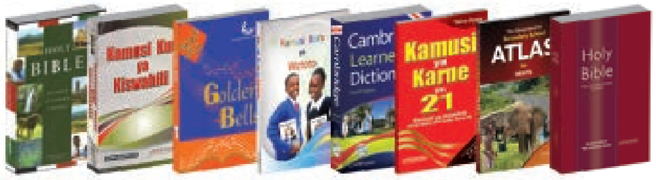
- Headline inflation is projected to converge around the central bank's medium-term 5% target in 2015 and 2016. Lower food and fuel prices are expected to continue contributing to the subdued inflationary pressures.
- The demand for capital, intermediate goods and fuel products to support the public investment programme is expected to remain strong in the short to medium term. Current account deficits are projected to persist in the near term as export earnings accounted for only 25% of imports in both 2013 and 2014.

Fiscal Policy

- Recurrent spending in 2014 was in line with the targets, capital spending was less than programmed due to delays in implementing foreign-financed projects in energy, roads and the service sector.
- The revenue mobilisation effort has improved, with the sustained implementation of various revenue-enhancing measures, including electronic tax filing and payment and the rollout of electronic sales registers (ESRs) for VAT payers.
- The tax/ GDP ratio increased but was lower than the 15.3% target, in part due to the slowdown in real GDP growth from 4.7% in 2013 to 7.0% in 2014. Growth in revenues and the lower-than-programmed capital spending yielded a fiscal deficit (cash basis) in 2014, which was about 1 percentage point lower than initially projected. The fiscal deficit was financed by concessional budget and project loans, proceeds from the Eurobond and borrowing from the domestic financial markets.

Monetary Policy

- The 2014 monetary policy stance was aimed at supporting the economic recovery, rebuilding the international reserve buffers and supporting growth in private sector credit. Reflecting the subdued inflationary pressures and the need to increase private sector credit growth, the central bank reduced its key policy rate, the Key Repo Rate (KRR), from 7.0% to 6.5% in June 2014.
- The central bank signalled its intentions to maintain the current monetary policy stance by keeping the KRR



unchanged at 6.5% for the first quarter of 2015. Measures to improve the monetary policy transmission mechanism were implemented to enhance the linkage between monetary policy, financial markets and the real economy. In particular, the central bank published its quarterly longer term issuance programme in January 2014 and three Treasury Bonds and an IFC local currency bond were successfully issued

Exchange Rates

- Relative to December 2014, the FRW depreciation against the USD reached 5.2% by end September 2015, trading at FRW 730.54 per dollar from FRW 694.37 by end December 2014.
- In the same period, the FRW appreciated by 2.6% against the EURO but depreciated by 2.7% versus GBP. It appreciated by 9.4%, 15.5% and 20.9% against the Kenyan, Tanzanian and Ugandan shillings respectively, but depreciated by 6.3% versus the Burundian franc. The appreciation of FRW against the shillings was mainly due to the weakening of regional currencies against the USD and relatively higher inflation rates in these regional economies.

Economic Growth Outlook

The economic outlook remains positive. Improved weather conditions and sustained investments in agriculture are expected to drive further growth in the agriculture sector. Measures such as the submission of quarterly progress reports to the Cabinet of Rwanda for infrastructure projects are expected to improve project implementation, contributing to a reduction in the infrastructure-related costs of doing business. This is projected to improve growth prospects. However, two key downside risks remain. First, Rwanda's agriculture remains vulnerable to weather fluctuations. Second, weaknesses in the global economy and the reduction in commodity prices, particularly for tea and minerals, will negatively affect export earnings. Sustained investments in the agriculture sector, including in areas such as irrigation, and on- going efforts to diversify and grow the export base will mitigate these downside risks. Real GDP growth is projected to increase from 7.0%in 2014 to 7.5% in 2015 and 7.5% in 2016.

Source: African Economic Outlook

8.7.4. Malawi Economic Update

GDP Growth

- In 2014, Malawi's economy continued on the path to recovery in the aftermath of the economic crisis of 2012, which saw a contraction in real gross domestic product (GDP) growth to 2.1%. Real GDP growth in 2014 is estimated to have been 5.7%, driven largely by agriculture, but with significant contributions from manufacturing, wholesale and retail trade, and services. Growth in 2015 is projected to slow to 5.5% following the late arrival of rains and the severe floods experienced in January 2015, which damaged crops and infrastructure.

Inflation

- Inflation in 2014 remained in double digits (24.1%) as the kwacha (MWK) continued to depreciate, especially during the lean tobacco season and in the absence of donor budgetary support.

Monetary Policy

- Monetary policy remained tight in 2014, reflecting the need to curb inflation. Inflationary pressures are, however, expected to ease in 2015 with the fall in global oil prices and the kwacha's stabilisation.

Fiscal Policy

- Fiscal conditions in 2013/14 (July to June) deteriorated, largely because of the withdrawal of budgetary support by development partners. The fiscal deficit widened to 4.3% in 2013/14 from 0.2% in 2012/13, resulting in higher than programmed domestic financing, exerting pressure on interest rates. It is crucial for the government to sustain fiscal consolidation efforts to bring down inflation quickly and reduce interest rates.

Exchange Rates

- Risks to the banking sector from the foreign exchange market remained low. Despite depreciating in November 2014, the Kwacha appreciated in December 2014. The Kwacha continued to appreciate until March 2015. In addition, between February and March 2015, the Kwacha remained relatively stable.

Economic Growth Outlook

In 2014 Malawi's real GDP growth was estimated at 5.7%, mainly driven by agriculture.

Monetary policy was tightened in 2014 with the aim of bringing down the persistently high inflation rate to a single digit by the end of 2015 but development partners continued to withhold general budgetary support, causing significant fiscal stress given the country's heavy reliance on donor budget financing.

The spatial dimensions of poverty in Malawi are reflected in rural-urban variations in the incidence of poverty and access to economic opportunities, underscoring the importance of policies with territorial focus.

Source: African Economic Outlook

8.7.5. Zambia Economic update

GDP Growth

- Zambia's economy performed relatively well within the region despite the decline in the growth rate. This decline was largely a result of lower production in the mining sector compared to the year before as well as slower growth in manufacturing and public services. Agriculture, on the other hand, put in a strong performance growing at over 6% as a result of a bumper maize harvest.

- Economic performance is expected to remain strong in the medium term driven by large investments in infrastructure and a growing public administration and defence

Monetary Policy

- The Bank of Zambia (the country's Central Bank) pursued tight monetary policy during the first half of 2014. This was necessitated by the rising inflationary pressures brought about by expansionary fiscal policy, substantial increases in public wages and pass-through effects from the depreciating Kwacha, which was kick started following the sovereign credit downgrade to B from B+ in 2013.

Fiscal Policy

- The fiscal deficit narrowed in 2014 from the previous year's position. This was largely due to the government's commitment to fiscal stabilisation underpinned by tighter controls and monitoring. The fiscal outturn was achieved through lower than expected capital expenditures in the order of 13% but largely counteracted by relatively higher than programmed expenditures for strategic maize purchases and farmer input subsidies.
- The most important capital expenditure projects continue to be in roads and energy. Total spending in 2014 amounted to ZMW 40.6 billion. Out of this amount, ZMW 32.1 billion was recurrent expenditure of which half was consumed by wages. The farmer input support programme and maize purchases by the Food Reserve Agency accounted for 9% of recurrent expenditures, double the budgeted amount. Capital expenditures amounted to ZMW 8.5 billion with roads and bridges consuming about one third of the capital budget.
- On the income side, domestic revenues reached ZMW 30.6 billion in 2014 with tax revenues amounting to ZMW 25.9 billion. Income taxes were the largest component, accounting for 46% of 2015 tax revenues while value added tax accounted for a third and customs and excise taxes for 20%. Non-tax revenue amounted to ZMW 4.7 billion of which mineral royalties reached ZMW 1.9 billion.

Monetary Policy

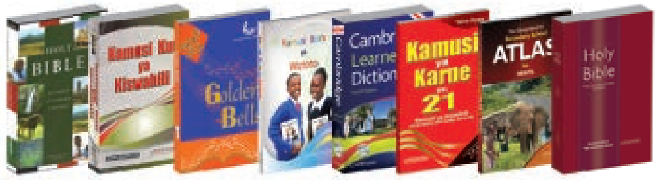
- The 2014 monetary policy stance was aimed at supporting the economic recovery, rebuilding the international reserve buffers and supporting growth in private sector credit. Reflecting the subdued inflationary pressures and the need to increase private sector credit growth, the central bank reduced its key policy rate, the Key Repo Rate (KRR), from 7.0% to 6.5% in June 2014.
- The central bank signalled its intentions to maintain the current monetary policy stance by keeping the KRR unchanged at 6.5% for the first quarter of 2015. Measures to improve the monetary policy transmission mechanism were implemented to enhance the linkage between monetary policy, financial markets and the real economy. In particular, the central bank published its quarterly longer term issuance programme in January 2014 and three Treasury Bonds and an IFC local currency bond were successfully issued.

  Source: African Economic Outlook 2014

Zambia's economy remains strong with growth expected to increase above 6% in 2015/16 after a decline in GDP growth from 6.7% in 2013 to 5.7% due mainly to waning copper production. Inflation is expected to fall below 7.0% by 2017.

Governance and democratic processes continue to gather strength, with the recent presidential by-elections reinforcing Zambia's status as a peaceful and stable country.

Poverty, at over 60%, remains significant despite strong economic performance along the main transport corridors and reduced poverty in the large urban agglomerations.



9. INDUSTRY OVERVIEW

9.1. Kenya Publishing Industry

The Publishing Industry in Kenya is mainly focused on the production of reading materials majorly for school use both for the primary and secondary school education. Most of the private publishers outsource their printing needs to other firms, avoiding the high capital and maintenance costs of in-house printing, a strategy that has helped them manage costs while at the same time meeting market demand. In terms of volume sales, the school market contributes more than 80% of quantities of books sold in the region. School curricular instructional materials are easier to develop than academic, professional and related books which remain the reserve of international publishers (multinationals) due to the exploitable economies of scale. Though foreign based firms have in the past been dominating the market for post-secondary and professional books, there has been a shift in the recent past that has seen locals take over the local publishing sector. The exits by multinationals have been necessitated by change in the national curriculum and stiff competition from a growing number of local firms.

The number of players within the Kenyan publishing industry has grown steadily from less than six publishers in the early years after independence to the current over 100 registered publishers. In Kenya, the government's introduction of free primary education (FPE) and subsidy of secondary education has made government the single largest buyer of text books. Annually, the state spends approximately KES 1,056 and KES 3,600 per student in primary and secondary schools respectively for purchase of learning materials, amounting to billions of shillings.

The government begun a massive push towards digitization of learning material after the last general election. This has led to a shift in the primary focus of many publishing companies, that have adjusted their business plans to accommodate the increased demand for digital material. This is highlighted in the Vision 2013 Medium Term Plan on education and training that states:

The finalization of the Sessional Paper in Education titled Aligning Education and Training to the Constitution of Kenya (2010) and Kenya Vision 2030 (May, 2012) has presented guidance on the areas of reforms and institutional strengthening. The draft policy proposes reforms that cut across the entire education sector and include policies and strategies for addressing the Institutional reforms, Management and Financing of Education, the Curriculum, Teacher Education, Teacher Development and Management, and strategies for bringing digital technology within the reach of every Kenyan child.

Other driving factors behind the growth in the publishing industry include:

- School curricula formulated by departments of Ministries of Education;
- Leisure reading, reading for information and for personal growth;
- Niche markets;
- Economic development goals;
- Technological advances;
- Funding for textbooks;
- Information and communication technology and its application at all levels;
- Government policy; and
- Globalisation (for markets and trade).

9.2. Kenyan Competitive Environment

Competition in the Kenyan publishing market has been primarily around educational reading textbooks, associated support materials development and marketing and selling across all segments of pre-tertiary schooling. Technological advancement and the young generation embracing it will also be a major challenge in competition. Longhorn intends to grow its market share across all its products through the production of market-led unique products, advertising, marketing and sales promotion campaigns and effective distribution and networking.

The profitability of individual companies depends on marketing expertise, efficient operations, and new customers. Large companies benefit from the ability to share resources across multiple content outlets. Small companies can compete effectively by specializing in niche topics and markets e.g. Kwani?

Some of the other major players in the Kenyan market include:

- Oxford University Press;
- Kenya Literature Bureau;
- Moran Publishers;
- Jomo Kenyatta Foundation;
- East African Educational Publishers;
- Target Publications;
- Mountain Top Publishers; and
- Kenya Institute of Curriculum Development (KICD).

9.3. Global Trends

The global publishing industry has experienced positive growth over the last five years and is expected to reach an estimated US $348 billion in 2017 with a CAGR of 2.3% over the next five years. Internet publishing, foreign investment and the elimination of regulatory restrictions are expected to boost the Publishing industry in future.

The industry is a highly fragmented with North American dominating. A combination of factors such as literacy level, income level, changing life style, advertiser spending, technological changes, and government regulations are seen to impact industry dynamics significantly.

In the US, magazines and periodicals account for about one-third of industry revenue; newspapers account for about 25%. Books, directories and mailing lists, and other items account for the remainder. Major products include textbooks, adult trade books, professional books, children's books, and reference books; daily, weekly, monthly, and Sunday newspapers; weekly and monthly general interest magazines and industry trade publications; e-books, digital magazines, and online newspapers; printed directories and mailing lists; and calendars, greeting cards, and maps.

Economic uncertainty over the past five years, especially in Europe, weighed down revenue growth in the Global Book Publishing industry. Over this period, a transition toward digital technology, such as e-books, has created a fast growing segment; however, e-books are difficult to price, which has posed an interesting challenge for the industry. In the coming years, disposable income and literacy growth will support industry growth. The increasing use of the internet will facilitate book sales, and the convenience of e-books will also expand the overall book market.

9.4. Africa Publishing Scenario

Independent publishers have sprouted all over the continent: Cassava Republic and Farafina in Nigeria, Modjaji Books, Chimurenga, and Jungle Jim in South Africa, Kwani? in Kenya. In spite this rapid growth, Africa lacks a strong tradition of publishing. African publishing are facing increased competition for international players working on improving their regional footprint. Additionally, the increase in the use of social media is the fastest across the world. Publishers are not only facing a young generation that is more interested in social media than the traditionally published material. Using South Africa as an example, there are over 150 publishers: commercial publishers, university presses, non-governmental organisations and small private firms.

Even though they appears to be an overall growth of 16.6% in publishing turnover in 2014 over 2013, trade publishing revenues fell by 2.6%, and academic publishing revenues fell by 5%. Educational publishing, on the other hand, was up substantially (+26%).Locally published children's books are doing well. But adult fiction revenues, in comparison, were down by 19%. 98% of publisher income was through domestic sales, with exports just accounting for 2%. Turnover from locally published e-books was up 50% on the previous year.

Some of the biggest challenges in South Africa is restrictive legislation impacting academic books. Also lack of regulatory frame on procurement of e-books is contributing to a non-level playing field. However, e-books in an important opportunity for growth. Kenya faces similar challenges.

9.5. Challenges and Opportunities

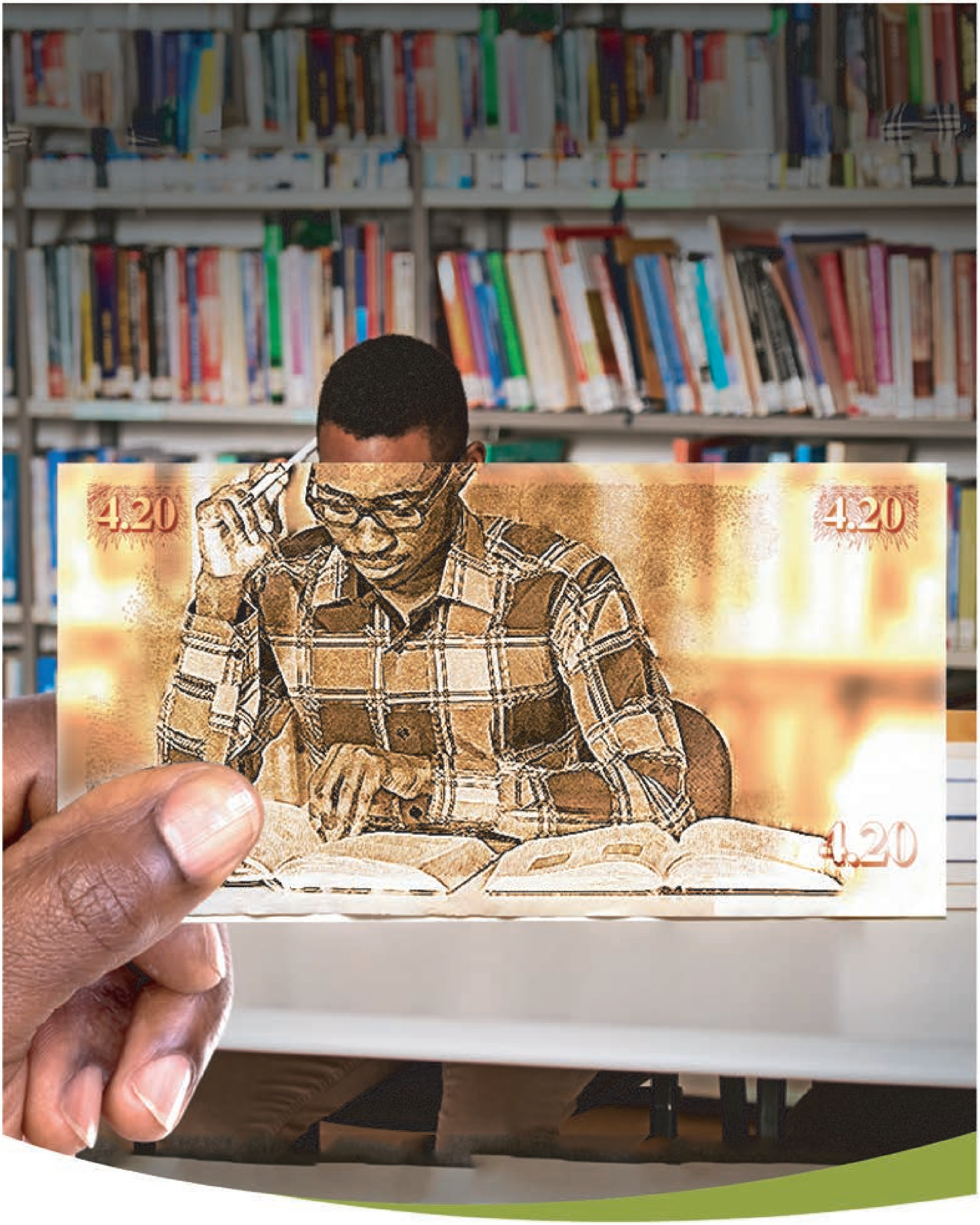
9.5.1. Challenges

- Self-publishing – free software to publish and distribute e-Copies to readers who are wide-spread is a serious challenge to publishing houses.
- Print On Demand services (POD) – these assist authors to only print books that have been ordered, hence eliminating the need for storage and high printing costs. Authors can even fundraise from their friends on their upcoming publications through new web-based platforms.
- Online blogging – authors, writers and journalists continue to use the internet blogs, magazines, and fora to publish their material as opposed to the use of books.

9.5.2. Opportunities

Opportunities for Longhorn are in the following growth areas:

- Focusing on publishing material in local languages.
- Recreational book publishing.
- Self-help book publishing.
- Digital publishing and innovative digital distribution and billing.
- Expanding to other countries in Africa through Mergers and Acquisitions, thus increasing the companies footprint in French and Portuguese speaking countries.



Invest in knowledge

10. INFORMATION ON THE COMPANY

10.1 History and background of Longhorn

Longhorn Publishers Limited is a public limited liability Company wholly-owned and run by Kenyans. It was incorporated in Kenya in May 1965 as Longmans of Kenya a wholly owned subsidiary of Longman Group International of the United Kingdom. At that time, it was mainly a sales promotion office handling Longman publications published in UK. In December 1969, the Company changed name to Longman Kenya Limited. During the 1970s, a limited local publishing programme was started and, around the same time, a few Kenyans were invited to join the Board of Directors.

Following the opening up of Eastern Europe after the fall of the Berlin Wall, many multinationals shifted their focus from Africa to the new markets. In addition, in the 1990's, Kenya's then Minister for Education banned the importation of textbooks. This forced multinationals to consider other ways of supplying the Kenyan market, including licensing, which drastically reduced their margins (as compared to supplying stock). As a result, in the 1980s Longman UK sold 40% of its shareholding to Kenyans with a further 20% being sold in 1991. Finally, in 1993, Longman UK fully divested from the Company when it sold its remaining 40% shareholding to Kenyans. As a result of this divestiture, the Company changed its name to Longhorn Kenya Limited.

In 2006, Longhorn undertook a rebranding exercise aimed at revitalizing the Company's image through the publishing of non-textbook reading materials. To this end, in 2007, the Company launched its Sasa Sema Imprint after acquiring the intellectual property of Sasa Sema Publications Limited. Sasa Sema provides reference books, creative works, biographies and general knowledge books to cater for the unmet needs within the general readership space and thus provide a balanced diet. This initiative was in line with the Company's strategy of diversifying its product range to Include books for general readership. Longhorn is the only publisher with full approval by MOEST in 12 key subjects for secondary and primary schools.

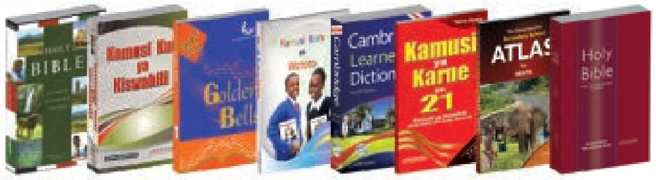
In March 2015, the Company changed its name to Longhorn Publishers Ltd from Longhorn Kenya Ltd to give it a regional representation as a truly African Company.

10.2 Subsidiaries

In October 1995, Longhorn Publishers Uganda Limited was incorporated in Uganda as a wholly-owned subsidiary of Longhorn Kenya Limited. Activities of the Kampala office are currently limited to sales promotion. Development of products for that market is carried out by the editorial department of Longhorn Kenya. Another subsidiary, Longhorn Publishers Tanzania Limited, was incorporated in May 2005. This is also run as a sales and promotions outfit for products developed by Longhorn Kenya. Most of the products are developed specifically for the Tanzania market. In 2013 and 2014 respectively, Longhorn Publishers acquired two Tanzanian Publishers: Apex Publishers and Delah Publishers. This was a move by the Company to grow its product in the Tanzanian market. Longhorn entered the Rwanda market in 2009/2010 and it has local presence in Rwanda. A new office was opened in February 2015 and it officially became a subsidiary in September 2015 that is overseen by an independent Board. The operations of the country are run by a Country Operations Manager. In 2013, Longhorn made inroads into Malawi and Zambia operating through an agency to provide learning materials for these growing markets. It also operates in South Sudan through Worldreader. The Company is the fastest growing publisher in East and Central Africa. Each of the subsidiaries has a Board of Directors.

10.3 Key Milestones

1965 – 1970	• Longmans of Kenya • Company changes name to Longman Kenya Limited in 1969
1970 – 1980	• Local publishing programme started • Longman UK sells 40% of its shareholders to Kenyan's in the 1980's
1980 – 1993	• Longman UK sells a further 20% of its shareholding to Kenyans 1991 • Longman UK divests completely from the Company, selling its remaining 40% shareholding to Kenyans • Company name changes to Longhorn Kenya Limited
1995	• Longhorn Publishers Uganda is incorporated as a wholly owned subsidiary of Longhorn Kenya
2005 – 2007	• Longhorn Tanzania Limited is incorporated in May 2005 • Longhorn launches its Sasa Sema Imprint after acquiring the intellectual property of Sasa Sema Publications Limited
2009 – 2010	• Longhorn's entry into the Rwanda Market
2011 – 2015	• Listing by introduction in 2012 • Longhorn officially opens Rwanda office • Longhorn Kenya changes name to Longhorn Publishers Limited



10.4 Operational Overview

In Zambia and Malawi, Longhorn Publishers has operated through strategic partnerships that helped to broaden its footprint in the region. Looking to the future, it has become imperative that Longhorn operates a fully-fledged subsidiary in Zambia. This is due to Zambia improved stability, fast rate of growth, a relatively conducive working environment and most importantly a large market. With a recent curriculum change in 2014, an opportunity exists to embed Longhorn as the preferred publisher in Zambia. Longhorn is currently in the process of developing a comprehensive set of books based on this new curriculum and has recently had a major supply chain win.

In Malawi, Longhorn is the only publishing Company contracted to develop books for the primary level. At the primary level, purchasing is done entirely by the government which provides Longhorn with the opportunity to deepen and strengthen its operation. As an example, Longhorn has supplied all primary schools with over 1 million atlases. In the secondary schools market, Longhorn is the market leader.

Longhorn expects that the contribution of Zambia and Malawi to annual revenue will increase to 25% in the coming years.

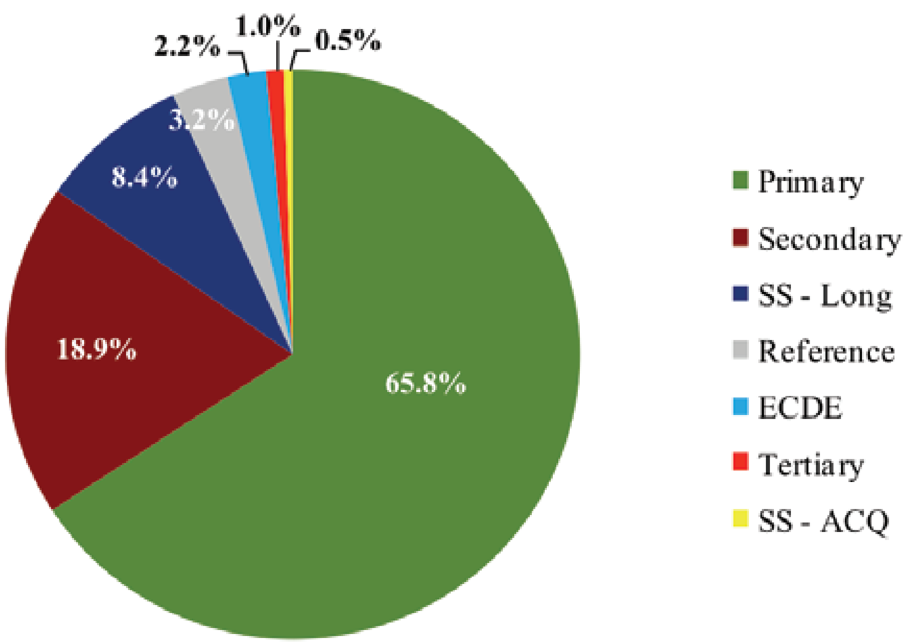
10.5 Sales and Distribution

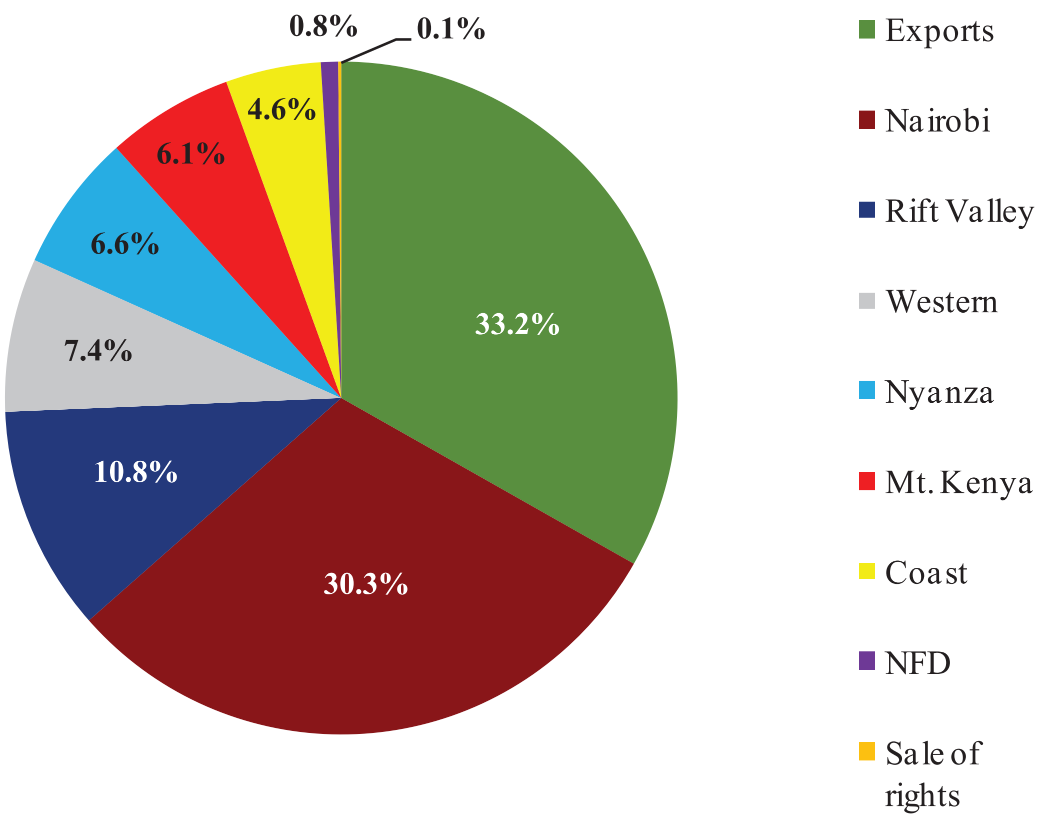
In its drive to grow and diversify, Longhorn Publishers identified needs and opportunities in the market for reference materials. In order to tap into these markets, Longhorn acquired distributorship and licence printing rights for a wide range of reference materials with large target audiences.

First was an agreement to produce and distribute dictionaries from the Cambridge University Press. This was then followed up with agreements for schools Bibles from The Bible Society of Kenya and Biblica as well as the Golden Bells hymn book from Scripture Union. These two deals open up a large market among schools and churches. In the pre-school, kindergarten and early schooling segment, we recently signed a deal with Educat Publishing, a leading publisher of charts in South Africa, to publish over 150 learning charts. We have also acquired rights to Tertiary and University books from various global publishers and a range of Early Childhood Development Education (ECDE) materials.

These recently acquired materials are expected to contribute over Ksh1 billion annually to revenue. With the addition of these materials, Longhorn is now the market leader in terms of range of product offering, e-learning readiness and market share in key market segments. Longhorn has also entered into strategic partnerships in the regional markets for the distribution of books for governments. This has significantly reduced the cost of getting books to the grassroots.

Longhorn operates within the EAC as well as across the Kenyan region. In the period ended 2010/11, the largest portion of sales was derived from exports accounting for roughly 33.2%. Sales in Nairobi accounted for about 30.3% while the Rift Valley region accounted for about 10.8% of total sales.





10.6 Digital Platforms

Since it's listing in 2012, on the alternative market segment (AIMS) segment of the NSE, Longhorn has embarked on various initiatives whose ultimate objective is to democratize knowledge by taking the lead in offering various innovative learning solutions. With the changing demands and needs of the publishing market Longhorn Publishers has had to adapt to both stay ahead of the market while anticipating market needs and respond to consistently changing market needs.

Longhorn Publishers was the first publisher to fully digitize all titles and make them available on various platforms like Worldreader, eKitabu, Kytabu, and Amazon. We have recently signed a deal (Smart Learner) with Samsung East Africa to deliver eBooks pre-loaded in the Samsung Tablets to be distributed to schools in Kenya, Uganda and Tanzania via Longhorn's platform. The Company is also developing its own proprietary e-learning platforms in order to continue to offer choice, variety and convenience to our consumers. In order to respond to and engage with our customers more directly in an increasingly interactive market, Longhorn Publishers maintains an active presence on the internet and on various social media platforms.

10.7 Customers

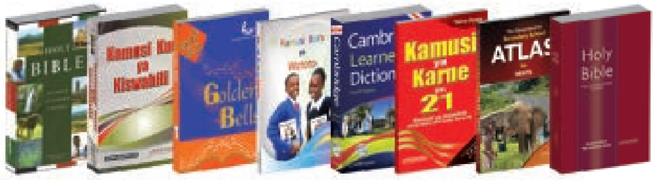
Longhorn's clients mainly comprise bookshops that then onward sell to schools and various educational institutions. The Company also makes direct sales to its two subsidiaries, Longhorn Tanzania Limited and Longhorn Uganda Limited.

10.8 Product Overview

Longhorn Publishers Ltd is the leading publishing house in East and Central Africa and provides reading materials for all levels of education currently under 5 main brands:

10.8.1. Early Childhood Development and Education (ECDE)

These books are developed in line with the syllabus for ECDE. They consist of curriculum based, fun filled activities with colourful illustrations to attract and hold the child's attention. Longhorn's ECDE materials fall under the Little Bird Series which has materials that cater for children in Day-care, Nursery and Pre- unit school levels. The Company also has Charts and Readers for learners in this category. To assist the teachers, all the books come with teacher's guides. In addition to this, the Company also provides Diploma and Certificate Books for teacher training colleges, ECDE training centres and other institutions that enrol and train ECDE teachers.



10.8.2. Primary School Books

Longhorn has approved books for primary both in the course books and revision categories. In Kenya, some of Longhorn's products include *Kiswahili Mufti, Msingi wa Kiswahili, Keynote English, Understanding Mathematics, Social Studies,* and Revision books such as *Quick Reading, Mazoezi na Marudio Mufti ya Kiswahili and Tadubiri za Insha.* These books address all the learners' needs in primary schools and they are developed following the curriculum as set by the KICD.

The Company has also developed a comprehensive encyclopaedia, *Smart Score Encyclopaedia,* that helps learners in each class revise. The openers, mid term, and end term exams enable learners to revise thoroughly throughout the term.

Some of the titles approved for the Uganda market include; *Essential Mathematics, Msingi Bora wa Kiswahili, Comprehensive IRE, Understanding Science, Music Dance & Drama* and *Physical Education* course materials. Longhorn has recently released the *Comprehensive Primary School Atlas* for that market.

10.8.3. Secondary School Books

Longhorn's Secondary School books are available in all subjects most of which have been approved by Kenya Institute of Curriculum Development-KICD. These books comprehensively cover the syllabus at the respective school levels employing a practical approach which links subjects taught to every day life. Some of the products in this category include *Chemchemi za Kiswahili, Advancing in Mathematics,* and revision products such as *Solving Problems in Mathematics (Paper 1 and 2), Star Revision Series, A+ Series, Marudio Himahima ya Kiswahili* and *Mastering Series.*

In Tanzania, we have a successful product under the *Fundamental Series* for Secondary schools while in Uganda, we have the Uganda Certificate of Education (UCE) revision books for all the major subjects.

In Malawi, *Excel and Succeed Series* for this school level while in Zambia, we have products such as *Excel and Advance Series* these too are used in Secondary Schools.

10.8.4. Tertiary Products:

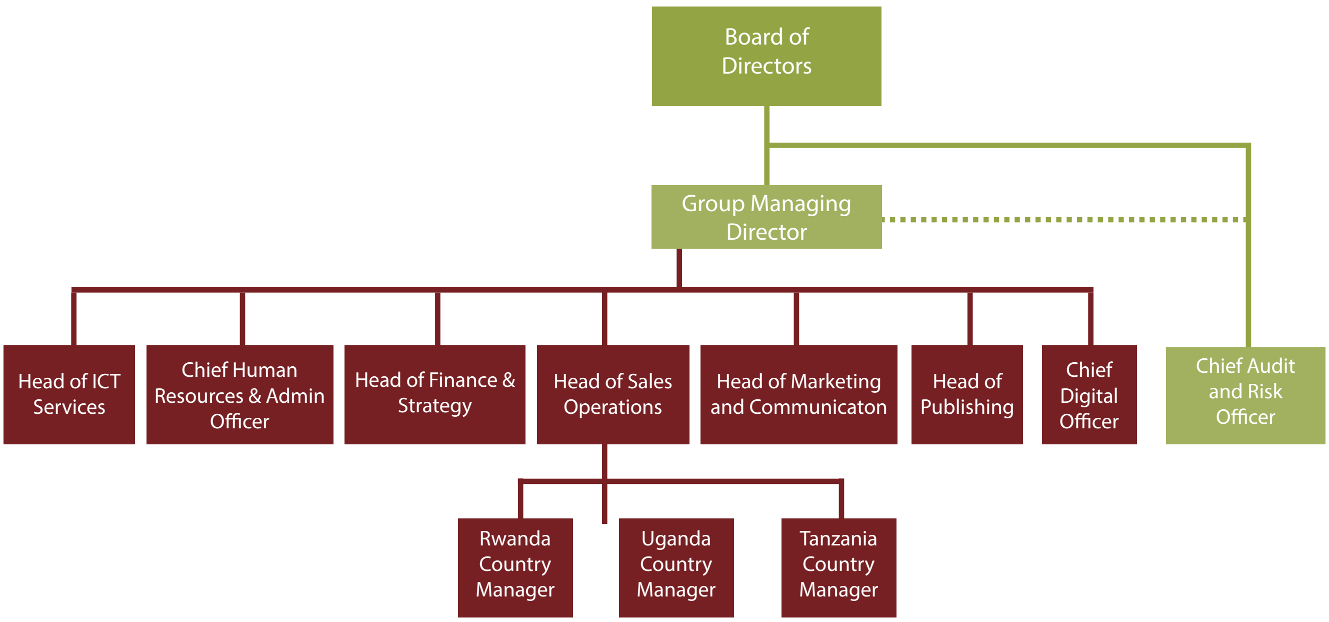
Longhorn Publishers is awake to the increasing demand of educational materials at the tertiary school level. The Company has developed and also acquired several educational materials that go hand in hand with the emerging educational needs at the tertiary level. Some of the key products in this area include; *Essential of English Grammar, Mtalaa wa Isimu* among others.

10.8.5. Reference Product Brand

Longhorn has cut a niche for itself in the reference material section making it the most diversified publisher with the widest range of reference materials. Longhorn's major and successful reference materials include *Kamusi ya Karne 21, Kamusi ya Wanafunzi ya Kiswahili - Kiingereza* and the *Comprehensive Primary School Atlas*. The Company has since received distribution rights for all school *Bibles, Golden Bells* and the *Cambridge Dictionary*. In addition to this, Longhorn has developed products under the *Kamusi Sweep and Atlas for Africa* projects; one of the most successful projects the Company has ever undertaken in recent years. Some of the major reference products from these two projects include; *Kamusi Kibindo ya Kiswahili, Kamusi ya Watoto, Kamusi Kuu ya Kiswahili (advanced), Comprehensive Atlas for Uganda Primary Schools* and *Malawi Primary School Atlas* among others.

11. ORGANIZATIONAL STRUCTURE

11.1 Organizational Structure



11.2 Employees

11.2.1. Kenya

	Permanent	Contract
Senior Management	7	0
Personnel & Admin	8	0
Operations	18	78
Publishing	15	16
Finance	7	0
ICT	1	1
TOTAL	**56**	**95**

11.2.2. Uganda

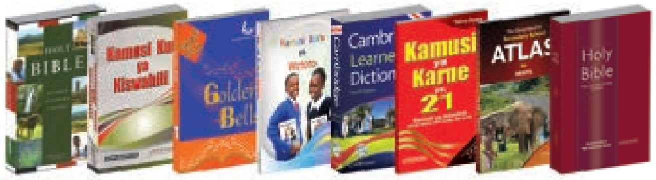
The Uganda subsidiary has 10 employees.

11.2.3. Tanzania

The Tanzania subsidiary has 14 employees.

11.2.4. Rwanda

The Rwanda agency has 1 employee.



11.3 Board of Directors

11.3.1. Kenya

Longhorn Board of Directors

Hon. Francis Thombe Nyammo, Age: 76
Chairman (Non-Executive, Non-Independent)

Hon. Francis Thombe Nyammo joined the Board in 1977. He has extensive experience as a Director of listed, public unlisted, and private companies. He also has extensive experience in banking and insurance.

Hon. Nyammo holds a B.A degree from the University of London and has undergone management training locally and abroad.

Simon Ngigi, Age: 43
Managing Director (Executive)

Simon has over 20 years' experience in Finance, Strategy, Leadership and Management. He joined Longhorn Publishers in May 2015 as the Group Managing Director. He has previously worked in Motor, Pharmaceutical and Publishing Industries

Simon holds a Bachelor of Commerce Degree from the University of Nairobi. He is a member of Institute of Certified Public Accountants of Kenya (ICPAK) and has attended a wide range of business and management courses both locally and internationally.

Mr. Ngigi's main objective is to drive the growth agenda at Longhorn Publishers Ltd.

Truphosa Kwaka-Sumba, Age: 43
Director (Non-Executive, Independent)

Truphosa Kwaka Sumba joined the Board in November 2014, bringing to the board extensive expertise in education management, corporate governance and leadership development. Truphosa holds a M.A (Economics) in Development Administration and Management from the University of Manchester, UK and Bachelor of Commerce (Accounting Option) from Daystar University, Kenya. She currently is the Principal – Nairobi Campus, St. Paul's University and also a writer/columnist for the Leadership Journal. She is also a non-executive director of International Leadership Foundation – Kenya and previously was board director of Life in Abundance – Kenya.

Ali Hussein Kassim, Age: 48
Director (Non-Executive, Independent)

Ali Hussein Kassim joined the Board in February 2014, bringing to the Board extensive experience in Strategy Marketing, New media & Business Development. Ali served as a Board Member at the Kenya Network Information Centre and has a passion for internet policy and how it impacts businesses in Africa. He was a member of the team that organized the Kenya Internet Governance Forum (IGF) 2013 in Nairobi, having attended several Global IGFs. Additionally he is a member of the Kenya Delegation to WCIT 12 in Dubai.

Ali is the CEO of 3mice Interactive Media Ltd, a Nairobi based pioneer interactive agency in East Africa. He serves as an advisory Board Member of DEMO Africa. He is also an occasional blogger on www.alyhussein.com

Raymond Nyamweya, Age: 46
Director (Non-Executive, Non-Independent)

Raymond Nyamweya joined the Board in 2004, bringing to the board his extensive experience in financial management and strategy development and implementation.

Raymond holds an MBA degree and a Bachelor of Commerce Degree (Accounting Option) from the University of Nairobi. He is also a Certified Public Accountant (CPA, Kenya) and a Certified Public Secretary (CPS, Kenya). Mr. Nyamweya is currently Managing Partner of Rose Avenue Consulting Group.

Susan Nkirote Omanga, Age: 56
Director (Non-Executive, Independent)

Susan Omanga joined the Board in 2010, bringing extensive experience in marketing and brand development. Susan is the CEO and founder of Exclamation Marketing Ltd. She previously served in senior marketing positions at Colgate Palmolive, Boots Kenya, Barclays Bank, and Standard Chartered. From 2004 - 2012 she served as a non-executive Director in the Group Board of KCB where she was also Chairperson of KCB Foundation, Director S & L Mortgages for 2 years and Director KCB Uganda for 4 years. Susan sits on the Board of Longhorn Publishers and Kenya Tea Packers Limited (KETEPA). Susan has a Bachelor of Science Degree in Business Management with a Minor in Advertising from Rocky Mountain College, Billings Montana, USA.

Job Kariru Muriuki (Representing Centum Investment Company Limited),
Director (Non-Executive, Independent)

Job Kariru Muriuki joined the Board in March 2008, bringing to the Board Financial investment expertise having held senior positions in leading financial corporations in Kenya and Overseas.

Job holds a B.A (Hons) Degree in Mechanical Engineering, an M.Eng Business Management & Environmental Engineering and an MA Honorary Degree from the University of Cambridge, Downing College. In 2012 Job was awarded certification from the CFA Institute as a Certified Financial Analyst. He is currently the Deputy Director, Private Equity - Centum Investment Company Limited.

Sara Jerop Ruto, Age: 48
Director (Non-Executive, Independent)

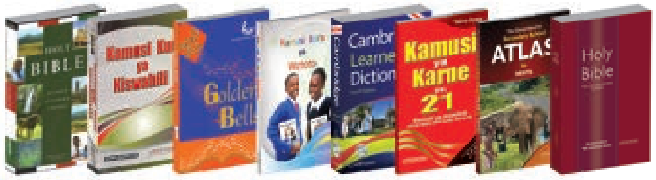
Sara Jerop Ruto joined the Board in November 2014, bringing to the Board extensive experience in the fields of Education, Social Science Research and Strategic Planning. She has a career spanning over 20 years in education and research.

Sara attained her Bachelors Degree (Education) and Masters Degree (Education) from Kenyatta University, and Ph.D. from Heidelberg University, Germany.

Sara is currently directing the secretariat of the People's Action for Learning (PAL) Network that brings together 9 countries from the global south.

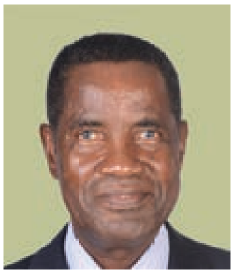
Mr Muigai Githu, Age: 26
Director (Non-Executive, Independent)

Muigai Githu joined the Board in August 2015. He holds an LLB Degree from the University of Kent, United Kingdom and a Diploma from the Kenya School of Law and is a Practicing Lawyer specializing in the areas of Corporate Commercial Law and Intellectual Property Law.



11.3.2. Tanzania

Longhorn Board of Directors (Tanzania)



Hatibu Kihiri Senkoro, Age: 75
Chairman (Director)

Hatibu Senkoro is a Chartered Accountant (CA) with over thirty (30) years experience in accounting, audit and finance. He is also an alumnae of Harvard Business School – Amp Program.

Mr. Senkoro also currently serves as the Chairman of Stanbic Bank Tanzania Limited. Mr Senkoro was also the first chairman of Tanzania Capital Market and Securities Authority.

Paulo Jonas Mwazyunga, Age: 67
Director (Non-Executive)

Paulo Mwazyunga is by profession a Management Economist and Facilitator initially educated in economics, management and administration at the University of Dar es Salaam. Paulo later acquired a Management Master's degree from Management Education Institute in the USA. In his professional work, he has led or taken part in a wide variety of consultancies for many Bilateral or multilateral aid agencies. In 1990, Mr. Mwazyunga founded INTERMAECOS Ltd. of which he is still the Managing Director. During the past several years, he has specialized in project identification, planning, evaluation, joint ventures, privatization, entrepreneur development, business and financial appraisals, and human resource development. In the following few paragraphs, his key capacity is reflected.

Hon. Gertrude Rwakatare, Age: 66
Director (Non-Executive)

Hon. Gertrude Rwakatare is a seasoned professional with over thirty (30) years experience in both the private and public sector. She has extensive experience in Education, evidenced by her having founded the St. Mary's schools group.

In 1995 Rwakatare founded the Mikocheni B Assemblies of God. Prior to that she worked as a personnel manager for the port authority of Dar es Salaam. She holds a Ph.D. in Community Development and Christian Education from the Moody Bible Institute in Chicago.

11.3.3. Uganda

Longhorn Board of Directors (Uganda)

Moses Segawa, Age: 39
Director (Chairman)

Moses Segawa heads Sebalu & Lule Advocates in employment and employee benefits law and advises several national and international clients on matters of employment and employee benefits. As a full-time employment and employee benefits practitioner, he has been at the forefront of guiding the firm's corporate clients on their obligations under the 2006 labour laws.

Presently, Moses is heavily involved in guiding several retirement benefits schemes and their sponsoring employers on their response to Government efforts to liberalize the pension sector through the enactment of The Uganda Retirement Benefits Authority Act.

Harriet Nabakooza Musoke, Age: 48
Director (Non-Executive)

Harriet Musoke is a results-oriented, well-rounded Human Resource professional and public relations expert with a combined thirteen (13) years of continuous leadership work experience in Standard Chartered Bank, a reputable International Bank.
Highly experienced in leading and managing HR/PR functions to deliver competitive advantage through increased employee engagement with excellent business and commercial understanding required to be effective at Executive roles. Her core competencies are in strategic people leadership, managing organizational change, strategic talent management, leadership development, and performance management.

Simon Lugolobi, Age: 61
Director (Non-Executive)

Simon Lugoloobi has been the Chief Executive Officer (CEO) of Crown Beverages Limited (CBL) since 2008.He joined CBL in 2001 as the Finance Director. Before joining CBL, he was the Finance Director at Uganda Breweries Limited.

Simon is a Fellow of The Association of Chartered Certified Accountants (FCCA) of UK and also holds a Bachelor Degree in Statistics from Makerere University and also an MBA from Herriot-Watt University. Simon has a rich long experience (spanning over 20 years) in the CSD industry and is a very valuable asset to Crown Beverages Limited (CBL).

Dr. Barbara Ofwono Buyondo, Age: 46
Director (Non-Executive)

Dr. Barbara is a passionate entrepreneur and a senior Educationist who graduated with a degree, a post graduate degree in Education and Management/Honorary PHD. She is a member of various organizations in Uganda, The Uganda Women's Entrepreneur's Association Limited (UWEAL); International Federation of Business and Professional Women (BPW-KAMPALA); Y-Save multipurpose cooperative society Ltd, she is the chairperson of Y-Save estates investment club, Member of Smart Money Mums investment club; she is an alumni of The Institute of National transformation and also an entepreco – Enterprise Uganda.

11.3.4. Rwanda

Longhorn Board of Directors (Rwanda)

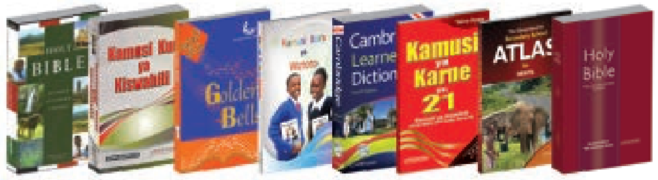
Innocent Rutamu, Age: 56
Director (Chairman)

Innocent Rutamu currently serves as the Chairman of Longhorn Rwanda and Eagle On The Lake Limited. Innocent has over thirty (30) years experience across East Africa. He has a BSC in Agriculture and a MSC in Agricultural sciences.

Innocent played a pivot role in the Tanga Fresh-Dairy plant, a processing plant co-owned by dairy associations in North Eastern Tanzania.

Amb. Zephyr Mutanguha, Age: 68
Director (Non-Executive)

Amb. Zephyr Mutanguha is a seasoned professional with over forty (40) years' experience in diplomacy, finance, and economics. Amb Zephyr has also served in the public sector as Rwanda's Chief or Protocol in the Presidency and Post Master General of the National Postal System of the Republic of Rwanda. Amb. Mutanguha has served on several boards including Rotary Club of Kigali Virunga, King Faizal Referral Hospital, and Nu Vision High School.



Christine Muhongerwa, Age: 44
Director (Non-Executive)

Christine Muhongerwa is an education professional with over fifteen (15) years' experience. Christine has a Bachelors and an Advanced Diploma in Educational Planning and Management and Education respectively.

Christine served as the Executive Secretary of SaferRwanda for over ten (10) years, and as a Chair for several multilateral organisations focusing on peace

Rose Baguma, Age: 38
Director (Non-Executive)

Rose Baguma is a seasoned professional with over ten (10) years experience in the private and public sector. Rose possesses a Bachelor's Degree in Business Administration, Masters in Business Administration, and a Masters in Public Procurement Management for sustainable development.

Rose currently serves as the Advisor to the Minister in Charge of Cabinet Affairs, Prime Minister's Office, Kigali – Rwanda.

11.4 Senior Management

Senior Management

Simon Ngigi
Managing Director (Executive)

Simon has over 20 years' experience in Finance, Strategy, Leadership and Management. He joined Longhorn Publishers on May 2015 as the Group Managing Director. He has previously worked in Motor, Pharmaceutical and Publishing Industries

Simon holds a Bachelor of Commerce Degree from the University of Nairobi. He is a member of Institute of Certified Public Accountants of Kenya (ICPAK) and has attended a wide range of business and management courses both locally and internationally.

Mr. Ngigis main objective is to drive the growth agenda at Longhorn Publishers Ltd.

Nicholas Oloo
Head of Finance and Strategy

Nicholas joined Longhorn Publishers in October 2014 having previously worked for Pan Africa Life Assurance as an Accountant, GlaxoSmithKline as an Analyst, East African Cables (Tz) as the Finance and Administration Manager, and Gina din Group as head of Finance. He has over 16 years' experience in Finance. Additionally he is a CPA (K), holder of a MBA in Finance from University of Nairobi, and Bachelor of Science in Mathematics major. He is currently pursuing Chartered Financial Analyst (CFA) qualifications at Strathmore University. He is a member of ICPAK.

Geoffrey Gichuki
Head Of Sales Operations

Geoffrey joined Longhorn in 2007 as Sales and Public Relations Executive in charge of trade market segment. In 2008 he was appointed the Country Manager for Longhorn Tanzania (Longhorn's subsidiary) where he worked for over four years. In 2013 he was promoted to the Deputy Manager, Research and Business Development for the Group and was specifically in charge of the research and export sales functions.

In 2014 he was appointed the Head of Sales Operations. Before joining publishing Gichuki was a teacher for 8 years. He holds a Bachelor's Degree (Science) from Kenyatta University and a master degree - MBA from the University of Dar es Salaam.

Beatrice Nugi
Head of Publishing

Beatrice has over 17 years' experience in the Education and Publishing sector. Before joining Longhorn in 2008, she taught at State House Girls High School for 8 years. She is also an accomplished author.

Beatrice joined Longhorn in 2007 and rose through the ranks to become Deputy Publishing Manager in 2012 .She was appointed Group Head of Publishing in 2013.

She holds a Bachelor of Education degree from Kenyatta University and an MA in Communication from University of Nairobi. She also holds certification in Editing from World Bank and has undergone leadership training at Strathmore University.

Daisy Rono
Head of Marketing and Communication

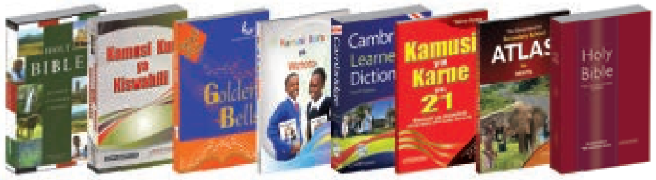
Daisy joined Longhorn in 2014. She is a Chartered Marketer with over 7 years' experience in marketing and communication. She has worked as an Assistant Marketing Manager at Text Book Centre and as an Account Manager at Nation Media Group (NTV).

Daisy holds a Bachelor of Commerce degree (Finance Option) from Kabarak University, and she is currently pursuing an MBA in Marketing at the University of Nairobi. She is a member of the Chartered Institute of Marketing UK and holds a Certificate and Diploma from the same Institute (CIM-UK).

11.5 Competence and Suitability of Directors and Management

As at the date of the application and for a period of at least two years prior to the date of the application, no director or senior manager of Longhorn has:

- Had any petition under bankruptcy laws pending or threatened against the directors (for individuals) or senior managers, or any winding-up petition pending or threatened against it (for corporate bodies);
- Had any criminal proceedings in which the director or senior manager was convicted of fraud or any criminal offence or action either within or outside Kenya; and
- Been the subject of any ruling of a court of competent jurisdiction or any governmental body that permanently or temporarily prohibits such director or senior manager from acting as an investment adviser or as a director or employee of a stockbroker, dealer or any financial institution or engaging in any type or business practice or activity.



12. SHAREHOLDING AND GOVERNANCE

There has been no change in the controlling shareholders and trading objectives of the Company during the previous three financial years. Furthermore, there are no experts employed on a contingent basis, who own an amount of shares in the Company or its subsidiaries which is material, or who have a material, direct or indirect economic interest in Longhorn.

12.1 Shareholders

The following are the top 20 current shareholders of the Company as at 29th January, 2016:

No	Shareholders	Address	No of Shares	Percentage of total issued
1	Centum Investment Company Limited	P.O. Box 10518, 00100, Nairobi	45,699,225	31.25%
2	Pacific Futures and Options Limited	P.O. Box 45531, 00100, Nairobi	35,011,750	23.94%
3	Hon. Francis Thombe Nyammo	P.O. Box 45531, 00100, Nairobi	16,018,000	10.95%
4	Halifax Capital Corporation Limited	P.O. Box 61323, 00200, Nairobi	4,762,100	3.26%
5	Kamami Investments Limited	P.O. Box 67920, 00100, Nairobi	3,114,050	2.13%
6	Text Book Centre Limited	P.O. Box 47540, 00100, Nairobi	2,854,450	1.95%
7	Mrs Jane Kaari Mugiri (Deceased)	P.O. Box 55112, 00200, Nairobi	1,513,600	1.03%
8	The Estate of The Late Ephantus M'Mwiandi Mugiri c/o Mrs Jane Kaari Mugiri	P.O. Box 55112, 00200, Nairobi	1,477,600	1.01%
9	Kahuho Holdings Limited	P.O. Box 43392, 00100, Nairobi	1,446,150	0.99%
10	Kanaiyalal Mansukhlal Shah & Lalitaben Kanaiyalal Shah	P.O. Box 41805, 00100, Nairobi	1,408,970	0.96%
11	Margaret Anguzuzu Mutiso	P.O. BOX 24193, 00502, Nairobi	1,190,950	0.81%
12	Steve Omenge Mainda	P.O. BOX 24554, 00502, Nairobi	1,287,750	0.88%
13	Prof. Bethwell Allan Ogot	P.O. BOX 2034, 40100 Kisumu	1,270,450	0.87%
14	David Muoka Mutiso	P.O. BOX 21209, 00505 Nairobi	1,250,000	0.85%
15	Mrs Norah Khadzini Olembo	P.O. BOX 47074, Nairobi	1,238,700	0.85%
16	Fredrick Naftal Ondieki	P.O. BOX 24654, 00520 Nairobi	1,159,987	0.79%
17	Joseph Zachary Onduko	P.O. BOX 177, 00606 Nairobi	1,077,150	0.74%
18	George Ireri Mbaabu	P.O. BOX 43844, 00100 Nairobi	1,000,000	0.68%
19	Gillian Nyambura Wanyoike	P.O. BOX 16615, 00620 Nairobi	897,600	0.61%
20	Hon. Sitswila Amos Wako	P.O. BOX 15053, 00509 Nairobi	662,850	0.45%
		TOTAL	**124,058,932**	**85.0%**

12.2 Corporate Governance Practices

Governance is the means by which the affairs of an institution are directed and managed thereby promoting corporate accountability and business aptness, so as to achieve an optimal shareholder value whilst simultaneously taking into consideration the interests of other stakeholders. It is premised on the principles of integrity, accountability, prudence and openness.

The Board of directors of Longhorn Publishers Limited is at the core of Longhorn's system of corporate governance and is ultimately accountable and responsible for the performance and affairs of the Company. Good corporate governance is regarded as critical to the success of the business of the Company and the Board is unreservedly committed to applying the fundamental principles of good governance – transparency, integrity, accountability and responsibility - in all dealings by, in respect of and on behalf of the company.

The Board accordingly embraces the principles of good governance as set out in a number of governance frameworks including the Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015 ("the Code"). The Board develops and maintains reporting and meeting procedures for itself and its committees. Regular Board meetings are held approximately four times a year and special meetings as necessary.

Board meetings take place at the company's offices unless otherwise decided by the Board.

The Board may form committees of its members and may delegate any of its powers to any such committee. The frequency of the committee meetings are determined by the individual committee, as stated in the terms of reference for each committee.

The quorum necessary for the transaction of the business of the Board is five directors present either personally or by alternate.

The Code of Corporate Governance Practices for Issuers of Securities to the Public, 2015, was gazetted on March 4, 2016 and introduced various corporate governance requirements to which Longhorn is subject. This Code continues to bear many of the corporate governance requirements in the repealed Guidelines on Corporate Governance Practices by Public Listed Companies in Kenya, 2002 and to that extent, Longhorn is substantially in compliance with the Code. These provisions include:

- Reporting on corporate governance compliance;
- Formalization of appointments to the board;
- Constitution and mandate of committees including the audit and nominations committees;

- Independent internal audit function;
- Independent directors;
- Separation of role of chairman and chief executive; and
- Separation of role of board and management.

The Code introduces various new provisions including:

- More strict qualifications and restrictions on directors including directors' loss of independence after serving for more than 9 years, reduced multiple directorships in listed companies from 5 to 3, 70 years recommended as the age limit for directors and annual vetting of the independence of independent directors;
- Various policies including code of ethics, related party transactions policy, conflict management policy, whistle-blowing policy, risk management framework, system of internal control, information technology policy, strategy on regulatory compliance and strategy on environmental, social and governance (triple bottom line);
- More structured approach to board affairs including formal induction program for new board members, annual evaluation toolkit for the board, board annual work plan and regular competence up-skilling programs for the board;
- More stringent audit requirements including rotation of independent auditors every 6 to 9 years, regular independent legal and compliance audit as well as independent annual governance audit;
- Proactive and deliberate management of stakeholder relations including consideration of shareholder convenience in determining location of shareholder meetings and recommended regular investor briefings; and
- Publication of any resignation of directors in two dailies of national reach and the Company's website as well as notification to the CMA and in the annual report.

The Code recommends immediate implementation of its provisions but gives a period of one year from the date of publication for compliance. The Longhorn is aware of the requirement to comply and will be putting in place mechanisms to ensure full compliance within the next 10 months.

12.3 Composition of the Board of Directors

The Board includes a fair balance between executive and non-executive directors so that no individual or company of individuals' interests will dominate the Board's decision making process. The following issues are considered in determining the composition of the Board:

- Attaining a desirable ratio of and balance between the number of executive and non-executive directors;
- Ensuring that the Board collectively contains the skills, experience and mix of personalities appropriate to the strategic direction of the Company and necessary to secure its sound performance;
- Experience, knowledge, skills and personal attributes of current and prospective directors in relation to the needs of the Board as a whole; and
- Succession planning.

The Executive Committee, in line with its terms of reference, from time to time reviews the general composition of the board and makes appropriate recommendations on the appointment of new executive or non-executive directors.

Irrespective of a director's special expertise or knowledge and regardless of whether a director is an executive or non-executive director, all members of the Board recognise that they are collectively responsible to shareholders for the performance of the Company.

The termination of an employment contract of an executive director will result ipso facto in the termination of their membership of the Board, unless the Board determines otherwise.

12.4 Remuneration of the Directors

The Nomination, Governance and Human Resource Committee is responsible for reviewing non-executive directors' remuneration and recommending the necessary changes from time to time. In making these recommendations, due consideration must be given to the Board's expectations from directors in terms of time commitments, degree of responsibility and financial condition of the Company.

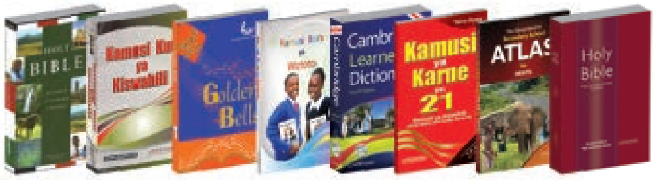
The Committee may request management or external consultants to provide necessary information upon which the Board may make its determination.

Directors' remuneration is presented for approval at the Annual General Meeting.

In determining the compensation for non-executive directors, the Executive Committee shall consider the following:

- The level of fees currently earned by directors in their professional capacity;
- The number of hours spent by directors in preparing for and attending meetings, as well as travel to meeting venues;
- Current market rates applicable to organisations of similar size and in the same industry;
- The complexity of the Company's operations and the extent to which directors have to incur additional cost in research on industry industry developments, etc.; and
- The number of meetings in a year.

The remuneration recommended by the Executive Committee shall apply to all directors and no director should be involved in fixing their own individual remuneration.



12.5 Responsibilities of the Board

The Board should specifically exercise leadership, enterprise, integrity and judgment in directing the affairs of the Company so as to achieve continuing prosperity for the Company and its shareholders, and shall at all times act in the best interests of the Company in a manner based on transparency, integrity, accountability and responsibility.

The Board must specifically:

- Define and chart out the Company's vision, mission and values. The Board has ultimate responsibility for the attainment of the Company's values;
- Determine the business strategies and plans that underpin the corporate strategy;
- Discuss and approve strategic plans and annual budgets;
- Retain full and effective control over the Company, and monitor management's implementation of the strategic plans and financial objectives as defined by the Board;
- Define levels of materiality, reserving specific powers to itself and delegating other matters, with the necessary written authority, to management;
- Continually monitor the exercise of delegated power by management;
- Ensure that a comprehensive system of policies and procedures is in place and that appropriate governance structures exist to ensure the smooth, efficient and prudent stewardship of the Company;
- Ensure that the business of the Company is managed with a view to ensuring that the Company is ethical in all its dealings and exercises corporate social responsibility;
- Ensure compliance by the Company with all relevant laws and regulations, audit and accounting principles, and such other principles as may be established by the Board from time to time;
- Identify key risks, opportunities and strengths relating to the Company;
- Ensure that the Company's organisational structure and capability are appropriate for implementing the chosen strategies;
- Determine monitoring criteria to be used by the Board;
- Set policies on internal control and obtain regular assurance that the system is functioning effectively and is effective in managing risks;
- Nominate Board members who will add value to the Board processes, and arrange for their induction;
- Appoint the Managing Director, senior staff, external auditors and other consultants;
- Discuss, agree and approve annual accounts and reports;
- Communicate key policies and strategy issues to senior management; and
- Identify all stakeholders, including ensuring effective communication with shareholders and stakeholders.

12.6 Board Committees

Though the Board is responsible for strategy formulation, risk identification, senior management selection and compensation, integrity of financial controls and general compliance, the Board has approved and delegated certain authorities to the Board committees. The Committees have specific mandates that are documented in the respective Terms of Reference as well as in the Board Charter to ensure accountability. The minutes of Board Committees are tabled at Board meetings and Committee decisions and recommendations ratified or approved by the Board as may be applicable.

12.6.1. Audit and Risk Committee

Members of the Audit and Risk Committee are non-executive directors, the majority of whom are independent non-executive directors as required under the Corporate Governance Code issued by the Capital Markets Authority. The Managing Director, the Head of Finance & Strategy and the Internal Auditor are usually in attendance at meetings.

Members: Raymond Nyamweya Ondieki (Chairman); Job Kariru Muriuki (representing Centum), and Ali Hussein Kassim.

The role of the Audit and Risk Committee is to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparations of accurate financial statements in compliance with all applicable legal requirements and accounting standards.

12.6.2. Operations and Strategy Committee

Membership of the Operations and Strategy Committee comprises the Managing Director and three non-executive directors while the Heads of Finance & Strategy, Heads of Sales Operations, Marketing & Communication and Publishing are in attendance at meetings. The Operations and Strategy Committee has the role of monitoring strategy implementation and overall Company performance. It is also responsible for senior staff selection and recruitment.

Members: Job Kariru Muriuki (Chairman); Susan Nkirote Omanga; Raymond Nyamweya Ondieki; Ali Hussein Kassim; Sara Jerop Ruto; and Muigai Githu.

12.6.3. Nomination, Governance and Human Resource Committee

Nomination, Governance and Human Resource Committee (NGHRC) has four members, three of whom are independent nonexecutive directors. The Managing Director and the Head of Finance & Strategy are usually in attendance at Committee meetings. The role of the NGHRC is to assist the Board to achieve optimum composition in terms of skills of those appointed to sit on the Company's Board. It is also responsible for making recommendations on non-executive Directors' remuneration and to address compliance issues relating to regulatory and legal requirements.

Members: Truphosa Kwaka-Sumba (Chairperson); Job Kariru Muriuki; Susan Nkirote Omanga; Raymond Nyamweya Ondieki; and Muigai Githu.

12.7 Additional Governance Information

12.7.1. Director emoluments and benefits

The aggregate director's emoluments and benefits for the years ended 30 June 2015, 2014 and 2013 are as follows:

	2013 KES '000	2014 KES '000	2015 KES '000
Directors' emoluments	4,788	3,681	3,590

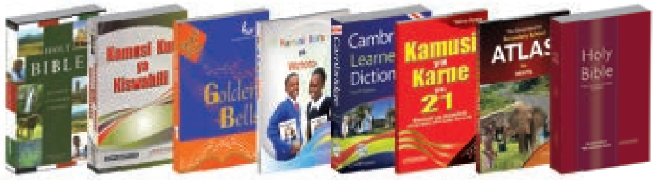
Source: Audited financial statements

There are no arrangements whereby any of the Directors have or have agreed to waive future emoluments and there has been no arrangement for the waiver of emoluments during the past financial year.

There will be no variation to directors' emoluments and benefits as a consequence of the listing.

12.7.2. Director service contract arrangements

There are presently no existing or proposed directors' service contracts save for the executive director.



13. FINANCIAL AND OPERATIONAL PERFORMANCE

The Operating and Financial Review below is to be read together with this Listing Memorandum as a whole, including, in particular, the risk factors discussed in the section "Risk Factors" set out in section 14 and the audited financial statements of LKL for the fiscal years ended 30 June, 2011, 2012, 2013, 2014 and 2015.

13.1. Summary Consolidated Statements of Comprehensive Income

KES '000	2011	2012	2013	2014	2015
TURNOVER	1,100,947	775,943	1,033,295	1,396,834	848,377
COST OF SALES	-552,687	-438,712	-562,214	-717,561	-373,729
GROSS PROFIT	548,260	337,231	471,081	679,273	474,648
OTHER OPERATING INCOME	1,460	9,276	6,771	5,539	2,662
SELLING AND DISTRIBUTION EXPENSES	-152,478	-87,499	-80,810	-209,580	-92,357
ADMINISTRATIVE EXPENSES	-171,558	-274,004	-233,992	-307,685	-279,634
INTEREST (EXPENSE)/ INCOME	1617	471	159	776	-614
NET FOREIGN EXCHANGE LOSSES	-1,991	-11,424	-11,882	-21,097	-7,789
PROFIT BEFORE TAXATION	255,310	-25,949	151,327	147,226	96,916
TAXATION CHARGE	-89,000	3,484	-57,409	-52,293	-25,190
PROFIT FOR THE YEAR	**136,310**	**-22,465**	**93,918**	**94,933**	**71,726**

13.2. Consolidated Financial Position

KES '000	2011	2012	2013	2014	2015
ASSETS					
Non current assets					
Property and equipment	162,211	174,027	169,908	165,085	182,428
Intangible assets	8,180	12,313	9,423	7,169	22,985
Deferred tax asset	8,795	31,291	21,364	26,457	20,431
	179,186	**217,631**	**200,695**	**198,711**	**225,844**
Current assets					
Inventories	173,714	275,038	142,522	104,880	134,203
Trade and other receivables	292,762	156,662	215,849	302,665	305,721
Tax recoverable	-	1,014	2,100	16,199	11,644
Cash and bank balances	60,458	12,344	123,853	130,104	11,908
	526,934	**445,058**	**484,324**	**553,848**	**463,476**
TOTAL ASSETS	**706,120**	**662,689**	**685,019**	**752,559**	**689,320**
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	58,500	58,500	58,500	58,500	146,250
Share premium	5,039	5,039	5,039	5,039	5,039
Retained earnings	354,778	235,999	329,917	378,050	245,026
Translation reserve	-7,948	-34,953	-7,590	-7,269	-15,937
Equity attributable to owners of the Company	**410,369**	**264,585**	**385,866**	**434,320**	**380,378**
Non-Current Liabilities	**9,600**	-	-	-	-
Current liabilities					
Trade and other payables	240,411	376,773	259,716	315,039	255,114
Tax payable	26,540	1,982	39,437	3,200	1,068
Borrowings	19,200	9,600	-	0	41,677
Bank overdraft	0	9,749	-	0	11,083
	286,151	**398,104**	**299,153**	**318,239**	**308,942**
TOTAL EQUITY LIABILITIES	**706,120**	**662,689**	**685,019**	**752,559**	**689,320**

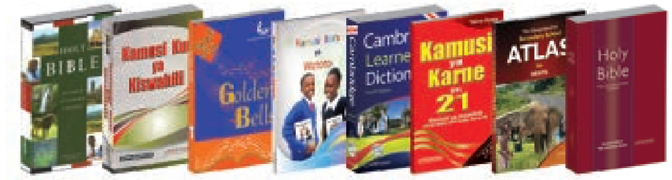
13.3. Consolidated Statements of Cash flows

KES '000	2011	2012	2013	2014	2015
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	111,307	149,006	121,814	190,273	29,689
Taxation paid	-36,308	-42,246	-11,037	-99,189	-16,711
Net exchange loss		0	0	-21,097	-7,789
Net cash (used in)/generated from operating activities	74,999	106,760	110,777	69,987	5,189
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property and equipment	-64,981	-22,060	-12,561	-9,383	-35,838
Purchase of intangible assets	-590	-12,036	-1,311	-1,711	-19,714
Proceeds of disposal of property and equipment	0	1,937	6,560	2,437	704
Net cash used in investing activities	-65,571	-32,159	-7,312	-8,657	-54,848
CASH FLOWS FROM FINANCING ACTIVITIES					
Bank borrowings received	-19,200	-19,200	-9,600	0	41,677
Dividends paid	-11,700	-87,750	-	-46,800	-117,000
Net cash used in financing activities	-30,900	-106,950	-9,600	-46,800	-75,323
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (124,983) 14,530	-21,472	-32,349	93,865	14,530	-124,983
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**90,983**	**60,458**	**2,595**	**123,853**	**130,104**
Exchange adjustments	-9,721	-25,514	27,393	-8,279	-4,296
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**60,458**	**2,595**	**123,853**	**130,104**	**825**

13.4. Consolidated Limited Review as at December 31st, 2015

13.4.1. Summary Consolidated Statements of Comprehensive Income

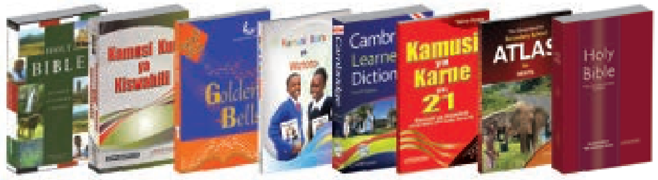
KES '000	2014	2015
SALES	531,039	831,353
COST OF SALES	-301,320	-464,997
GROSS PROFIT	229,719	366,356
OTHER OPERATING INCOME	279	2,367
SELLING AND DISTRIBUTION EXPENSES	-27,031	-46,902
ADMINISTRATIVE EXPENSES	-145,257	-215,452
FINANCE COSTS	1	-8,894
PROFIT BEFORE TAXATION	57,711	97,475
TAXATION CHARGE	-17,816	-29,579
PROFIT FOR THE YEAR	**39,895**	**67,896**



13.4.2. Summary Consolidated Financial Position

KES '000	2014	2015
ASSETS		
Non-current assets		
Property and equipment	162,476	227,226
Intangible assets	2,568	8,270
Deferred tax asset	30,403	20,488
	191,329	**255,984**
Current assets		
Inventories	136,589	355,578
Trade and other receivables	566,497	879,401
Tax recoverable	44,030	14,404
Cash and bank balances	60,159	3,811
	980,222	**1,251,194**
TOTAL ASSETS	**1,002,992**	**1,507,178**
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	146,250	146,250
Share premium	5,039	5,039
Retained earnings	287,954	305,873
Translation reserve	13,042	-18,767
Equity attributable to owners of the company	**452,285**	**438,395**
Current liabilities		
Trade and other payables	534,624	730,140
Borrowings	16,083	221,707
Bank overdraft	-	116,935
	678,305	**1,068,782**
TOTAL EQUITY LIABILITIES	**1,002,992**	**1,507,178**

Invest in freedom



14. RISK FACTORS

Longhorn operates in a complex environment with ever increasing competition, greater accountability and higher quality standards of service delivery which are placing more pressure on resources. The Company's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates and interest rates. All of these factors are contingencies which may or may not occur and the Company is not in a position to express a view on the likelihood of any such contingency occurring.

The implementation of a robust and transparent risk management program becomes increasingly important in order for the Company to adapt and meet these challenges in a structured way so it can continually align its priorities and objectives against a background of changing risk and uncertainty.

The risk management framework seeks to align business opportunities and the taking of risks to the ever present challenges of the Company in achieving its mission and core objectives. It encompasses the whole spectrum of risk ranging from the high level enterprise-wide strategic business risks to individual departmental/section operational risks.

The benefits of implementing a risk management framework include the following:-

- Demonstrating due diligence in planning and day to day management activities;
- Promoting proactive management rather than reactive with the early identification and treatment of risks;
- Improving the focus on the Company's key strategic goals leading to:
  - A more sound basis for strategic planning as key elements of risk have been identified;
  - More effective allocation of resources to key services and areas of high risk improving service delivery;
  - An improved level of accountability and responsibility;
  - Better informed decisions about opportunities and new initiatives/projects;
  - The avoidance of taking unnecessary opportunistic risks and,
  - An acceptance of the changing patterns of risk and opportunity in an increasingly competitive environment.

Factors which the Company believes may be material for the purpose of assessing the market risks associated with an investment in Longhorn are also described below. The Company believes that the factors described below represent the principal risks inherent in investing in Longhorn. Prospective investors should also read the detailed information set out elsewhere in this Listing Memorandum (including any documents available for inspection) and reach their own views prior to making any investment decision.

14.1.Core Risks of the Company

14.1.1. Political Risk

The Company will be operating across Africa and thus will derive all its revenue from the region. All the Company assets and employees will be located in the region. The region is politically young, and has been subject to various forms of political unrest since independence. Further shocks to Africa's political landscape could come from possible new prosecutions of senior government officials as the local government's long-promised war on corruption starts to bite. The outcome of such events will have repercussions on the performance of the economy.

Mitigating factors:

Longhorn is willing to comply at all times with any relevant government regulation and any new rules and regulations from all the relevant regulators. The Company maintains a proactive stance regarding potential external pronouncements.

14.2.Risk Factors Relating to the Business

14.2.1. Strategic Risk

Strategic risks are those risks that arise from formulation of strategic plans, business plans and implementation of plans that are inappropriate and inconsistent with internal factors and the external environment which may in turn affect earnings, capital fund or viability of the business.

Mitigating factors:

To mitigate strategic risks, the Board of directors and senior management carefully formulate strategic and business plans, supportive to corporate governance, in addition to putting in place internal infrastructure appropriate for implementation of the strategic plan.

14.3.Market Risk

14.3.1. Competition Risk

Intense competition in the publishing sector could impact adversely on growth and profitability of the Company. In the final analysis the Company may be unable to meet the shareholders expectations.

Mitigating factors:

The Company intends to minimise material adverse effects from severe competition by:

- Providing quality services to its customers premised on customer equity (value, price and brand equity) as well as implementation of robust account relationship management;
- Improving the organisation's digital footprint;
- Developing products and services that are market oriented;
- Maintaining a well-motivated work force and agents; and
- Recruiting good staff and continuous training and development of its workforce.

14.3.2. Liquidity Risk

Liquidity risk is the likelihood that an organisation will be unable to meet its payment obligations when they fall due. The Company does not have access to a diverse funding base. Funds are raised mainly from its shareholders, banks and its own internal resources.

Mitigating factors:

The Company's approach to managing liquidity is to ensure as far as possible that it will always have sufficient liquidity to meet its liabilities when they fall due under both normal and stressed conditions without the need to incur unacceptable losses or at the risk of damaging its reputation. The Group implements the following core liquidity management strategies:

- The future cash flows of the business are projected and plans are made to address normal operating requirements

as well as contingencies;
- The Company endeavours to maintain a stable funding base by ensuring that shareholders' funds are adequate and that some percentage of earnings is ploughed back into the business;
- The Board develops policies that will ensure that the Group's assets and liabilities are properly matched;
- The Company continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business goals and targets set in terms of the overall Company strategy.

14.3.3. Credit Risk

Credit risk arises from the probability that debtors will default on their contractual obligations resulting in financial loss to the group. The group has developed an Order Processing and Credit Control policy framework that describes the procedures of appraising and managing credit customers.

Mitigating factors:

There are enhanced system controls within its Enterprise Resource Planning System (ERP) that ensure that customers with outstanding issues are not supplied without the approval of the authorized Finance personnel.

The group monitors the debtors' accounts and briefing meetings are held every fortnight between the Finance and Operations (Sales and Marketing team) department to report on the debt position for further action. Each sales representative is charged with the responsibility of collecting the debt that he has created.

14.3.4. Operational risk

Operational risk is associated with human error, an inadequate information system, technology failures, breach in internal controls, fraud, inadequate training, unforeseen catastrophes and other operational problems that may be encountered within the operating system. Operational risk will exist as long as the Insurance Company is in operation but management has ensured that an effective, integrated operational risk management framework is in place.

Mitigating factors:

This will include the following:
- Each department has defined roles and responsibilities with regard to operational risk management;
- Key risks are identified, assessed, controlled and reported on a continuous basis using appropriate tools and methodologies;
- Operational systems and procedures are subjected to independent reviews including impromptu testing;
- Appropriate insurance to cover risks such as fire, theft and burglary is undertaken with reputable insurance companies;
- A comprehensive system of internal controls is maintained and systems and procedures to monitor transactions are established; and
- An Internal Audit department is established to undertake a comprehensive audit of all business functions in accordance with a risk based audit plan.

14.3.5. Legal risk

Insurance, particularly third party liability insurance, often involves legal contests on the amount of claims payable. At any particular time there are likely to be various pending litigation issues and the management of these depends on a number of considerations.

Mitigating factors:

The Group has set up management structures and policies which permit analysis and assessment of all legal risks and provide for possible losses in order to minimise any adverse effects on financial performance.

14.3.6. Information risk

Information risk raises the possibility of harm being caused to a business as a result of a loss of confidentiality, integrity or availability of information. The value add of information technology to the Group's business processes does at the same time increase the level of information risk through interception, system failure and inadvertent relay of data to unauthorised persons.

Mitigating factors:

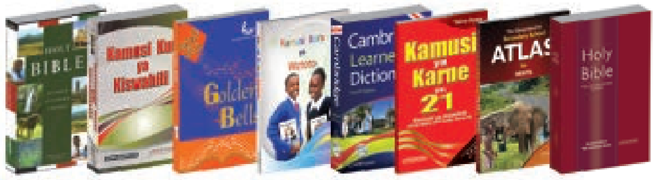
The Board of Directors regularly evaluates the effectiveness of its information security processes.

14.3.7. Reputation risk

Reputational risk is the potential that negative publicity regarding an institution's business practices, whether true or false, will cause a decline in the customer base, costly litigations, or revenue reductions. This risk may result from an institutions' failure to effectively manage any or all of the other risk types. The ultimate accountability for reputational risk management rests with the Board. The Board of Directors addresses explicitly reputational risk as distinct and controllable risk to Longhorn safety and soundness through a versatile risk management framework for reputational risk.

Mitigating factors:

The ultimate responsibility for risk management in an organisation rests in the hands of the Board of Directors. According to the Institute of Risk Management, the Board of Directors should:
- Be aware of the most significant risks facing the organisation;
- Know the possible effects on shareholder value of deviations to expected performance ranges;
- Ensure appropriate levels of risk awareness throughout the organisation;
- Be aware of how the organisation will manage a crisis;
- Know the importance of shareholder confidence in an organisation;
- Know how to manage communication with the investor community where applicable;
- Be assured that the risk management processes are working effectively; and
- Publish a clear risk management policy covering the underlying risk management philosophy and the objectives of the policy.



15. STATUTORY AND GENERAL INFORMATION

15.1. The Company

15.1.1. Incorporation

The Company was incorporated as a private limited liability company on 21st May 1965 with the name Longmans of Kenya Limited, with an authorised share capital of KES 100,000.0 divided into 5,000 Ordinary shares of KES. 20.0 each. The name of the Company was changed to Longman Kenya Limited on 11th December 1969. This name was again changed to Longhorn Kenya Limited on 14th May 1993. The name was later changed to Longhorn Publishers Limited, the present name on 4th December, 2014. The Company passed a resolution to convert from a private limited liability company to a public company on 8th July 1994. The conversion was effected on 16th September 2003.

15.1.2. Share capital and changes in capital:

Following increases in the authorised share capital on the 21st of November 2014 and 21st December 2015, the Company now has an authorised share capital of KES. 785,526,315/= divided into 785,526,315 ordinary shares of KES. 1 each. The issued share capital of the Company is KES. 146,249,997 divided into 146, 249,997 ordinary shares of KES. 1 each of which 14,625,000 shares are issued subject to payment wholly in cash whereas 131,624,997 are issued subject to payment for a consideration other than cash. The issued shares are fully paid up. The share capital of the Company is not divided into different classes of shares and all shares issued in the Company carry the same voting rights. On a Poll, every member shall have one vote every share held in the Company.

15.1.3. Control of the company

a) There are no arrangements in force in the Group, the operation of which may at subsequent date result in the control of the Group.

b) The persons who are directly interested in 10% or more of any member of the Group's share capital include:
   - Centum Investment Company Limited;
   - Pacific Futures and Options Limited; and
   - Hon. Francis Thombe Nyammo

c) No known corporation, foreign government or other legal entity has direct or indirect controlling interest in the Company.

d) None of the Company's major shareholders have different voting rights from any other shareholder.

15.1.4. Memorandum of Association

Clause 3 of the Memorandum of Association includes the following principal objects, namely:

a) To carry on all or any of the businesses publishers, printers, booksellers, book binders, lithographers, engravers, die sinkers, print sellers, magazines and newspaper proprietors. Advertisers and advertising agents, paper makers, stationers and manufacturers of and dealers in all materials and things whatsoever used or employed for or in connection with any such businesses.

b) To carry on the business of importers and exporters, agents, representatives and distributors of the manufacture, sale and distribution of educational and other books and of newspapers, journals, magazines, forms, cards, and other publications and works of all kinds.

15.1.5. Articles of Association

The Company adopted new Articles of Association on 18th November 2011 replacing the existing Articles. The purpose of this was to make the Articles consistent with the status of a public listed company. The Articles of Association of the Company include the following key provisions:

(1) Status of the Company

The Company is a public limited liability company with a share capital. There is no limit on the number of shareholders.

(2) Annual General Meetings:

(a) The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the matter as such in the notices calling it. Not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next. Annual and extraordinary general meetings shall be held at such times and places within Kenya as the Directors shall from time to time appoint.

(b) No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business; save as is herein otherwise provided, Ten (10) Members present in person by representative or by proxy shall be a quorum.

(c) If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; and in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Members present in person, by representative or by proxy shall be a quorum.

(3) Voting Rights:

(a) Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every Member present in person shall have one vote, and on a poll every Member present in person or by proxy shall have one vote for each share of which he is the holder.

(b) No Member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

(4) Directors:

(a) Unless and until otherwise from time to time determined by a special resolution of the Company, the number of the Directors (excluding Alternates) shall not be less than Seven nor more than Nine in number.

(b) A director need not be a member of the Company.

(c) The Directors shall be paid out of the funds of the Company, by way of remuneration for their services, such sums as the Company may from time to time by ordinary resolution determine and such remuneration shall be divided among them in such proportion and manner as the Directors may determine and in default of such determination within a reasonable period, equally. Subject as aforesaid, a Director holding office for part only of a year shall be entitled to a proportionate part of a full year's remuneration. The Directors shall also be entitled to be repaid by the Company all such reasonable travelling (including, hotel and incidental) expenses as they may incur in attending meetings of the Board, or of committees of the Board, or general meetings, or which they may otherwise properly incur in or about the business of the Company.

(d) Any Director who by request performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.

(e) Any Director may, with the consent of the Board (such consent not to be unreasonably withheld), appoint any person to be an Alternate Director of the Company, and may at any time remove any alternate Director so appointed by him from office. An alternate Director so appointed shall not be entitled to appoint an alternate to himself and shall not as such be entitled to receive any remuneration from the Company. Every person acting as an Alternate Director shall be an officer of the Company, and he shall not be deemed to be the agent of the Director by whom he was appointed.

(f) The business of the Company shall be managed by the Directors who may pay all expenses incurred in promoting and registering the Company, and may exercise all such powers of the Company as are not, by the Act or by these Articles, required to be exercised by the Company in general meeting, and the exercise of the said powers shall be subject also to the control and regulation of any general meeting of the Company, but no resolution of the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if such resolution had not been passed.

(g) The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital and to issue debentures, debenture stock, legal and equitable mortgages and charges and other securities whether outright or as security (principal or collateral) for any debt, liability or obligation of the Company or any third party.

(h) A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with the Act.

(i) A Director may vote as a Director in respect of any contract or arrangement in which he is interested (and if he shall do so his vote shall be counted) and he may be counted for time purpose of any resolution regarding the same in the quorum present at the meeting.

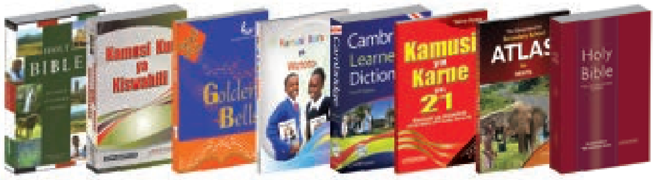
(j) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms thereof.

(k) Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as Auditor to the Company.

(l) The office of Director shall be vacated if the Director:
   i. ceases to be or is prohibited from being a Director by virtue of any provision of the Statutes; or
   ii. becomes bankrupt; or
   iii. becomes incapable by reason of mental disorder of exercising his functions a Director; or
   iv. resigns his office by notice in writing to the Company; or
   v. attains the age of seventy, in accordance with Article 103; or
   vi. is called upon, in writing, to resign by all the remaining Directors; or
   vii. is absent, without the previous sanction of the Directors, for a period of more than six months from meetings of the Directors held during such period and the Directors resolve that his office be vacated accordingly.

(m) At each annual general meeting, one-third of the directors or, if their number is not a multiple of three, the number nearest to but not exceeding one-third shall, subject to the provisions of article 111 and 115(2) of the Articles of Association of the Company, retire from office.

(n) The Directors to retire in every year shall be those who have been longest in office since their last election, but as



between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(o) A retiring director shall be eligible for re-election, and shall act as a director throughout the meeting at which he retires.

(p) No person other than a Director retiring at the meeting shall unless recommended by the Directors be eligible for election to the office of Director at any general meeting unless not less than Three nor more than Twenty-one days before the date appointed for the meeting there shall have been left at the registered office of the Company notice in writing signed by a Member duly qualified to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected.

(q) The Directors shall have power at any time, and from time to time, to appoint a person as an additional Director either to fill a casual vacancy or as an addition to the existing Directors but so that the total number of Directors shall not exceed the maximum fixed by or. in accordance with these Articles; but any person so appointed shall retire from office at the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

(r) The Company may from time to time by ordinary resolution increase or reduce the number of Directors, and may also determine in what rotation the increased or reduced number is to go out of office.

(s) The Company may by ordinary resolution, of which special notice has been given in- accordance with the Act, remove any Director before the expiration of his period of office, and, without prejudice to the powers of the Directors under Article 98 hereof, may by an ordinary resolution appoint another person in his stead; the person so appointed shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director. Such power of removal may be exercised notwithstanding anything in these Articles or in any agreement between the Company and such Director but without prejudice to any claim such Director may have for damages for breach of contract of service between him and the Company.

(t) The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed shall be Three (3).

(u) The Directors shall appoint a Managing Director who shall be the Chief Executive of the Company for such period and on such terms and at such remuneration (whether by way of salary, or commission, or participation in profits, or partly in one way, and partly in another), as they may think fit and, subject to the terms of any agreement entered into in any particular case, may revoke any such appointment.

(v) Any person appointed to be the Managing Director as aforesaid shall not, while he/she holds such office, be subject to retirement by rotation nor shall he be taken into account in determining the rotation in which the Directors retire. The Managing Director shall nonetheless be taken into account in reckoning the total number of directors for purposes of Article 76. His/her appointment as Director shall immediately determine if he/she ceases for any reason to be the Managing Director.

(5) Borrowing powers:

The Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital and to issue debentures, debenture stock, legal and equitable mortgages and charges and other securities whether outright or as security (principal or collateral) for any debt, liability or obligation of the Company or any third party.

(6) Dividends and distribution of assets:

(a) The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors. No dividend shall be paid otherwise than out of profits.

(b) The Directors may from time to time pay to the Members such interim dividends (including therein the fixed dividends payable upon any preference or other shares at stated times) as appear to the Directors to be justified by the profits of the Company.

(c) Any dividend unclaimed for a period of more than Twelve (12) years from the date of the declaration thereof shall be dealt in accordance with any applicable law and in the absence of such law, may at any time thereafter be forfeited by resolution of the Directors.

(d) If the Company shall be wound up the liquidator may, with the sanction of a special resolution of the contributories, divide amongst the contributories, in specie or in kind, the whole or any part of the assets of the Company.

(7) Variation of rights and alteration of capital:

(a) The Company may, from time to time by ordinary resolution, increase the share capital by such sum as the resolution shall direct, to be divided into shares of such amount as the resolution shall direct, or, in default of such direction, as the Directors shall determine. The Company may, by special resolution, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner permitted by law. The Company may, from time to time, by ordinary resolution consolidate, divide and sub-divide any of its shares or cancel any unissued shares.

(b) Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine.

(8) Transferability of Shares

Being a public company, the shares of the Company are freely transferable. The registration of transfers may be suspended as the Directors may from time to time determine provided that such registration shall not be suspended for more than Thirty days (30) in any year.

(9) Immobilization of Shares

The Provisions of the Central Depositories Act 2000 as amended or modified from time to time shall apply to the Company to the extent that any securities of the Company are in part or in whole immobilised or dematerialised or are required by the regulations or rules issued under the Central Depositories Act, or by any stock exchange on which they are listed or by any capital markets regulator to be immobilised or dematerialised in part or in whole, as the case may be.

15.1.6. Subsidiaries

The Company does not have subsidiaries in Kenya but owns the issued share capital of 3 other Companies as follows:

- Longhorn Publishers Tanzania Limited - The Company holds 99.99% of the issued share capital of Longhorn Publishers (Uganda) Limited.
- Longhorn Publishers (Uganda) Limited - The Company holds 99.99% of the issued share capital of Longhorn Publishers (Uganda) Limited.
- Longhorn Publishers Rwanda Limited- The Company holds 100% of the issued share capital of Longhorn Publishers Rwanda Limited

15.1.7. Property, plant and equipment

The Company owns the following immovable property:

Location	Nairobi
Title Number	L.R. No. 209/5604
Area (ha.)	0.905
Tenure	Leasehold: 85 years 8 months from 01.15.62

The Company owns various equipment and other moveable assets associated with its publishing business.

The Subsidiaries of the Company also owns the following immovable properties:

15.1.8. Material contracts

The Company is a party to the following material contracts each of which is available for inspection:

i. Contract with the Permanent Secretary Prime Minister's Office, Regional and Administration and Local Government (Tanzania) and Longhorn Publishers Tanzania Limited for supply of Kamusi dated 6th February 2013 for a sum of TZS 520,155,000/= (Five hundred Twenty Million One Hundred Fifty Thousand Tanzania Shillings). The contract is stated to be valid for a period of 4 months from signature;

ii. Contract with the Permanent Secretary Prime Minister's Office, Regional and Administration and Local Government (Tanzania) and Longhorn Publishers Tanzania Limited for supply of certain Textbooks and Teachers Guides dated 18th March 2013 for a sum of TZS 874,259,904.00;

iii. Contract between the Ministry of Education and Sports (Uganda) and Longhorn Publishers Limited (Uganda) for the supply and delivery of Textbooks dated 1st May 2013 for a total contract sum of UGX 6,527,191,620;

iv. Contract between the Company and Rwanda Education Board dated 11th April 2012 for supply of textbooks and supplementary materials (specifically annexed to the Contract) for a total contract sum of USD 769,190/=;

v. Contract between the Ministry of Education and Sports (Uganda) and Longhorn Publishers Limited (Uganda) for the supply and delivery of Teaching and Learning Materials for a total contract sum of USD 345,246;

vi. A contract between the Company and the National Curriculum Development Centre (NCDC) in Rwanda for the supply of textbooks and supplementary materials to the NCDC for a total of GBP 2,800,594 dated 1st December 2010;

vii. Contract between the Company and Rwanda Education Board dated 11th April 2012 for supply of textbooks and supplementary materials (specifically annexed to the Contract) for a total contract sum of USD 781,179/=;

viii. Memorandum of Understanding between Biblica Kenya Office and Longhorn Publishers Limited for the supply of 133,000 copies of the NIV Compact Students Edition dated 7th September 2015;

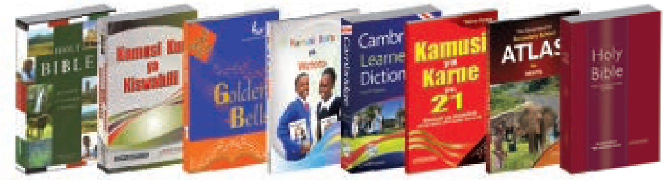
The Company has not entered into any material contracts outside the ordinary course of business which are not disclosed in this Listing Memorandum under the title "Documents Available for Inspection".

15.1.9. Related Party Agreements

The Company has not entered into any agreements with related third parties.

15.1.10. Onerous Covenants and Default

The Company has no material contracts with third parties which have any onerous covenants. As at the date of this Information Memorandum, the Company is not in breach of any of the terms of its contracts.



15.1.11. Material Borrowings

The Company's material borrowings are as follows:

Title of Facility	Facility Amount	Due Date and Conditions	Outstanding Amount
Facility with Standard Chartered Bank of Kenya Limited to the Company dated 17th March 2015	Total facility limit: Kshs. 110 M and USD 1.5 M	June 2016 Secured by way of: • A Debenture for the sum of Kshs. 13,266,415/= dated 13th May 1991 • A Supplemental Debenture for the sum of Kshs.16,733,585/= dated 11th May 2005 • A Supplemental Debenture for the sum of Kshs.48,600,000/= dated 12th January 2006 • A Third Further Debenture for the sum of Kshs. 171,400,000/=. dated 4th April 2011 • A Charge over L.R. No. 209/5604 to secure the amount of Kshs. 13,266,415/=. • A Further Charge over L.R. No. 209/5604 as security for a borrowing of Kshs. 6,733,585/=. • A Second Further Charge over L.R. No. 209/5604 to Standard Chartered Bank Kenya Limited for a further facility of Kshs. 28,000,000/=. • A Third Further Charge over L.R. No. 209/5604 to Standard Chartered Bank Kenya Limited for a facility of Kshs. 77,000,000/=.	KES. 90,567,000
Loan with Nabo Capital Limited dated 1st December 2015	KES. 100,000,000	31st May 2016 The facilities are secured by an unconditional irrevocable guarantee by Francis Thombe Nyammo and an additional provision that in the event that the Company does not conclude the rights issue by 31st March 2016, the Company shall provide to Nabo Capital a further personal guarantee. The loan ranks as senior unsecured obligation of the borrower.	KES. 100,000,000
Hire Purchase Loan from Chase Bank Limited dated August 2015	KES. 31,140,000	August 2020	KES. 31,140,000
Total Outstanding Debt			**KES 221,707,000**

The Issuer has also entered into several financial agreements in the ordinary course of business as listed below:

Bid Bonds	KES 11,000,000.00
Ordinary letters of credits	KES 361,105,200.00

As at the date of this Legal Opinion, the Issuer is not in breach of any of the terms of its loan agreements and is in compliance with the regulatory requirements.

The borrowing powers of the Issuer have not been exceeded.

There are no material borrowings from the subsidiaries.

15.1.12. Material litigation and claims

The Company is not a party to, and has not been threatened with, any material litigation that has not been disclosed in the Rights Issue Memorandum.

15.1.13. Legal opinion

Mboya Wangong'u & Waiyaki Advocates have given a legal opinion pursuant to Regulation 6 (3) (b) of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002, a copy of which is contained in this Prospectus.

15.1.14. Licenses and Permits

(1) The Company being a publishing Company is largely dependent on copyright licenses which it routinely obtains from the copyright owners before publishing.

(2) The Company has, however, obtained the following permits for various aspects of its operations:
   (a) Business Permits required under the Local Government Act for the year 2015 for the operations in its premises on Funzi Road, Industrial Area;
   (b) Certificate of Registration of a Workplace valid from 1st March 2015 to 1st March 2016;
   (c) Clearance Certificate issued by the Nairobi City County Fire Prevention Department dated 12th February 2015 over Plot No.209/5604;

15.1.15. Expenses of the Offer

The expenses of the Rights Issue which will be for the account of the Company are estimated at

Professional fees and related costs	*KES
Lead Transactional Advisor Fees	10,000,000
Sponsoring Brokers Fees	1,400,000
Reporting Accountants Fees	1,700,000
Legal Advisor's Fees	2,000,000
Registrar's Fees	1,350,000
Media, Advertising & PR Fees	2,340,000
CMA approval fees	1,325,000
NSE listing fees	126,190
Contingency	1,500,00
Placing Agents	7,950,000
Total	**29,691,190**

15.1.16. Directors declaration

The Directors of the Company whose names appear on page 7 of this Information Memorandum accept responsibility for the information contained in this document. To the best knowledge and belief of the directors who have taken reasonable care to ensure that such is the case, the information contained in this document is in accordance with facts and does not omit anything that is likely to affect the import of such information.

15.2.General Information

15.2.1. Documents Available for Inspection

The following documents, or copies thereof, may be inspected at the registered office of the Company during normal working hours on any weekday, Saturday excepted, from 9.00 a.m. from 1st February, 2016:

(a) the Memorandum and Articles of Association of the Company;

(b) the audited financial statements of the Company in respect of the financial years ended 30 June 2015,2014, 2013, 2012;

(c) extract from the minutes of the Board and shareholders meeting held on 26th November, 2015 and 21st December, 2015 respectively approving the Rights Issue and Listing;

(d) The property valuation reports and title documents in respect of immovable property of the Company;

(e) Security documents in respect of the Company's banking facilities;

(f) Material contracts:
   i. Contract with the Permanent Secretary Prime Minister's Office, Regional and Administration and Local Government (Tanzania) and Longhorn Publishers Tanzania Limited for supply of Kamusi dated 6th February 2013 for a sum of TZS 520,155,000/= (Five hundred Twenty Million One Hundred Fifty Thousand Tanzania Shillings). The contract is stated to be valid for a period of 4 months from signature;

   ii. Contract with the Permanent Secretary Prime Minister's Office, Regional and Administration and Local Government (Tanzania) and Longhorn Publishers Tanzania Limited for supply of certain Textbooks and Teachers Guides set out in the Schedule to the Contact dated 18th March 201 for a sum of TZS 874,259,904.00;

   iii. Contract between the Ministry of Education and Sports (Uganda) and Longhorn Publishers Limited (Uganda) for the supply and delivery of Textbooks for P.5, P.6 and P.7 and more specifically listed in a schedule to the Contract dated 1st May 2013 for a total contract sum of UGX 6,527,191,620;

   iv. Contract between the Company and Rwanda Education Board dated 11th April 2012 for supply of textbooks and supplementary materials (specifically annexed to the Contract) for a total contract sum of USD 769,190/=.;

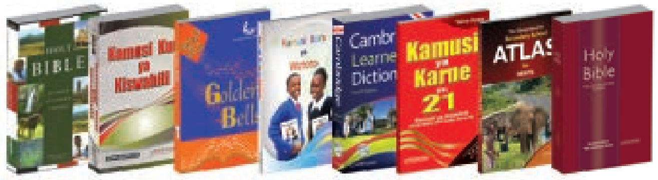
   v. Contract between the Ministry of Education and Sports (Uganda) and Longhorn Publishers Limited (Uganda) for the supply and delivery of Teaching and Learning Materials for P.4 (teachers Guides Local Languages) and more specifically listed in a schedule to the Contract dated 7th June 2012 for a total contract sum of USD 345,246;

   vi. Contract between the Company and the National Curriculum Development Centre (NCDC) in Rwanda for the supply of textbooks and supplementary materials to the NCDC for a total of GBP 2,800,594. It is dated 1st December 2010;

   vii. Contract between the Company and Rwanda Education Board dated 11th April 2012 for supply of textbooks and supplementary materials (specifically annexed to the Contract) for a total contract sum of USD 781,179/=;

   viii. Memorandum of Understanding between Biblica Kenya Office and Longhorn Publishers Limited for the supply of 133,000 copies of the NIV Compact Students Edition dated 7th September 2015;

   ix. Banking Facility Letter dated 9th October 2015 from Chase Bank Limited sanctioning an offer of facilities



totalling Kshs 570,000,000. The facility is intended to be a takeover of all existing facilities with Standard Chartered Bank Kenya Limited. The contemplated security are yet to be finalised, the offer letter is however available for inspection.

x. Legal Charge dated 13th May 1991, Further Charge dated 29th December 1995, Second Further Charge dated 27th April 2010 and Third Further Charge dated 4th April 2011;

xi. Debenture dated 13th May 1991, Further Debenture dated 11th May 2005, Second Further Debenture dated 12th January 2006 and Third Further dated 4th April 2011;

(g) the Reporting Accountants' report as reproduced in this Information Memorandum and their written consent to the issue of this Information Memorandum with their report included herein in the form and context in which it is so included;

(h) the Legal Opinion of Legal Advisors to the Listing as reproduced in this Information Memorandum and their written consent to the issue of this Information Memorandum with their opinion included herein in the form and context in which it is so included;

(i) a copy of this Information Memorandum;

(j) Directors Resolutions recommending the Rights Issue; and

(k) Shareholders Resolutions approving the Rights Issue.

(l) The approvals of the Capital Markets Authority and the Nairobi Securities Exchange in respect of the Rights Issue;

15.2.2. Consents:

Messrs Deloitte and Touche, the Reporting Accountants, and Messrs Mboya Wangong'u & Waiyaki Advocates, the Legal Advisors to the Rights Issue have given and have not withdrawn their respective consents to the issue of this Prospectus with the inclusion herein of their reports, the references to those reports, their names and the references to their names, as applicable, in the form and context in which the same, respectively, appear.

15.2.3. Interests of Directors:

(a) As at the date hereof, the following Directors held shares in the Company:

Director	No. of Shares
Hon. Francis Thombe Nyammo	16,018,000
Centum Investment Company Limited	45,699,225

(b) No amount has been paid or agreed to be paid within the three years preceding the date of this Information Memorandum to any director or to any company which he is beneficially interested, directly or indirectly, or of which he is a director, or to any partnership, syndicate or other association of which he is a member, in cash or securities or otherwise, by any person either to induce him to become or to qualify him as a director, or otherwise for services rendered by him or by the Company, partnership, syndicate or other association in connection with the promotion or formation of the Company.

16. No payments to promoters:
No amount or benefit has been paid or given within the three years preceding the date of this Prospectus or is intended to be paid or given to any promoter.

17. Three years' business:
The Company has carried on business for more than three years.

18. Single class of shares:
The share capital of the Company is not divided into different classes of shares.

19. Voting rights and control:
All shares have equal voting rights and no preferential voting rights attach to any shares.

20. Changes in senior management:
At the date of this Information Memorandum, the Company has no planned changes in its chief executive or other senior management.

LONGHORN PUBLISHERS LIMITED

REPORTING ACCOUNTANTS' REPORT

FOR THE FIVE YEAR PERIOD ENDED

30 JUNE 2015

Deloitte.

Deloitte & Touche
Certified Public Accountants (Kenya)
Deloitte Place
Waiyaki Way, Muthangari
P.O. Box 40092 - GPO 00100
Nairobi
Kenya

Tel: +254 (20) 423 0000
Cell: +254 (0) 719 039 000
Fax: +254 (20) 444 8966
Dropping Zone No.92
Email: admin@deloitte.co.ke
www.deloitte.com

Equity Investment Bank Limited
Equity Centre
Upperhill, Hospital Road
P.O. Box 75104 – 00200
Nairobi, Kenya

Attention: Anthony Ngugi

Dear Sir,

Longhorn Publishers Limited Rights Issue

We refer to the letter from Capital Markets Authority (CMA) dated 5 February 2016, which requested for additional information in respect of the Company's intended rights issue.

To this end, we hereby confirm:-

i) that Deloitte & Touche have been the auditors of the Group for the period covered by the accountancy report included in the Information Memorandum. For each of the relevant years, unqualified audit reports were issued on the annual financial statements.

ii) that all circumstances regarding the audited financial statements which could influence the evaluation by investors of the assets, liabilities, financial position, results and prospectus are included in the accountancy report.

We confirm that you may use this letter to give comfort to the CMA on the matters above.

Yours faithfully

Deloitte & Touche

Fred Okwiri
Partner

16. REPORTING ACCOUNTANT'S REPORT

21 December 2015
The Directors
Longhorn Publishers Limited
Funzi Road, Industrial Area
P O Box 18033, 00500
Nairobi.

Deloitte & Touche
Certified Public Accountants (Kenya)
Deloitte Place, Waiyaki Way, Muthangari
P.O. Box 40092 - GPO 00100, Nairobi, Kenya

Tel: (+254 20) 423 0000, (+254 20) 423 1344/05-12
Fax: (+254 20) 444 8966,
Dropping Zone No. 92
Email: admin@deloitte.co.ke
www.deloitte.com

Dear Sirs,

REPORTING ACCOUNTANTS' REPORT ON LONGHORN PUBLISHERS LIMITED

A. INTRODUCTION

We have examined the audited consolidated financial statements of Longhorn Publishers Limited ("the Company") and its subsidiaries, (collectively referred to as "the Group") for each of the five years ended 30 June 2011; 2012; 2013; 2014; and 2015.

The financial information set out in this report was prepared in accordance with the International Standard on Related Services 4410 - Compilation Engagements ("ISRS 4410") and is based on the audited financial statements of the Group for the five years ended 30 June 2015; 30 June 2014; 30 June 2013; 30 June 2012 and 30 June 2011. Deloitte & Touche have been the auditors of the Group for the period covered by this report. For each of the relevant years, unqualified audit reports were issued on the annual financial statements. The audited financial statements have been prepared on the basis of the accounting policies set out in section F of this report.

To enable us prepare the Accountants' Report, we carried out procedures to satisfy ourselves that the information presented in the Report was in accordance with Section 19 of the Third Schedule of the Companies Act 486, and Part D of the Third Schedule of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002. In particular, we carried out the following procedures:

- reviewed the financial statements of the Group for each of the five years ended 30 June 2011, 2012, 2013, 2014 and 2015 for compliance with International Financial Reporting Standards (IFRS) and the requirements of the Kenyan Companies Act;
- made enquiries from the Group's management with respect to significant matters relevant to the financial information;
- reviewed other evidence relevant to the Group's financial statements; and
- in compliance with the requirements of the Capital Markets Authority (CMA), we prepared an Accountants' Report for the five years ended 30 June 2011, 2012, 2013, 2014 and 2015 and reviewed the accounting policies for the past five years to ensure they comply with the International Financial Reporting Standards.

The accompanying financial information is based on the audited financial statements of the Group, after making the adjustments considered appropriate, where necessary, to make all the financial statements compliant with International Financial Reporting Standards and accounting policies applicable for the financial period ended 30 June 2015.

B. SUMMARY OF ADJUSTMENTS

No adjustments have been made to the audited financial statements of the five years ended 30 June 2011; 2012; 2013; 2014; and 2015.

C. COUNTRY OF INCORPORATION AND PRINCIPAL ACTIVITIES

Longhorn Publishers Limited is domiciled and incorporated in Kenya under the Kenyan Companies Act (Cap. 486) and its principal activities and that of its subsidiaries continues to be the publishing and selling of high quality educational and general books.

D. CURRENCY

The financial statements are expressed in Kenya Shillings Thousands (Shs'000).

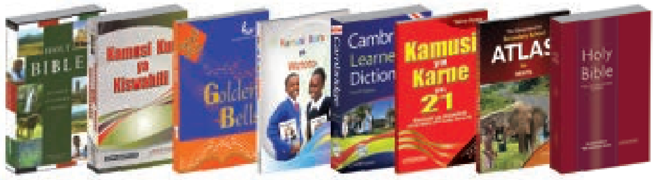
E. DIRECTORS' RESPONSIBILITY

The directors of Longhorn Publishers Limited are responsible for the preparation of the Information Memorandum and all information contained therein and for the financial statements and financial information to which the Accountants' Report relates and from which it has been prepared. Our responsibility is to compile the financial information set out in our report from the financial statements.

F. ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards and in compliance with the Kenyan Companies Act.



Adoption of new and revised International Financial Reporting Standards (IFRSs)

(a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2015

The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities

The amendments to IFRS 10 define an investment entity and introduce an exception from the requirement to consolidate subsidiaries for an investment entity. In terms of the exception, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss. The exception does not apply to subsidiaries of investment entities that provide services that relate to the investment entity's investment activities.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is an investment entity when it:

- obtains funds from one or more investors for the purpose of providing them with investment management services;
- commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measures and evaluates performance of substantially all of its investments on a fair value basis.

  Consequential amendments to IFRS 12 and IAS 27 have been made to introduce new disclosure requirements for investment entities.

The application of the amendment has not had any impact on the disclosures or the amounts recognised in these financial statements as the group is not an investment entity.

Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. The amendments require retrospective application.

The application of the amendment has not had any impact on the disclosures or the amounts recognised in the group's financial statements.

IFRIC 21 Levies

IFRIC 21 addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. IFRIC 21 requires retrospective application

The application of the new standard has not resulted to changes in the disclosures or the amounts recognised in the group's financial statements.

Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

As the group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the group's consolidated financial statements.

F. ACCOUNTING POLICIES *(CONTINUED)*

Adoption of new and revised International Financial Reporting Standards (IFRSs) (Continued)

(a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2015 (Continued)

Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements.

As the group does not have any cash-generating units (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the group's consolidated financial statements.

IFRS 13 Fair Value Measurement

The group has applied IFRS 13 for the first time in the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or dis closed at fair value.

The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payments, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application from 1 January 2014. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the group has not made any new disclosures required by IFRS 13 for the 2013 comparative period

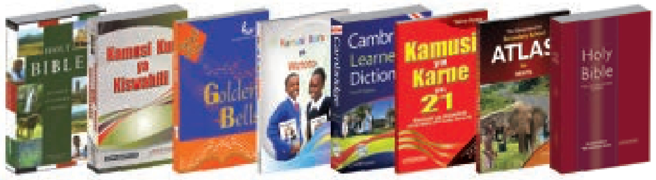
The application of IFRS 13 has not had any material impact on the amounts recognised in the financial statements.

Amendments to IAS 1 Presentation of Financial Statements (as part of the Annual Improvements to IFRSs 2009 - 2012 Cycle issued in May 2013)

The Annual Improvements to IFRSs 2009 - 2012 have made a number of amendments to IFRSs. The amendments that are relevant to the group are the amendments to IAS 1 regarding when a statement of financial position as at the beginning of the preceding period (third statement of financial position) and the related notes are required to be presented.

The amendments specify that a third statement of financial position is required when a) an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items in its financial statements, and b) the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position. The amendments specify that related notes are not required to accompany the third statement of financial position.

This amendment did not have any impact on the group's financial statements as the group did not restate its prior period financial statements.



F. ACCOUNTING POLICIES *(CONTINUED)*

Adoption of new and revised International Financial Reporting Standards (IFRSs) (Continued)

(a) Relevant new standards and amendments to published standards effective for the year ended 30 June 2015 (Continued)

IAS 19 Employee Benefits (as revised in 2012)	IAS 19 (as revised in 2012) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2012), which is calculated by applying the discount rate to the net defined benefit liability or asset. The application of the amendment had no effect on the group's financial statements as the group does not have defined benefit obligations and plan assets.

(b) Relevant new and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2015

The group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

New and Amendments to standards	Effective for annual periods beginning on or after
IFRS 9	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IFRS 11. Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to IAS 16 and IAS 38. Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Annual improvements 2012- 2014 cycle	1 July 2016

(c) Impact of relevant new and amended standards and interpretations on the financial statements for the year ended 30 June 2015 and future annual periods

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

In July 2014, the IASB finalised the reform of financial instruments accounting and issued IFRS 9 (as revised in 2014), which contains the requirements for a) the classification and measurement of financial assets and financial liabilities, b) impairment methodology, and c) general hedge accounting. IFRS 9 (as revised in 2014) will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.

Phase 1: Classification and measurement of financial assets and financial liabilities

With respect to the classification and measurement, the number of categories of financial assets under IFRS 9 has been reduced; all recognised financial assets that are currently within the scope of IAS 39 will be subsequently measured at either amortised cost or fair value under IFRS 9. Specifically:

- a debt instrument that (i) is held within a business model whose objective is to collect the contractual cash flows and (ii) has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding must be measured at amortised cost (net of any write down for impairment), unless the asset is designated at fair value through profit or loss (FVTPL) under the fair value option.

F. ACCOUNTING POLICIES *(CONTINUED)*

Adoption of new and revised International Financial Reporting Standards (IFRSs) (Continued)

(c) Impact of relevant new and amended standards and interpretations on the financial statements for the year ended 30 June 2015 and future annual periods (Continued)

- a debt instrument that (i) is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and (ii) has contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, must be measured at FVTOCI, unless the asset is designated at FVTPL under the fair value option.

- all other debt instruments must be measured at FVTPL.
- all equity investments are to be measured in the statement of financial position at fair value, with gains and losses recognised in profit or loss except that if an equity investment is not held for trading, an irrevocable election can be made at initial recognition to measure the investment at FVTOCI, with dividend income recognised in profit or loss.

IFRS 9 also contains requirements for the classification and measurement of financial liabilities and derecognition requirements. One major change from IAS 39 relates to the presentation of changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of that liability. Under IFRS 9, such changes are presented in other comprehensive income, unless the presentation of the effect of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

Phase 2: Impairment methodology

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

Phase 3: Hedge accounting

The general hedge accounting requirements of IFRS 9 retain the three types of hedge accounting mechanisms in IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify as hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is no longer required. Far more disclosure requirements about an entity's risk management activities have been introduced.

IFRS 9: Financial Instruments The work on macro hedging by the IASB is still at a preliminary stage - a discussion paper was issued in April 2014 to gather preliminary views and direction from constituents with a comment period which ended on 17 October 2014. The project is under redeliberation at the time of writing.

Transitional provisions

IFRS 9 (as revised in 2014) is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. If an entity elects to apply IFRS 9 early, it must apply all of the requirements in IFRS 9 at the same time, except for those relating to:

- the presentation of fair value gains and losses attributable to changes in the credit risk of financial liabilities designated as at FVTPL, the requirements for which an entity may early apply without applying the other requirements in IFRS 9; and

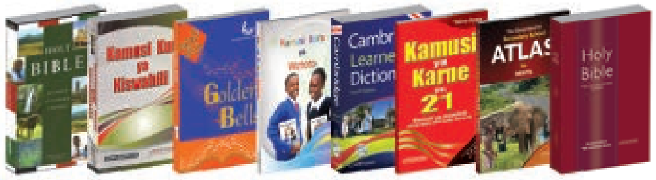
- hedge accounting, for which an entity may choose to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9.

The directors of the group anticipate that the application of IFRS 9 in the future may not have a significant impact on amounts reported in respect of the group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until a detailed review has been completed by the group.

IFRS 14, Regulatory Deferral Accounts

IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

Note: Entities which are eligible to apply IFRS 14 are not required to do so, and so can chose to apply only the requirements of IFRS 1 First-time Adoption of International Financial Reporting Standards when first applying IFRSs. However, an entity that elects to apply IFRS 14 in its first IFRS financial statements must continue to apply it in subsequent financial statements. IFRS 14 cannot be applied by entities that have already adopted IFRSs.



F. ACCOUNTING POLICIES *(CONTINUED)*

Adoption of new and revised International Financial Reporting Standards (IFRSs) (Continued)

(c) Impact of relevant new and amended standards and interpretations on the financial statements for the year ended 30 June 2015 and future annual periods (Continued)

The directors of the group do not anticipate that the application of the standard will have a significant impact on the group's financial statements.

IFRS 15, Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the group do not anticipate that the application of the standard will have a significant impact on the group's financial statements.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

The directors of the group do not anticipate that the application of the standard will have a significant impact on the group's consolidated financial statements.

Annual Improvements 2012-2014 Cycle

Makes amendments to the following standards:

- IFRS 5 — Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
- IFRS 7 — Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.
- IAS 9 — Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
- IAS 34 — Clarifying the meaning of 'elsewhere in the interim report' and require a cross-reference property.

These IFRS improvements are effective for accounting periods beginning on or after 1 January 2015. The management of the group does not anticipate that the application of these improvements to IFRSs will have a significant impact on the group's financial statements.

(d) Early adoption of standards

The group did not early-adopt any new or amended standards during the period.

F. ACCOUNTING POLICIES *(CONTINUED)*

Adoption of new and revised International Financial Reporting Standards (IFRSs) (Continued)

(d) Early adoption of standards (Continued)

Basis of preparation

The financial statements are prepared under the historical cost convention.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of Longhorn Kenya Limited and its subsidiary companies, all of which are made up to 30 June each year.

Subsidiary undertakings are those companies in which the group either directly or indirectly has an interest of more than 50% of the voting rights or otherwise has power to exercise control over the operations. All subsidiaries have been consolidated. Subsidiaries are consolidated from the date on which effective control is transferred to the group and are no longer consolidated as from the date of disposal. All inter-company transactions and balances and unrealised surpluses and deficits on transactions with the subsidiary companies have been eliminated. Subsidiary undertakings include Longhorn Publishers (Uganda) Limited and Longhorn Publishers (Tanzania) Limited, both owned 100% by the Longhorn Kenya Limited.

Turnover

Income is recognised upon despatch of goods and represents the amounts invoiced net of trade discounts and allowances.

Interest income is accrued on a timely basis when it accrues, by reference to the principal outstanding and the interest rate applicable.

Taxation

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

(i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

(iii) Current and deferred tax for the year

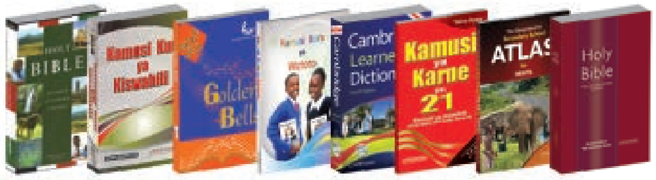
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for business combination.

Property and equipment

Property and equipment are stated at cost or at valuation less accumulated depreciation and any impairment losses.

Depreciation

Depreciation is calculated to write off the cost or valuation of property and equipment in equal annual instalments over their expected useful lives.



F. ACCOUNTING POLICIES *(CONTINUED)*

Adoption of new and revised International Financial Reporting Standards (IFRSs) (Continued)

(d) Early adoption of standards (Continued)

The annual rates used are:

Leasehold property	2.5%
Motor vehicles	25%
Furniture and equipment	10% - 30%

Leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by a company within the group as a lessee are classified as finance leases. All other leases are classified as operating leases. Payments made by companies within the group under operating leases are amortised on the straight-line basis over the term of lease.

Assets acquired under finance leases and hire purchase agreements are capitalised at the dates of inception of the related agreements. The interest element of each instalment is charged to the statement of profit or loss and other comprehensive income at the time each instalment falls due.

Intangible assets

Computer software

Expenditure on acquisition or development of computer software is initially recognised at cost as intangible assets and subsequently at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated on the straight line basis over the estimated useful lives.

Intellectual property

Intellectual property relate to brand names, publishing titles and licences and copyrights acquired. Intellectual properties are initially recognised at cost of acquisition and carried at their cost less any accumulated amortisation and any impairment losses. Amortisation of intellectual properties is calculated on the straight line basis over their estimated useful lives.

Investments in subsidiary

The investments in subsidiaries are carried in the company's statement of financial position at cost less provision for impairment losses. Where in the opinion of the directors there has been impairment in value of an investment, the loss is recognised as an expense in the period that the impairment is identified.

Impairment

At the end of each reporting period, the group reviews the carrying amounts 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. Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Inventories

Books and publications in progress are stated at the lower of cost and net realisable value. Cost comprises purchase price and related production expenses.

Net realisable value represents the estimated selling price in the ordinary course of business, less selling expenses. Provision is made for obsolete, slow moving and defective inventories.

Provisions for liabilities and charges

Employee entitlements to annual leave are recognised when they accrue to employees. Provision is made for the estimated liability in respect of annual leave accrued at the end of the reporting period.

Dividends payable

Dividends payable on ordinary shares are charged to retained earnings in the period in which they are declared. Proposed dividends are not accrued for until ratified in an Annual General Meeting.

Employee benefits costs

(i) Group's defined contribution retirement benefits scheme

The group operates a defined contribution pension scheme for its eligible employees. The assets of the scheme are held in a separate trustee administered fund. The scheme is funded by contributions from both the employees and the group. The contributions to the defined contribution plan are charged to profit or loss in the year to which they relate.

F. ACCOUNTING POLICIES *(CONTINUED)*

Adoption of new and revised International Financial Reporting Standards (IFRSs) (Continued)

(d) Early adoption of standards (Continued)

(ii) Statutory defined contribution pension scheme

The group also contributes to a statutory defined contribution pension scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and are currently at Shs 200 per employee per month in Kenya, 10% of the basic pay per employee per month in Uganda and 20% of the basic pay per employee per month in Tanzania.

(iii) Other employee entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. Provision is made for the estimated liability in respect of annual leave accrued at the end of the reporting year.

The group's obligations to retirement benefit schemes are recognised in the profit and loss as they fall due.

Financial instruments

Financial assets and liabilities are recognised in the group's consolidated statement of financial position when the group has become a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Objective evidence of impairment of the receivables is deemed to have occurred when there is significant financial difficulty of the counter party or when there is a default or delinquency in payment according to agreed terms. 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.

Term deposits

Term deposits are classified as held to maturity and are measured at amortised cost.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges including premiums payable on settlement or redemption, are accounted for on the accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period they arise.

Trade payables

Trade payables are stated at their nominal value.

Foreign currencies

Assets and liabilities expressed in foreign currencies are translated into Kenya Shillings at the rates of exchange ruling at the end of the reporting period. Transactions during the period which are expressed in foreign currencies are translated at the rates ruling at the dates of the transactions. Gains and losses on exchange resulting from the translation are dealt with in the profit and loss.

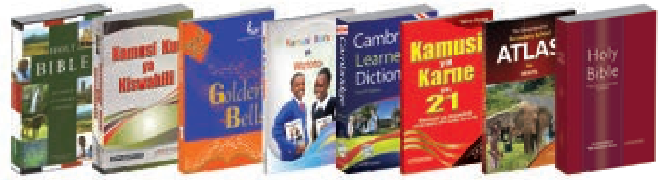
For the purposes of presenting consolidated financial statements, the assets and liabilities of the group's foreign operations are translated into Kenya Shillings using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. The resulting exchange differences from conversion are dealt with in the statement of comprehensive income in the year in which they arise.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from the bank repayable within three months from the date of advance.

Comparatives

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



G. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

In the process of applying the group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of assets

At each end of the reporting period, the group reviews the carrying amount of its assets to determine whether there is any indication that these 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 impairment.

Property and equipment

Critical estimates are made by directors in determining the useful lives and residual values to property and equipment based on the intended use of the assets and the economic lives of those assets. Subsequent changes in circumstances or prospective utilisation of the assets concerned could result in the actual useful lives or residual values differing from initial estimates.

Deferred tax assets and liabilities

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authority. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

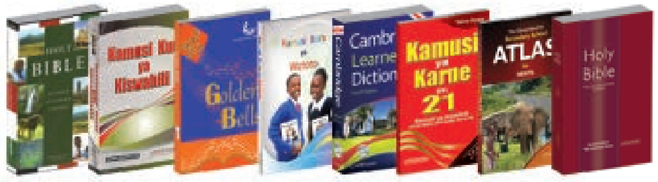
Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

Allowance for credit losses

The estimated allowance for credit losses is based on the period for which the debt was outstanding combined with some knowledge of the financial position of the debtor and/or the circumstances surrounding the underlying transaction.

H. CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIVE YEARS ENDED 30 JUNE 2015

	Notes	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
TURNOVER		848,377	1,396,834	1,033,295	775,943	1,100,947
COST OF SALES		(373,729)	(717,561)	(562,214)	(438,712)	(552,687)
GROSS PROFIT		474,648	679,273	471,081	337,231	548,260
OTHER OPERATING INCOME		2,048	6,315	6,930	9,747	3,077
SELLING AND DISTRIBUTION EXPENSES		(92,357)	(209,580)	(80,810)	(87,499)	(152,478)
ADMINISTRATIVE EXPENSES		(279,634)	(307,685)	(233,992)	(274,004)	(183,793)
NET FOREIGN EXCHANGE LOSSES	4	(7,789)	(21,097)	(11,882)	(11,424)	(1,991)
PROFIT/(LOSS) BEFORE TAXATION		96,916	147,226	151,327	(25,949)	213,075
TAXATION (CHARGE)/CREDIT	7(a)	(25,190)	(52,293)	(57,409)	3,484	(85,329)
PROFIT/(LOSS) FOR THE YEAR	8	**71,726**	**94,933**	**93,918**	**(22,465)**	**127,746**
OTHER COMPREHENSIVE (LOSS)/INCOME						
Items that may be reclassified subsequently to profit or loss:						
EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS		(8,668)	321	27,363	(27,005)	(13,958)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE YEAR		**63,058**	**95,254**	**121,281**	**(49,470)**	**113,788**
EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED	9	**0.70**	**0.93**	**0.92**	**(0.22)**	**1.62**

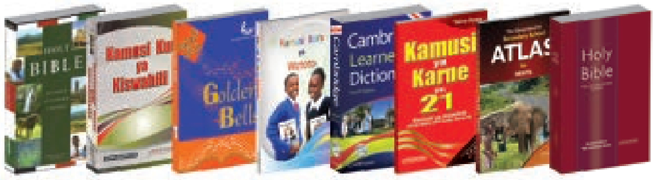


I. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015, 2014, 2013, 2012, 2011

	Notes	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
ASSETS						
Non-current assets						
Property and equipment	11(a)	182,428	165,085	169,908	174,027	162,211
Intangible assets	12(a)	22,985	7,169	9,423	12,313	8,180
Deferred tax asset	14	20,431	26,457	21,364	31,291	12,328
		225,844	198,711	200,695	217,631	182,719
Current assets						
Inventories	15(a)	134,203	104,880	142,522	275,038	173,714
Trade and other receivables	16(a)	305,721	302,665	215,849	156,662	292,762
Corporate tax recoverable	7(c)	11,644	16,199	2,100	1,014	-
Cash and bank balances		11,908	130,104	123,853	12,344	60,458
		463,476	553,848	484,324	445,058	526,934
Total assets		**689,320**	**752,559**	**685,019**	**662,689**	**709,653**
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	17	146,250	58,500	58,500	58,500	58,500
Share premium		5,039	5,039	5,039	5,039	5,039
Retained earnings		245,026	378,050	329,917	235,999	346,214
Translation reserve		(15,937)	(7,269)	(7,590)	(34,953)	(7,948)
Equity attributable to owners of the Company		**380,378**	**434,320**	**385,866**	**264,585**	**401,805**
Non current liabilities						
Borrowings	18	-	-	-	-	9,600
Current liabilities						
Borrowings	18	41,677	-	-	9,600	19,200
Trade and other payables	19(a)	255,114	315,039	259,716	376,773	252,645
Corporate tax payable	7(c)	1,068	3,200	39,437	1,982	26,403
Bank overdraft	20(b)	11,083	-	-	9,749	-
		308,942	318,239	299,153	398,104	298,248
Total equity and liabilities		**689,320**	**752,559**	**685,019**	**662,689**	**709,653**

I. COMPANY STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2015, 2014, 2013, 2012, 2011

	Notes	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
ASSETS						
Non-current assets						
Property and equipment	11(b)	151,179	160,650	166,296	171,727	160,392
Intangible assets	12(b)	4,694	3,644	4,326	5,392	7,814
Investment in subsidiaries	13	25,440	25,440	25,440	25,440	25,440
Deferred tax asset	14(b)	14,474	23,415	14,594	26,828	13,545
		195,787	213,149	210,656	229,387	207,191
Current assets						
Inventories	15(b)	112,792	90,206	134,196	263,813	168,761
Trade and other receivables	16(b)	253,653	236,364	184,282	114,641	206,031
Due from subsidiary companies	21(a)	97,798	66,383	55,623	24,707	44,938
Corporate tax recoverable	7(d)	10,415	16,199	-	1,014	-
Cash and bank balances		7,768	100,832	45,825	7,263	5,973
		482,426	509,984	419,926	411,438	425,703
Total assets		**678,213**	**723,133**	**630,582**	**640,825**	**632,894**
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	17	146,250	58,500	58,500	58,500	58,500
Share premium		5,039	5,039	5,039	5,039	5,039
Retained earnings		199,569	313,728	293,289	207,207	306,736
Shareholders' funds		**350,858**	**377,267**	**356,828**	**270,746**	**370,275**
Non current liabilities						
Borrowings	18	-	-	-	-	9,600
Current liabilities						
Borrowings	18	41,677	-	-	9,600	19,200
Due to subsidiary companies	21(b)	27,825	39,693	24,030	5,205	4,646
Trade and other payables	19(b)	246,770	306,173	211,417	345,525	224,558
Corporate tax payable	7(d)	-	-	38,307	-	4,615
Bank overdraft	20(c)	11,083	-	-	9,749	-
		327,355	345,866	273,754	370,079	253,019
Total equity and liabilities		**678,213**	**723,133**	**630,582**	**640,825**	**632,894**

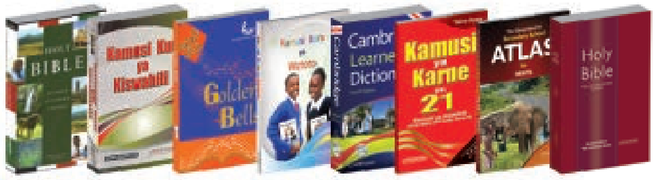


J. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIVE YEARS TO 30 JUNE 2015

	Share capital Shs'000	Share premium Shs'000	Retained earnings Shs'000	Translation reserve/ (deficit) Shs'000	Total Shs'000
At 1 July 2010	58,500	5,039	230,168	6,010	299,717
Profit for the year	-	-	127,746	-	127,746
Other comprehensive loss for the year	-	-	-	(13,958)	(13,958)
2010 final dividends paid	-	-	(11,700)	-	(11,700)
At 30 June 2011	58,500	5,039	346,214	(7,948)	401,805
At 1 July 2011	58,500	5,039	346,214	(7,948)	401,805
Loss for the year	-	-	(22,465)	-	(22,465)
Other comprehensive loss for the year	-	-	-	(27,005)	(27,005)
2011 final dividends paid	-	-	(87,750)	-	(87,750)
At 30 June 2012	58,500	5,039	235,999	(34,953)	264,585
At 1 July 2012	58,500	5,039	235,999	(34,953)	264,585
Profit for the year	-	-	93,918	-	93,918
Other comprehensive income for the year	-	-	-	27,363	27,363
At 30 June 2013	58,500	5,039	329,917	(7,590)	385,866
At 1 July 2013	58,500	5,039	329,917	(7,590)	385,866
Profit for the year	-	-	94,933	-	94,933
Other comprehensive income for the year	-	-	-	321	321
2013 final dividends paid	-	-	(46,800)	-	(46,800)
At 30 June 2014	58,500	5,039	378,050	(7,269)	434,320
At 1 July 2014	58,500	5,039	378,050	(7,269)	434,320
Profit for the year	-	-	71,726	-	71,726
Other comprehensive loss for the year	-	-	-	(8,668)	(8,668)
2014 final dividends paid	-	-	(117,000)	-	(117,000)
Issue of bonus shares (note 17)	87,750	-	(87,750)	-	-
At 30 June 2015	146,250	5,039	245,026	(15,937)	380,378

J. COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE FIVE YEARS TO 30 JUNE 2015

	Share capital Shs'000	Share premium Shs'000	Retained earnings Shs'000	Total Shs'000
At 1 July 2010	58,500	5,039	223,445	286,984
Total comprehensive income for the year	-	-	94,991	94,991
2010 final dividends paid	-	-	(11,700)	(11,700)
At 30 June 2011	58,500	5,039	306,736	370,275
At 1 July 2011	58,500	5,039	306,736	370,275
Total comprehensive loss for the year	-	-	(11,779)	(11,779)
2011 final dividends paid	-	-	(87,750)	(87,750)
At 30 June 2012	58,500	5,039	207,207	270,746
At 1 July 2012	58,500	5,039	207,207	270,746
Total comprehensive income for the year	-	-	86,082	86,082
At 30 June 2013	58,500	5,039	293,289	356,828
At 1 July 2013	58,500	5,039	293,289	356,828
Total comprehensive income for the year	-	-	67,239	67,239
2013 final dividends paid	-	-	(46,800)	(46,800)
At 30 June 2014	58,500	5,039	313,728	377,267
At 1 July 2014	58,500	5,039	313,728	377,267
Issue of bonus shares (note 17)	87,750	-	(87,750)	-
Total comprehensive income for the year	-	-	90,591	90,591
2014 final dividends paid	-	-	(117,000)	(117,000)
At 30 June 2015	146,250	5,039	199,569	350,858



K. CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIVE YEARS ENDED 30 JUNE 2015

	Notes	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash generated from operations	20(a)	29,689	190,273	121,814	149,006	111,307
Taxation paid	7(c)	(16,711)	(99,189)	(11,037)	(42,246)	(36,308)
Net exchange loss		(7,789)	(21,097)	-	-	-
Net cash generated from operating activities		5,189	69,987	110,777	106,760	74,999
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property and equipment	11(a)	(35,838)	(9,383)	(12,561)	(22,060)	(64,981)
Purchase of intangible assets	12(a)	(19,714)	(1,711)	(1,311)	(12,036)	(590)
Proceeds from sale of property and equipment		704	2,437	6,560	1,937	-
Net cash used in investing activities		(54,848)	(8,657)	(7,312)	(32,159)	(65,571)
CASH FLOWS FROM FINANCING ACTIVITIES						
Bank borrowings received	18	41,677	-	-	-	-
Bank borrowings repaid	18	-	-	(9,600)	(19,200)	(19,200)
Dividends paid		(117,000)	(46,800)	-	(87,750)	(11,700)
Net cash used in financing activities		(75,323)	(46,800)	(9,600)	(106,950)	(30,900)
(Decrease)/increase in cash and cash equivalents		(124,983)	14,530	93,865	(32,349)	(21,472)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		130,104	123,853	2,595	60,458	90,983
Exchange adjustment		(4,296)	(8,279)	27,393	(25,514)	(9,053)
CASH AND CASH EQUIVALENTS AT END OF YEAR	20(b)	825	130,104	123,853	2,595	60,458

L. NOTES TO THE AUDITED FINANCIAL STATEMENTS

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's activities expose it to a variety of financial risks, including credit risk and the effects of changes in 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 senior management under policies approved by the board of directors. Senior management identify, evaluate and hedge financial risks. The board of directors provide guidance on the overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk and credit risk.

Market risk

Foreign exchange risk
To manage the foreign exchange risk, the group negotiates with its bankers to get favourable exchange rates when paying commitments denominated in foreign currencies.

The group has no foreign denominated financial instruments and is thus not exposed to foreign exchange risks.

At 30 June 2015, if the Shilling had weakened/strengthened by 5% against the foreign currencies with all other variables held constant, the impact on pre-tax profit for the year and total capital would have been Kshs 1,952,350 (2014: Kshs 1,432,750, 2013: Kshs 1,579,650, 2012: Kshs 702,900, 2011: Kshs 2,014,000) lower/higher, mainly as a result of imports and foreign denominated bank balances.

Price risk
The group does not hold price sensitive financial instruments and hence does not face price risk.

Interest rate risk
The group is exposed to interest rate risk as it borrows funds and has term deposits both at fixed and floating interest rates. The risk is managed through close monitoring of the interest rates.

An increase/decrease of 5% on average borrowing rates would have resulted in an increase/decrease in profit before taxation of Kshs 521,517 (2014: Kshs Nil, 2013: Kshs Nil, 2012: Kshs 171,500, 2011: Kshs 299,000).

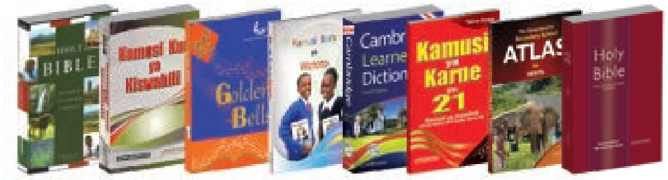
Credit risk

Credit risk arises from the probability that debtors will default on their contractual obligations resulting in financial loss to the group. The group has developed an Order Processing and Credit Control policy framework that describes the procedures of appraising and managing credit customers.

There are enhanced system controls within its Enterprise Resources Planning System (ERP) that ensure that customers with outstanding issues are not supplied without the approval of the authorised Finance personnel.

The group monitors the debtors' accounts and briefing meetings are held every fortnight between the Finance and Operations (Sales and Marketing team) department to report on the debt position for further action. Each sales representative is charged with the responsibility of collecting the debt that he has created.

The credit risk on the short term deposits and cash and bank balances is considered to be low because the balances are held with regulated financial institutions and are fully performing.



L. NOTES TO THE AUDITED FINANCIAL STATEMENTS *(CONTINUED)*

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk *(Continued)*

The amount that best represents the group's maximum exposure to credit risk in the respective years is as follows:

	Fully performing Shs'000	Past due Shs'000	Impaired Shs'000	Total Shs'000
30 June 2015				
Trade receivables	37,379	136,336	53,450	227,165
Bank balances	825	-	-	825
	38,204	136,336	53,450	227,990
30 June 2014				
Trade receivables	95,021	119,828	57,981	272,830
Bank balances	127,332	-	-	127,332
	222,353	119,828	57,981	400,162
30 June 2013				
Trade receivables	158,961	9,600	38,810	207,371
Bank balances	122,205	-	-	122,205
	281,166	9,600	38,810	329,576
30 June 2012				
Trade receivables	104,605	4,978	41,712	151,295
Bank balances	10,911	-	-	10,911
	115,516	4,978	41,712	162,206
30 June 2011				
Trade receivables	186,877	73,002	14,985	274,864
Bank balances	60,242	-	-	60,242
	247,119	73,002	14,985	335,106

The analysis of the age of receivables that are past due but not impaired is shown below:

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Age in days					
120 + days	136,336	119,828	9,600	4,978	73,002

The customers under the fully performing category are paying their debts as they continue trading. The default rate is low. The debt that is past due but not impaired continues to be paid. The finance department is actively following this debt. The debt that is impaired has been fully provided for. However, the finance department is pursuing various measures to recover the impaired debt.

L. NOTES TO THE AUDITED FINANCIAL STATEMENTS *(CONTINUED)*

1. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The group manages liquidity risk by maintaining adequate cash balances in the bank, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Excess cash is invested in call deposits which are readily convertible to liquid cash whenever need arises.

The table below analyses the group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date.

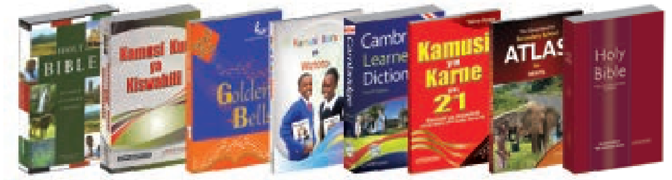
	Less than 1 month Shs'000	Between 1 – 3 months Shs'000	Over 3 months Shs'000	Total Shs'000
At 30 June 2015				
Financial liabilities				
Trade payables	7,979	10,195	53,143	71,317
Bank borrowings	-	-	41,677	41,677
	=======	=======	=======	=======
At 30 June 2014				
Financial liabilities				
Trade payables	81,651	23,732	26,621	132,004
	=======	=======	=======	=======
At 30 June 2013				
Financial liabilities				
Trade payables	23,980	47,638	33,235	104,853
	======	======	======	=======
At 30 June 2012				
Financial liabilities				
Trade and payables	89,087	67,054	86,432	242,573
Bank borrowings	-	-	9,600	9,600
	89,087	67,054	96,032	252,173
	======	======	======	=======
At 30 June 2011				
Financial liabilities				
Trade payables	33,748	69,350	2,061	105,159
Bank borrowings	-	-	25,043	25,043
	33,748	69,350	27,104	130,202
	=======	=======	=======	=======

2. CAPITAL RISK MANAGEMENT

The group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity mix.

The capital structure of the group consists of equity attributable to equity holders of the parent, comprising issued capital and retained earnings.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents.



L. NOTES TO THE AUDITED FINANCIAL STATEMENTS *(CONTINUED)*

2. CAPITAL RISK MANAGEMENT (Continued)

The constitution of capital managed by Longhorn Publishers Limited is as shown below:

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Share capital	146,250	58,500	58,500	58,500	58,500
Share premium	5,039	5,039	5,039	5,039	5,039
Retained earnings	245,026	378,050	329,917	235,999	346,214
Translation deficit	(15,937)	(7,269)	(7,590)	(34,953)	(7,948)
Equity	380,378	434,320	385,866	264,585	401,805
Borrowings	41,677	-	-	9,600	28,800
Less: Cash and cash equivalents	(11,908)	(130,104)	(123,853)	(12,344)	(60,458)
	29,769	(130,104)	(123,853)	(2,744)	(31,658)
Gearing ratio	7.83%	Nil	Nil	Nil	Nil

3. OPERATING SEGMENTS

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. Only geography applies as products are homogenous.

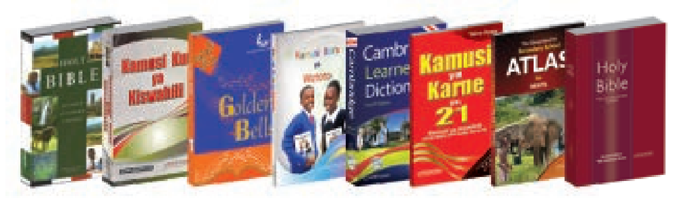
The group's operations are within three geographical segments, Kenya, Tanzania and Uganda. The table below contains segmental information provided to the Chief Operating Decision Maker for each of the five years to 30 June 2015.

	Kenya Shs'000	Tanzania Shs'000	Uganda Shs'000	Eliminated on consolidation Shs'000	Total Shs'000
Year 30 June 2015					
Sales and other income	832,090	30,817	12,322	(24,804)	850,425
Cost of sales and other expenditure	(712,805)	(37,929)	(27,779)	24,804	(753,509)
Profit/(loss) before taxation	119,285	(7,112)	(15,257)	-	96,916
Assets	678,213	53,565	94,220	(136,678)	689,320
Liabilities	327,355	70,180	22,645	(111,238)	308,942
Capital expenditure	6,242	2,332	30,354	-	38,928

L. NOTES TO THE AUDITED FINANCIAL STATEMENTS *(CONTINUED)*

3. OPERATING SEGMENTS (Continued)

	Kenya Shs'000	Tanzania Shs'000	Uganda Shs'000	Eliminated on consolidation Shs'000	Total Shs'000
Year 30 June 2014					
Sales and other income	1,258,162	71,314	233,710	(160,037)	1,403,149
Cost of sales and other expenditure	(1,164,603)	(95,197)	(156,160)	160,037	(1,255,923)
Profit/(loss) before taxation	93,559	(23,883)	77,550	-	147,226
Assets	718,106	48,320	100,719	(114,586)	752,559
Liabilities	340,839	58,503	8,043	(89,146)	318,239
Capital expenditure	9,004	621	1,469	-	11,094
Year 30 June 2013					
Sales and other income	984,538	66,993	43,516	(54,822)	1,040,225
Cost of sales and other expenditure	(839,531)	(52,596)	(51,593)	54,822	(888,898)
Profit/(loss) before taxation	145,007	14,397	(8,077)	-	151,327
Assets	630,582	69,070	85,674	(100,307)	685,019
Liabilities	273,754	55,547	44,719	(74,867)	299,153
Capital expenditure	11,514	18	2,340	-	13,872
Year 30 June 2012					
Sales and other income	771,303	17,023	18,096	(20,732)	785,690
Cost of sales and other expenditure	(783,003)	(19,270)	(30,098)	20,732	(811,639)
Loss before taxation	(11,700)	(2,247)	(12,002)	-	(25,949)
Assets	640,825	24,922	52,196	(55,254)	662,689
Liabilities	376,773	25,003	52,596	(56,268)	398,104
Capital expenditure	25,243	7,972	881	-	34,096
Year 30 June 2011					
Sales and other income	985,843	8,477	167,052	(66,364)	1,095,008
Cost of sales and other expenditure	(831,260)	(15,450)	(101,587)	66,364	(881,933)
Profit/(loss) before taxation	154,583	(6,973)	65,465	-	213,075
Assets	632,894	7,816	140,538	(71,595)	709,653
Liabilities	262,619	5,182	86,326	(46,279)	307,848
Capital expenditure	8,127	956	323	-	9,406



L. NOTES TO THE AUDITED FINANCIAL STATEMENTS *(CONTINUED)*

4. NET FOREIGN EXCHANGE LOSSES

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Realised exchange (loss)/gains	(1,190)	(5,257)	281	(842)	(1,991)
Unrealised exchange loss	(6,599)	(15,840)	(12,163)	(10,582)	-
	(7,789)	(21,097)	(11,882)	(11,424)	(1,991)

5. PROFIT BEFORE TAXATION

The profit/(loss) before taxation is arrived at after charging/(crediting):	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Depreciation (Note 11(a))	14,164	14,011	12,989	10,225	7,841
Amortisation of intangible assets (Note 12(a))	3,481	3,984	4,128	7,764	7,558
Directors' emoluments - fees	4,788	3,681	3,590	4,274	4,661
- other emoluments	-	-	-	5,732	6,005
Auditors' remuneration	3,388	3,120	2,877	2,651	1,832
Staff costs (Note 6)	192,289	197,449	152,989	140,904	115,104
(Recovery)/provision for bad debts	(3,005)	19,033	(2,234)	26,796	(23,187)
(Gain)/loss on disposal of equipment	(357)	(2,194)	(2,902)	(1,937)	84

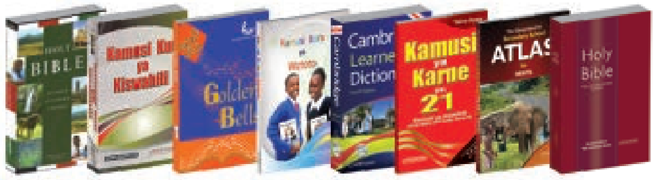
6. STAFF COSTS

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Salaries and wages	143,569	131,140	108,169	114,051	89,252
Pension costs	4,761	4,843	4,654	4,017	3,263
Leave pay	6,519	3,432	8,183	6,408	5,733
Staff gratuity	2,868	29,910	12,807	563	1,671
Social security costs (NSSF)	1,133	1,365	1,010	1,121	815
Staff welfare and training expenses	27,669	21,331	17,765	14,469	14,237
Staff medical expenses	5,770	5,428	401	275	133
	192,289	197,449	152,989	140,904	115,104

L. NOTES TO THE AUDITED FINANCIAL STATEMENTS *(CONTINUED)*

7. TAXATION

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
(a) Taxation charge/(credit) - Group					
Current taxation:					
Tax based on the taxable profit for the year at 30%					
- Current year	19,753	57,218	47,828	15,627	74,897
- Prior year	-	-	(244)	-	-
	19,753	57,218	47,584	15,627	74,897
Deferred taxation (Note 14):					
- year charge/(credit)	(3,003)	(14,027)	(9,304)	(19,886)	6,349
- prior year over/(under) provision	1,015	2,682	15,936	-	(704)
- deferred tax not recognised	7,425	6,420	3,193	775	4,787
	5,437	(4,925)	9,825	(19,111)	10,432
Income statement charge/(credit)	25,190	52,293	57,409	(3,484)	85,329
(b) Reconciliation of expected tax based on profit/(loss) to tax charge - Group					
Profit/(loss) before taxation	96,916	147,226	151,327	(25,949)	213,075
Tax at the applicable rate of 30%	16,353	34,812	30,898	(7,785)	63,923
Tax effect of expenses not deductible for tax purposes	397	8,379	7,382	3,626	17,324
Prior year over/(under) provision - deferred tax	1,015	2,682	15,936	-	(704)
Deferred tax not recognised	7,425	6,420	3,193	775	4,787
Taxation charge	25,190	52,293	57,409	(3,384)	85,329
(c) Tax movement - Group					
At beginning of the year:					
Payable	3,200	39,437	1,982	26,403	1,026
Recoverable	(16,199)	(2,100)	(1,014)	-	(13,308)
	(12,999)	37,337	968	26,403	(12,282)
Taxation charge	19,753	57,218	47,828	15,627	74,897
Taxation paid	(16,711)	(99,189)	(11,037)	(42,246)	(36,308)
Prior year overprovision	-	-	(244)	-	-
Exchange adjustment	2,690	(85)	(178)	1,184	96
Withholding tax paid	(3,309)	(8,280)	-	-	-
At end of the year					
Net tax (recoverable)/payable	(10,576)	(12,999)	37,337	968	26,403
Comprising:					
Recoverable	(11,644)	(16,199)	(2,100)	(1,014)	-
Payable	1,068	3,200	39,437	1,982	26,403
	(10,576)	(12,999)	37,337	968	26,403



L. NOTES TO THE AUDITED FINANCIAL STATEMENTS *(CONTINUED)*
7. TAXATION (Continued)

(d) Tax movement - Company	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
At beginning of the year:					
Payable	-	38,307	-	4,615	-
Recoverable	(16,199)	-	(1,014)	-	(13,308)
	(16,199)	38,307	(1,014)	4,615	(13,308)
Taxation charge	19,753	35,141	46,691	13,362	51,347
Taxation paid	(13,969)	(89,647)	(7,370)	(18,991)	(33,424)
At end of the year:					
Net tax (recoverable)/payable	(10,415)	(16,199)	38,307	(1,014)	4,615
	=======	=======	=======	=======	=======
Comprising:					
Recoverable	(10,415)	(16,199)	-	(1,014)	-
Payable	-	-	38,307	-	4,615
	(10,415)	(16,199)	38,307	(1,014)	4,615
	=======	=======	=======	=======	=======

8. PROFIT ATTRIBUTABLE TO SHAREHOLDERS
A profit after taxation of Kshs 90,591,000, (2014; Kshs 67,239,000, 2013; Kshs 86,082,000, 2012; loss of Kshs 11,779,000 and 2011 Kshs 94,991,000) has been dealt with in the financial statements of Longhorn Publishers Limited.

9. EARNINGS PER SHARE – BASIC AND DILUTED
Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares. The earnings per share for all the years have been recalculated to incorporate the effects of the bonus issue made in 2014.

There were no potentially dilutive ordinary shares outstanding during the period covered in this report. Diluted earnings per share are therefore same as basic earnings per share.

The following reflects the earnings and the share data used in the basic and diluted earnings per share computations;

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Profit/(loss) attributable to ordinary shareholders (Shs'000)	71,726	94,933	93,918	(22,465)	127,746
	=======	=======	=======	=======	=======
Weighted average number of ordinary shares in issue	102,375,000	102,375,000	102,375,000	102,375,000	78,975,000
	=======	=======	=======	=======	=======
Basic and diluted earnings per share (Kshs)	0.70	0.93	0.92	(0.22)	1.62
	=======	=======	=======	=======	=======

10. DIVIDENDS PER SHARE

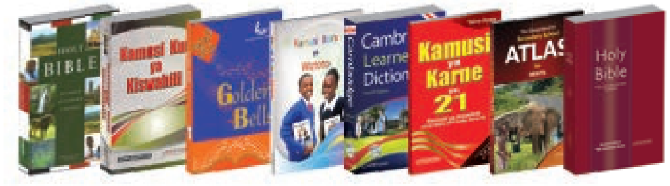
	2015	2014	2013	2012	2011
Final proposed (Kshs)	0.15	2.00	0.80	-	7.50
	=====	=====	=====	=====	=====
Equivalent to Kshs '000	15,356	117,000	46,800	-	87,750
	=====	=====	=====	=====	=====

Dividends payable on ordinary shares are charged to retained earnings in the period in which they are declared. Proposed dividends are not accrued for until ratified in an Annual General Meeting.

L. NOTES TO THE AUDITED FINANCIAL STATEMENTS *(CONTINUED)*

11. (a) PROPERTY AND EQUIPMENT- GROUP

	Leasehold property Shs'000	Motor vehicles, furniture and equipment Shs'000	Capital work-in-progress Shs'000	Total Shs'000
COST				
At 1 July 2010	56,953	47,917	36,528	141,398
Additions	-	9,501	55,480	64,981
Disposals	-	(105)	-	(105)
Exchange adjustment	-	(188)	-	(188)
At 30 June 2011	56,953	57,125	92,008	206,086
At 1 July 2011	56,953	57,125	92,008	206,086
Additions	1,522	19,228	1,310	22,060
Disposals	-	(5,126)	-	(5,126)
Transfers	93,318	-	(93,318)	-
Exchange adjustment	(70)	(21)	-	(91)
At 30 June 2012	151,723	71,206	-	222,929
At 1 July 2012	151,723	71,206	-	222,929
Additions	5,852	6,709	-	12,561
Disposals	(415)	(5,321)	-	(5,736)
Exchange adjustment	(56)	(36)	-	(92)
At 30 June 2013	157,104	72,558	-	229,662
At 1 July 2013	157,104	72,558	-	229,662
Additions	-	9,383	-	9,383
Disposals	-	(8,085)	-	(8,085)
Exchange adjustment	-	106	-	106
At 30 June 2014	157,104	73,962	-	231,066
At 1 July 2014	157,104	73,962	-	231,066
Additions	30,321	5,517	-	35,838
Disposals	-	(1,456)	-	(1,456)
Exchange adjustment	(3,649)	(766)	-	(4,415)
At 30 June 2015	183,776	77,257	-	261,033
DEPRECIATION				
At 1 July 2010	4,093	32,087	-	36,180
Charge for the year	1,425	6,416	-	7,841
Eliminated on disposal	-	(21)	-	(21)
Exchange adjustment	-	(125)	-	(125)
At 30 June 2011	5,518	38,357	-	43,875
At 1 July 2011	5,518	38,357	-	43,875
Charge for the year	4,153	6,072	-	10,225
Eliminated on disposal	-	(5,126)	-	(5,126)
Exchange adjustment	-	(72)	-	(72)
At 30 June 2012	9,671	39,231	-	48,902



L. NOTES TO THE AUDITED FINANCIAL STATEMENTS *(CONTINUED)*

11. (a) PROPERTY AND EQUIPMENT- GROUP (Continued)

	Leasehold property Shs'000	Motor vehicles, furniture and equipment Shs'000	Capital work-in-progress Shs'000	Total Shs'000
DEPRECIATION				
At 1 July 2012	9,671	39,231	-	48,902
Charge for the year	4,443	8,546	-	12,989
Eliminated on disposal	(415)	(1,663)	-	(2,078)
Exchange adjustment	(34)	(25)	-	(59)
At 30 June 2013	13,665	46,089	-	59,754
At 1 July 2013	13,665	46,089	-	59,754
Charge for the year	3,884	10,127	-	14,011
Eliminated on disposal	-	(7,842)	-	(7,842)
Exchange adjustment	-	58	-	58
At 30 June 2014	17,549	48,432	-	65,981
At 1 July 2014	17,549	48,432	-	65,981
Charge for the year	3,903	10,261	-	14,164
Eliminated on disposal	-	(1,109)	-	(1,109)
Exchange adjustment	-	(431)	-	(431)
At 30 June 2015	21,452	57,153	-	78,605
NET BOOK VALUE				
At 30 June 2015	162,324	20,104	-	182,428
At 30 June 2014	139,555	25,530	-	165,085
At 30 June 2013	143,439	26,469	-	169,908
At 30 June 2012	142,052	31,975	-	174,027
At 30 June 2011	51,435	18,768	92,008	162,211

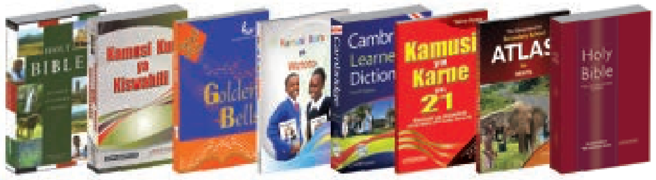
The exchange adjustment arises from the translation of the values relating to assets held by two subsidiaries, Longhorn Publishers (Uganda) Limited and Longhorn Publishers (Tanzania) Limited. Included in motor vehicles, furniture and equipment are fully depreciated assets with a cost of Shs 22,015,261 (2014 –Shs 26,195,806, 2013 – Shs 30,146,189, 2012 – Shs 30,146,189, 2011 – Shs 25,593,685). The nominal annual depreciation charge on these assets would have been Shs 6,296,649 (2014 – Shs 6,757,161, 2013 – Shs 8,516,290, 2012 – Shs 8,516,290, 2011 – Shs 6,736,379).

The historical cost of the leasehold land amounts to Shs 131,033 and is deemed immaterial. Consequently, it has not been reclassified to operating lease prepayments as per the requirements of IAS 17 on leases. The amount is included in the carrying amount of the leasehold property.

L. NOTES TO THE AUDITED FINANCIAL STATEMENTS *(CONTINUED)*

11. (b) PROPERTY AND EQUIPMENT- COMPANY

	Leasehold property Shs'000	Motor vehicles, furniture and equipment Shs'000	Capital work-in-progress Shs'000	Total Shs'000
COST				
At 1 July 2010	56,953	44,465	36,528	137,946
Additions	-	8,232	55,480	63,712
Disposals	-	(105)	-	(105)
At 30 June 2011	56,953	52,592	92,008	201,553
At 1 July 2011	56,953	52,592	92,008	201,553
Additions	690	18,993	1,310	20,993
Disposals	-	(5,126)	-	(5,126)
Transfers	93,318	-	(93,318)	-
At 30 June 2012	150,961	66,459	-	217,420
At 1 July 2012	150,961	66,459	-	217,420
Additions	4,535	5,668	-	10,203
Disposals	-	(5,157)	-	(5,157)
At 30 June 2013	155,496	66,970	-	222,466
At 1 July 2013	155,496	66,970	-	222,466
Additions	-	7,293	-	7,293
Disposals	-	(6,579)	-	(6,579)
At 30 June 2014	155,496	67,684	-	223,180
At 1 July 2014	155,496	67,684	-	223,180
Additions	-	3,152	-	3,152
Disposals	-	(1,456)	-	(1,456)
At 30 June 2015	155,496	69,380	-	224,876
DEPRECIATION				
At 1 July 2010	4,093	29,792	-	33,885
Charge for the year	1,425	5,872	-	7,297
Eliminated on disposal	-	(21)	-	(21)
At 30 June 2011	5,518	35,643	-	41,161
At 1 July 2011	5,518	35,643	-	41,161
Charge for the year	3,781	5,877	-	9,658
Eliminated on disposal	-	(5,126)	-	(5,126)
At 30 June 2012	9,299	36,394	-	45,693
At 1 July 2012	9,299	36,394	-	45,693
Charge for the year	3,856	8,201	-	12,057
Eliminated on disposal	-	(1,580)	-	(1,580)
At 30 June 2013	13,155	43,015	-	56,170



L. NOTES TO THE AUDITED FINANCIAL STATEMENTS *(CONTINUED)*

11. (b) PROPERTY AND EQUIPMENT- COMPANY (Continued)

	Leasehold property Shs'000	Motor vehicles, furniture and equipment Shs'000	Capital work-in-progress Shs'000	Total Shs'000
DEPRECIATION				
At 1 July 2013	13,155	43,015	-	56,170
Charge for the year	3,884	8,889	-	12,773
Eliminated on disposal	-	(6,413)	-	(6,413)
At 30 June 2014	17,039	45,491	-	62,530
At 1 July 2014	17,039	45,491	-	62,530
Charge for the year	3,903	8,373	-	12,276
Eliminated on disposal	-	(1,109)	-	(1,109)
At 30 June 2015	20,942	52,755	-	73,697
NETBOOK VALUE				
At June 2015	134,554	16,625	-	151,179
At 30 June 2014	138,457	22,193	-	160,650
At June 2013	142,341	23,955	-	166,296
At 30 June 2012	141,662	30,065	-	171,727
At 30 June 2011	51,435	16,949	92,008	160,392

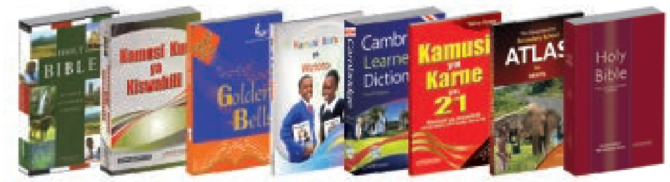
12. (a) INTANGIBLE ASSETS – GROUP

	Computer software Shs'000	Intellectual property Shs'000	Total Shs'000
COST			
At 1 July 2010	5,814	34,840	40,654
Additions	590	-	590
Exchange adjustment	(42)	-	(42)
At 30 June 2011	6,362	34,840	41,202
At 1 July 2011	6,362	34,840	41,202
Additions	4,677	7,359	12,036
Exchange adjustment	(14)	(166)	(180)
At 30 June 2012	11,025	42,033	53,058
At 1 July 2012	11,025	42,033	53,058
Additions	1,311	-	1,311
Exchange adjustment	(20)	(79)	(99)
At 30 June 2013	12,316	41,954	54,270

L. NOTES TO THE AUDITED FINANCIAL STATEMENTS *(CONTINUED)*

12. (a) INTANGIBLE ASSETS – GROUP (Continued)

	Computer software Shs'000	Intellectual property Shs'000	Total Shs'000
COST			
At 1 July 2013	12,316	41,954	54,270
Additions	1,711	-	1,711
Exchange adjustment	14	24	38
At 30 June 2014	14,041	41,978	56,019
At 1 July 2014	14,041	41,978	56,019
Additions	3,090	16,624	19,714
Exchange adjustment	(23)	(642)	(665)
At 30 June 2015	17,108	57,960	75,068
AMORTISATION			
At 1 July 2010	4,182	21,297	25,479
Charge for the year	590	6,968	7,558
Exchange adjustment	(15)	-	(15)
At 30 June 2011	4,757	28,265	33,022
At 1 July 2011	4,757	28,265	33,022
Charge for the year	970	6,794	7,764
Exchange adjustment	(11)	(30)	(41)
At 30 June 2012	5,716	35,029	40,745
At 1 July 2012	5,716	35,029	40,745
Charge for the year	2,057	2,071	4,128
Exchange adjustment	(9)	(17)	(26)
At 30 June 2013	7,764	37,083	44,847
At 1 July 2013	7,764	37,083	44,847
Charge for the year	2,550	1,434	3,984
Exchange adjustment	11	8	19
At 30 June 2014	10,325	38,525	48,850
At 1 July 2014	10,325	38,525	48,850
Charge for the year	2,117	1,364	3,481
Exchange adjustment	(21)	(227)	(248)
At 30 June 2015	12,421	39,662	52,083
NET BOOK VALUE			
30 June 2015	4,687	18,298	22,985
30 June 2014	3,716	3,453	7,169
30 June 2013	4,552	4,871	9,423
30 June 2012	5,309	7,004	12,313
30 June 2011	1,605	6,575	8,180



12. (a) INTANGIBLE ASSETS – GROUP (Continued)

The exchange adjustment arises from the translation of the values relating to assets held by Longhorn Publishers (Uganda) Limited and Longhorn Publishers (Tanzania) Limited.

The intellectual property arose out of acquisition of selected assets of Delah Publishers Limited in Tanzania in December 2011 and Sasa Sema Publications Limited in April 2007. The Company was awarded publishing rights by Delah Publishers Limited for a consideration of Shs 7,359,000 and authors' contracts and related rights for 53 Sasa Sema Publications Limited's titles for a consideration of Shs 22,110,000. The rights acquired in Sasa Sema Publications Limited included co-publishing and distributorship contracts for 16 titles of Readit Publishers of Tanzania for a consideration of Shs 5,890,000. The Company also acquired the Sasa Sema brand name including the Company logo at a cost of Shs 3,000,000. Sasa Sema is now a trading name registered under Longhorn Publishers Limited. The management expects the payback period of the Delah Publishers Limited to be five years hence the assets are being amortised over a period of five years commencing in December 2011. Sasa Sema intellectual property has been fully amortised.

12. (b) INTANGIBLE ASSETS – COMPANY

	Computer software Shs'000	Intellectual property Shs'000	Total Shs'000
COST			
At 30 June 2011	5,814	34,840	40,654
At 1 July 2011	5,814	34,840	40,654
Additions	4,250	-	4,250
At 30 June 2012	10,064	34,840	44,904
At 1 July 2012	10,064	34,840	44,904
Additions	1,311	-	1,311
At 30 June 2013	11,375	34,840	46,215
At 1 July 2013	11,375	34,840	46,215
Additions	1,711	-	1,711
At 30 June 2014	13,086	34,840	47,926
At 1 July 2014	13,086	34,840	47,926
Additions	3,090	-	3,090
At 30 June 2015	16,176	34,840	51,016
AMORTISATION			
At 1 July 2010	4,182	21,297	25,479
Charge for the year	393	6,968	7,361
At 30 June 2011	4,575	28,265	32,840
At 1 July 2011	4,575	28,265	32,840
Charge for the year	737	5,935	6,672
At 30 June 2012	5,312	34,200	39,512
At 1 July 2012	5,312	34,200	39,512
Charge for the year	1,737	640	2,377
At 30 June 2013	7,049	34,840	41,889

L. NOTES TO THE AUDITED FINANCIAL STATEMENTS *(CONTINUED)*

12. (b) INTANGIBLE ASSETS – COMPANY (Continued)

	Computer software Shs'000	Intellectual property Shs'000	Total Shs'000
At 1 July 2013	7,049	34,840	41,889
Charge for the year	2,393	-	2,393
At 30 June 2014	9,442	34,840	44,282
At 1 July 2014	9,442	34,840	44,282
Charge for the year	2,040	-	2,040
At 30 June 2015	11,482	34,840	46,322
NET BOOK VALUE			
30 June 2015	4,694	-	4,694
30 June 2014	3,644	-	3,644
30 June 2013	4,326	-	4,326
30 June 2012	4,752	640	5,392
30 June 2011	1,239	6,575	7,814

13. INVESTMENT IN SUBSIDIARIES

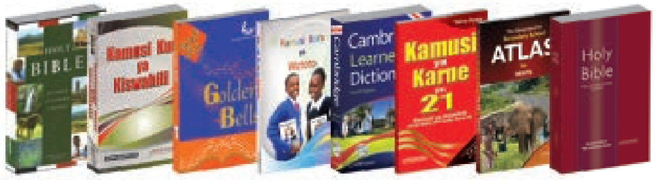
	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Longhorn Publishers (Uganda) Limited – 100% owned	440	440	440	440	440
Longhorn Publishers (Tanzania) Limited – 100% owned	25,010	25,010	25,010	25,010	25,010
Impairment loss	(10)	(10)	(10)	(10)	(10)
	25,440	25,440	25,440	25,440	25,440

The investments in the subsidiaries are stated at cost less accumulated impairment losses. The principal activity of the subsidiaries is the publishing and selling of high quality educational and general books.

14. (a) DEFERRED TAXATION - GROUP

Deferred income taxes are calculated on all temporary differences under the liability method using the enacted tax rate of 30%. The net deferred taxation asset is attributable to the following items:

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Accelerated capital allowances	14,609	13,324	12,361	11,654	6,931
Losses available for future tax relief	(3,543)	(103)	(851)	-	(4,594)
Unrealised exchange losses	(1,973)	(4,864)	(4,626)	(3,175)	-
Unrealised exchange gains	-	-	-	-	2,432
Provisions	(36,949)	(41,234)	(31,109)	(40,545)	(21,884)
Deferred tax asset not recognised	7,425	6,420	2,861	775	4,787
Net deferred tax asset	(20,431)	(26,457)	(21,364)	(31,291)	(12,328)



14. (a) DEFERRED TAXATION - GROUP (Continued)

The movement on the deferred tax account is as follows:

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
At beginning of the year	(26,457)	(21,364)	(31,291)	(12,278)	(22,665)
Income statement charge/(credit) (Note 7(a))	(3,003)	(14,027)	(9,304)	(19,886)	6,349
Prior year over provision (Note 7(a))	1,015	2,682	15,936	-	(704)
Deferred tax asset not recognised	7,425	6,420	3,193	775	4,787
Exchange adjustment	589	(168)	102	98	(95)
At end of the year	(20,431)	(26,457)	(21,364)	(31,291)	(12,328)

Deferred tax asset relating to the subsidiary company, Longhorn Publishers (Tanzania) Limited has not been recognised due to uncertainty about the Company's ability to generate sufficient taxable profits in the foreseeable future against which the unused tax losses and unused tax credits can be utilised.

(b) DEFERRED TAXATION - COMPANY

Deferred income taxes are calculated on all temporary differences under the liability method using the enacted tax rate of 30%. The net deferred taxation asset is attributable to the following items:

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Accelerated capital allowances	13,997	12,618	11,806	11,408	6,726
Unrealised exchange losses	(14)	(2,422)	(38)	-	-
Provisions	(28,457)	(33,611)	(26,362)	(38,236)	(20,271)
Net deferred tax asset	(14,474)	(23,415	(14,594)	(26,828)	(13,545)

The movement on the deferred tax account is as follows:

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
At beginning of the year	(23,415)	(14,594)	(26,828)	(13,545)	(21,790)
Income statement charge/(credit)	8,941	(8,821)	(3,942)	(13,283)	8,949
Prior year over provision	-	-	16,176	-	(704)
At end of the year	(14,474)	(23,415	(14,594)	(26,828)	(13,545)

15. (a) INVENTORIES - GROUP

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Books	237,628	213,426	239,739	340,514	228,624
Provision for obsolete inventory	(103,425)	(108,546)	(97,217)	(65,476)	(54,910)
	134,203	104,880	142,522	275,038	173,714

(b) INVENTORIES - COMPANY

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Books	209,195	192,422	224,920	325,265	220,004
Provision for obsolete inventory	(96,403)	(102,216)	(90,724)	(61,452)	(51,243)
	112,792	90,206	134,196	263,813	168,761

L. NOTES TO THE AUDITED FINANCIAL STATEMENTS *(CONTINUED)*

16. (a) TRADE AND OTHER RECEIVABLES - GROUP

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Trade receivables	227,165	272,830	207,371	151,295	274,864
Less: Provision for bad and doubtful receivables	(53,450)	(57,981)	(38,810)	(41,712)	(14,985)
	173,715	214,849	168,561	109,583	259,879
Staff receivables	12,238	9,888	23,976	17,085	9,054
VAT recoverable	-	2,387	13,056	18,633	14,805
Prepayments	95,674	63,883	-	-	-
Other receivables	24,094	11,658	10,256	11,361	9,024
	305,721	302,665	215,849	156,662	292,762

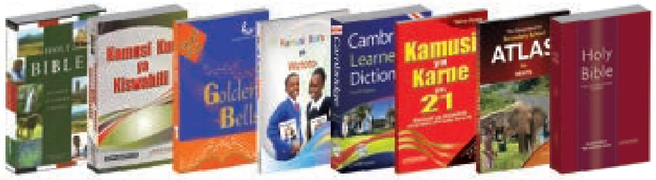
(b) TRADE AND OTHER RECEIVABLES - COMPANY

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Trade receivables	176,167	194,824	174,699	116,719	189,925
Less: Provision for bad and doubtful receivables	(33,246)	(39,808)	(31,592)	(38,062)	(11,321)
	142,921	155,016	143,107	78,657	178,604
Staff receivables	6,188	7,593	18,984	8,248	5,432
VAT recoverable	-	-	13,056	18,633	14,805
Prepayments	95,674	63,883	-	-	-
Other receivables	8,870	9,872	9,135	9,103	7,190
	253,653	236,364	184,282	114,641	206,031

17. SHARE CAPITAL

	2015	2014	2013	2012	2011
Authorised: 146,250,000 (2014; 60,000,000, 2013; 60,000,000, 2012; 12,000,000, 2011; 12,000,000) ordinary shares of Shs 1 each in 2015, 2014 and 2013; and Shs 5 each in 2012 and 2011	146,250	60,000	60,000	60,000	60,000
Issued and fully paid: 146,249,997 (2014; 58,500,000, 2013; 58,500,000, 2012; 11,700,000, 2011;11,700,000) ordinary shares of Shs 1 each in 2015, 2014 and 2013; and Shs 5 each in 2012 and 2011	146,250	58,500	58,500	58,500	58,500

In 2015, the Company issued 87,749,997 additional shares of Shs 1 each, through a bonus issue of 3 new shares for every 2 share held, to increase the issued share capital from Sh 58,500,000 to Shs 146,250,000.



18. BORROWINGS

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Balance as at 1 July	-	-	9,600	28,800	48,000
Bank borrowings received	41,677	-	-	-	-
Bank borrowings repaid	-	-	(9,600)	(19,200)	(19,200)
Balance as at 30 June	41,677	-	-	9,600	28,800

The borrowings are repayable as follows:

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Within one year	41,677	-	-	9,600	19,200
Amounts payable after one year	-	-	-	-	9,600
Amounts due for settlement within one year	41,677	-	-	9,600	28,800

The group obtained a Kenya Shillings loan of Shs 41.6 million from Standard Chartered Bank of Kenya Limited in the year 2015. The purpose of the loan is to facilitate short term advances for financing expenses on book projects. The facility is secured by a personal guarantee of Shs 240 million by a director, Mr. Hon. Francis Thombe Nyammo, all assets debenture of Shs 250 million by Longhorn Publishers Limited and legal charge over L.R. No 209/5604 Nairobi. The loan attracts interest at the rate of 18% per annum and is repayable within 12 months.

The 2011 loan was repayable in ten quarterly instalments of Shs 4,800,000 per quarter over a period of 30 months commencing November 2011. The loan was secured by a charge over property LR No 209/5604 of Shs 20,000,000, a debenture over all assets of the Company of Shs 78,600,000 and personal guarantees by directors of Shs 86,240,000. Interest was charged at the rate of 15% per annum. The loan was fully paid off as at 30 June 2013.

19. (a) TRADE AND OTHER PAYABLES - GROUP

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Trade payables	71,317	132,004	104,853	242,573	105,159
Royalty provisions	102,745	95,778	71,716	86,238	83,556
Accruals	7,238	11,028	47,620	5,944	1,539
Leave pay provision	4,457	3,818	6,076	4,476	3,629
Other payables	59,170	44,837	24,570	32,718	46,027
Gratuity provision	8,395	22,546	510	443	44
Staff bonus provision	-	-	4,371	4,381	12,691
VAT payable	1,792	5,028	-	-	-
	255,114	315,039	259,716	376,773	252,645

(b) TRADE AND OTHER PAYABLES - COMPANY

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Trade payables	71,317	132,004	104,853	217,484	105,159
Royalty provisions	102,464	95,778	71,716	86,238	83,556
Accruals	6,200	5,830	4,263	4,292	1,539
Leave pay provision	4,079	3,458	5,497	4,068	3,362
Other payables	53,087	42,027	21,094	29,449	18,935
Gratuity provision	7,831	22,049	-	-	-
Staff bonus provision	-	-	3,994	3,994	12,007
VAT payable	1,792	5,027	-	-	-
	246,770	306,173	211,417	345,525	224,558

L. NOTES TO THE AUDITED FINANCIAL STATEMENTS *(CONTINUED)*

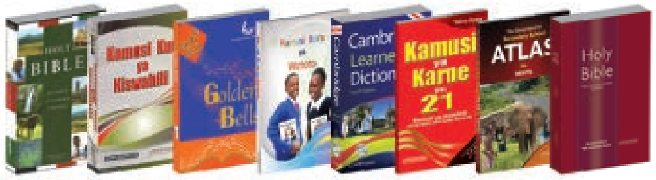
20. NOTES TO THE STATEMENT OF CASH FLOWS

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
(a) Reconciliation of profit/(loss) before taxation to cash generated from operations					
Profit/(loss) before taxation	96,916	147,226	151,327	(25,949)	213,075
Depreciation (Note 11(a))	14,164	14,011	12,989	10,225	7,841
Amortisation of intangible assets (Note 12(a))	3,481	3,984	4,128	7,764	7,558
(Gain)/loss on disposal of equipment	(357)	(2,194)	(2,902)	(1,937)	84
Net exchange loss	7,789	21,097	-	-	-
Working capital changes:					
Increase/(decrease) in inventories	(29,323)	(26,241)	132,516	(101,324)	14,091
Increase/(decrease) in trade and other receivables	(3,056)	(17,905)	(59,187)	136,100	(211,485)
(Decrease)/increase in trade and other payables	(59,925)	50,295	(117,057)	124,127	80,142
Cash generated from operations	29,689	190,273	121,814	149,006	111,307
(b) Cash and cash equivalents - Group					
Cash and bank balances	11,908	130,104	123,853	12,344	60,458
Bank overdraft	(11,083)	-	-	(9,749)	-
	825	130,104	123,853	2,595	60,458
(c) Cash and cash equivalents - Company					
Cash and bank balances	7,768	100,832	45,825	7,263	5,973
Bank overdraft	(11,083)	-	-	(9,749)	-
	(3,315)	100,832	45,825	(2,486)	5,973

The overdraft relates to overdrawn general ledger balances. The Company did not have any bank overdrafts as at 30 June 2015 (2014 – Nil; 2013 – Nil; 2011 – Nil). The overdraft facility as at 30 June 2012 was held with Standard Chartered Bank with security disclosed under note 18. The effective interest rate for the year was 15%.

21. RELATED PARTY TRANSACTIONS

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
(a) Due from subsidiaries – Company					
Longhorn Publishers (Uganda) Limited	15,352	11,902	4,786	4,034	42,680
Longhorn Publishers (Tanzania) Limited	68,208	54,481	50,837	20,673	2,258
Longhorn Publishers (Rwanda) Limited	14,238	-	-	-	-
	97,798	66,383	55,623	24,707	44,938
(b) Due to subsidiaries – Company					
Longhorn Publishers (Uganda) Limited	17,772	30,743	23,892	5,205	4,646
Longhorn Publishers (Tanzania) Limited	10,053	8,950	138	-	-
	27,825	39,693	24,030	5,205	4,646



L. NOTES TO THE AUDITED FINANCIAL STATEMENTS *(CONTINUED)*

21. RELATED PARTY TRANSACTIONS (Continued)

Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Salaries and other benefits	37,606	37,337	30,701	24,648	30,620
Directors' remuneration:					
Fees for services as directors	4,788	3,681	3,590	4,274	4,661
Other emoluments (included in key management compensation above)	-	-	-	5,732	6,005
	4,788	3,681	3,590	10,006	10,666

22. CAPITAL COMMITMENTS

Capital commitments at the year-end for which no provision has been made in these financial statements:

	2015 Shs'000	2014 Shs'000	2013 Shs'000	2012 Shs'000	2011 Shs'000
Authorised but not contracted for	-	-	92,097	-	43,308

23. CONTINGENT LIABILITIES

There are currently minor claims arising against the group in the normal course of business. The directors, based on advice received from the group's lawyers, are of the opinion that no significant liabilities will crystallise.

24. INCORPORATION

The Company is incorporated under the Kenyan Companies Act and domiciled in Kenya.

25. CURRENCY

The group's functional currency is Kenya Shillings. The financial statements are presented in Kenya Shillings (Shs'000).

26. SUBSEQUENT EVENTS REVIEW

There were no material adjusting events subsequent to the period end that required adjustment to or disclosures in this report.

M. CONSENT

We consent to the inclusion of our report in this Information Memorandum in the form and context in which it appears.

N. CONCLUSION

The financial information set out in this Accountants' Report has been extracted from the audited financial statements of the group for the five years to 30 June 2015. For each of the relevant periods, unqualified audit report was issued. Based on our review, nothing has come to our attention that causes us to believe that the financial information is not prepared in all material respects in accordance with International Financial Reporting Standards.

Yours faithfully

Deloitte & Touche

Certified Public Accountants (Kenya)

Nairobi, Kenya

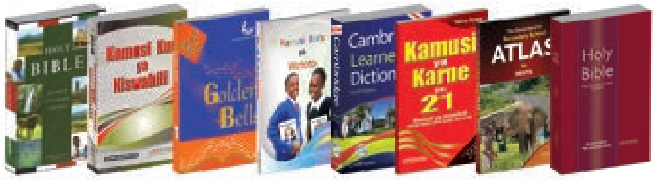
17. APPENDICES

APPENDIX A.
LEGAL OPINION

APPENDIX B.
PAL I

APPENDIX C.
PAL II

APPENDIX D.
SELLING AGENTS AND RECEIVING BANK LOCATIONS



APPENDIX A: LEGAL OPINION

Lex Chambers,
Maji Mazuri Road,
off James Gichuru Road,
Lavington,
P. O. Box 74041 – 00200,
Nairobi, Kenya.
Dropping Zone No. 214,
Revlon Professional Plaza.

mboya wangong'u & waiyaki

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advocate@lexgroupafrica.com
www.lexgroupafrica.com

Our Ref: **Your Ref:**

April 14, 2016

The Directors
Longhorn Publishers Limited
Funzi Road, Industrial Area,
P.O. Box 18033-00500
Nairobi, Kenya

Dear Sirs,

RE: LEGAL OPINION IN RESPECT OF THE RIGHTS ISSUE BY LONGHORN PUBLISHERS LIMITED

We act as legal advisers to Longhorn Publishers Limited (the "Issuer") in relation to the proposed rights issue of shares in the Issuer in the ratio of one share for every one ordinary shares held at an offer price of KES 4.20 per share ("Rights Issue").

We are Advocates of the High Court of Kenya, practicing and qualified as such to practice in Kenya, and to advice upon the laws of Kenya.

This legal opinion ("this Opinion") is given in relation to the proposed Rights Issue.

We have issued this Opinion for inclusion in the Rights Issue Memorandum of the same date as this Opinion.

1. PRELIMINARY MATTERS

1.1. Unless (a) otherwise stated; or (b) the context otherwise requires, words and terms defined in the Rights Issue Memorandum bear the same meanings in this Opinion.

1.2. This Opinion is limited to Kenyan Law as applied in the Courts of Kenya and as of the date of this Opinion and to matters of fact prevailing as of the date of this Opinion.

2. ASSUMPTIONS AND DOCUMENTS REVIEWED

2.1. For the purposes of this Opinion, we have made the following assumptions:
- 2.1.1. All information contained in the Rights Issue Memorandum and all information provided to us by the Company, and its officers and advisers is true, accurate and up to date.
- 2.1.2. The authenticity and completeness of all documents submitted to us as originals or copies, the genuineness of all signatures, the conformity to originals of all copies, and the accuracy of any translations.
- 2.1.3. That representations made to us by officers and agents of the Company are true in all material respects.

2.2. For the purposes of this Opinion, we have examined originals or copies certified to our satisfaction of the following documents:
- 2.2.1. Memorandum and Articles of Association of the Company in force as at the date of this Opinion.
- 2.2.2. The Company's annual returns for the last three years.
- 2.2.3. The Company's statutory books.
- 2.2.4. Documents filed by the Company with the Registrar of Companies.
- 2.2.5. Title documents of immovable property in the name of the Company.
- 2.2.6. Local authority permit for the Issuer's place of business.
- 2.2.7. Details of contracts and disputes to which the Company is a party;
- 2.2.8. Audited accounts of the Company for the last three years;
- 2.2.9. Such other records and documents as we have considered necessary or appropriate for the purposes of this Opinion in respect of the Company and its subsidiaries.

3. OPINION

Based upon and subject to (1) the foregoing; (2) the reservations set out below; and (3) to any matters not disclosed to us, we are of the opinion that:

3.1. STATUS OF THE COMPANY

3.1.1. The Company is a public limited liability company, duly registered under the Companies Act, 2015 (and to the extent that any parts thereof remain in force, the Companies Act, Chapter 486 of the Laws of Kenya); and bearing Registration Number C. 12/03, having been first incorporated as a private company under Registration number C. 6300.

3.1.2. The Registered Office of the Company is Plot LR No. 209/5604 Funzi Road, Industrial Area Nairobi.

3.1.3. The disclosure made in the Information Memorandum listing the top shareholders of the Company is correct.

3.1.4. The Company has the power and authority to issue additional shares to its existing shareholders having obtained the consent of the Board of Directors, the shareholders and the Capital Markets Authority.

3.1.5. All requisite approvals of directors and shareholders have been issued for the Rights Issue.

3.1.6. The Company has, at the date hereof, a Board of Directors consisting of the following individuals:

1. Hon. Hon. Francis Thombe Nyammo
2. Muigai Githu
3. Raymond Nyamweya Ondieki
4. Susan Nkirote Omanga
5. Sara Jerop Ruto
6. Truphosa Kwaka-Sumba
7. Ali Hussein Kassim
8. Centum Investment Company Limited (represented by Job Muriuki)
9. Simon Ngigi Gachomo

3.1.7. The Company Secretary of the Company is Enid Kathambi Muriuki of P.O. Box 30029-00100 Nairobi.

3.1.8. The Company maintains its statutory books at the offices of its Company Secretary.

3.2. LICENSES AND CONSENTS

All material authorizations, consents, exemptions, filings licenses and approvals in Kenya required in connection with the business of the Company have been obtained in proper form, and are in full force and effect.

3.3. SHARE CAPITAL

3.3.1. The authorized share capital of the Company is KES. 785,526,315/= divided into 785,526,315 ordinary shares of KES. 1 each.

3.3.2. The issued share capital of the Company as at the date hereof is KES. 146,249,997 divided into 146,249,997 ordinary shares of KES. 1 each..

3.3.3. The existing capital of the Company is in conformity with applicable laws and has received all necessary authorizations. There are no proposed changes to the existing capital of the Company other than as stated in the Rights Issue Memo randum to which this Opinion is attached.

3.4. SUBSIDIARIES

3.4.1. The Issuer wholly owns the following subsidiaries:

- Longhorn Publishers Tanzania Limited
- Longhorn Publishers (Uganda) Limited
- Longhorn Publishers Rwanda Limited

3.5. PROPERTIES

3.5.1. The Issuer is the registered proprietor of the following immoveable property: **Land Reference Number 209/5604.**

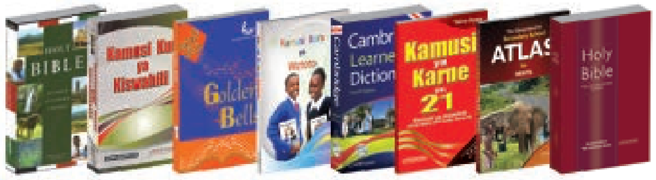
3.5.2. The Company is currently perfecting an all asset debenture including a supplementary legal charges over the property above in favour of Chase Bank Limited to secure a total amount of KES. 570,000,000.

3.6. MATERIAL LITIGATION

The Company is not a party to, and has not been threatened with, any material litigation that has not been disclosed in the Rights Issue Memorandum.

3.7. MATERIAL CONTRACTS

Save for the contracts entered into in the ordinary course of business, the Company has not entered into any material contracts which are not disclosed in the Rights Issue Memorandum. As at the date of this Rights Issue Memorandum, the Company is not in breach of any material contractual obligations except where disclosed in the Rights Issue Memorandum.



3.8. MATERIAL BORROWINGS & OFF BALANCE SHEET FINANCING

3.8.1. BORROWINGS

Loan Agreements

The Company has a loan with Nabo Capital Limited for a facility of Kenya Shillings One Hundred Million (Kshs. 100,000,000). The facilities are secured by an unconditional irrevocable guarantee by Francis Thombe Nyammo and an additional provision that in the event that the Company does not conclude the rights issue by 31st March 2016, the Company shall provide to Nabo Capital a further personal guarantee.

The loan ranks as senior unsecured obligation of the borrower.

Outstanding Amounts on Borrowings

The Company has the following subsisting borrowings (more particularly disclosed in the Statutory and General Information Section of the Rights Issue Memorandum):

Facility/Lender	Outstanding Amount
Term Loan from Standard Chartered Bank Limited	KES. 90,567,000
Loan from Nabo Capital Limited	KES. 100,000,000
Hire Purchase Loan from Chase Bank Limited	KES. 31,140,000
Total	KES. 221,707,000

Financing Agreements

The Bank has financing agreements and letters of credit in the ordinary course of business as listed below and more particularly disclosed in the Statutory & General Information Section of the Rights Issue Memorandum:

Bid Bonds	KES 11,000,000
Ordinary letters of credits	KES 361,105,200

As at the date of this Legal Opinion, the Issuer is not in breach of any of the terms of its loan agreements and is in compliance with the regulatory requirements.

The borrowing powers of the Issuer have not been exceeded.

4. CONSENT

We consent to the inclusion of our legal opinion in the Rights Issue Memorandum to be issued for the Rights Issue in the form and context in which it appears. We confirm that we have given and as at the date of issue of the Rights Issue Memorandum have not withdrawn our consent to its issue and the inclusion of our legal opinion herein.

5. RESERVATIONS

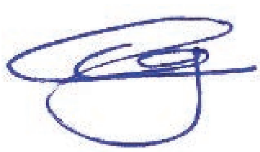
5.1. We express no opinion as to any document other than the material documents expressly referred to above.

5.2. We express no opinion as to any law other than Kenyan law in force, and as interpreted, at the date of this opinion.

5.3. We express no opinion as to any matter not stated herein.

Yours Faithfully,

MBOYA WANGONG'U & WAIYAKI



CG MBUGUA
cgmbugua@lexgroupafrica.com

APPENDIX B: PAL I

OFFICIAL USE ONLY

DO NOT WRITE HERE

LONGHORN PUBLISHERS LIMITED PROVISIONAL ALLOTMENT LETTER - PAL I

This document is of value and is not negotiable. Carefully read the notes at the back before taking action

PAL I Number:

AUTHORISED AGENT AUTHORISED CODE	AGENT'S STAMP	CDSC Account No.	BOX (1) Ordinary Shares in your name as at 3:00 pm 14 April 2016
		ID. No. (One for each Joint Holder) Please provide a photocopy of ID with the PAL	
DETAILS OF ELIGIBLE SHAREHOLDER:			BOX (2) No. of New Shares provisionally allotted to you
		Please tick (√) to indicate **citizenship:** Kenya Uganda Tanzania Other	BOX (3) (KES) Amount payable in full on acceptance by 3.00pm on 10 May 2016
		Authorised Agent to provide shareholder contact no	

IF you prefer making a **GLOBAL PAYMENT** (combined with other applicants) through your Agent, arrange with your Agent & tick (√)

BANK GUARANTEE Tick Here

FINANCED APPLICATIONS Only
(Insert Financing Bank/Branch Name)

DIRECT PAYMENT BANKERS' CHEQUE /EFT RTGS DETAILS	Bank's Name:	Bank Code:	Branch Name:	Branch Code:	Cheque No./ RTGS Reference No	Amount (KES):

READ CAREFULLY AND COMPLETE ONLY ONE PART ("PART 1" OR "PART 2") FULL ACCEPTANCE OF NEW SHARES AND APPLICATION FOR ADDITIONAL SHARES – 'PART 1A & 1B"

"PART 1 A" – FULL ACCEPTANCE OF NEW SHARES *(For use by a qualifying shareholder who is accepting ALL the new shares as specified in Box 2 above.)* (a) I/We hereby accept in full, subject to the terms of the Information Memorandum dated 14 April 2016 this PAL and the Memorandum and Articles of Longhorn Publishers Limited, the number of new shares specified above in Box (2) and for the value set out in Box (3) above.	BOX (4) Full Acceptance of New Shares as per BOX (2)	BOX (5) (KES) Amount for Full Acceptance as per BOX (3)
"PART 1 B": OPTIONAL: APPLICATION FOR ADDITIONALSHARES (b) Having accepted all the new shares in PART 1 A above, I / We hereby apply for additional new shares, subject to Information Memorandum (including the Cautionary Statement) dated 14 April 2016, this PAL and the Memorandum and Articles of Longhorn Publishers Limited, the number of additional new shares specified in Box (6) and multiplied by Kes 4.20 per new share giving the value set out in Box (7) herein, on the understanding that a lesser number of shares or none of the additional new shares may be allotted to me / us and refund amount sent to the Authorised Agent. I/We have indicated herein the total number of New Shares in Box (8), comprising the Full Acceptance in Box (4) and Additional New Share applied for, if any, in Box (6). I/We have made payment in full, shown in Box (9) to my/our Authorised Agent.	BOX (6) Additional New Shares (Multiples of 100) BOX (8) Total of BOX (4) + BOX (6)	BOX (7) (KES) Amount for Additional New Shares BOX (9) (KES) Total of BOX (5) + BOX (7)

PARTIAL ACCEPTANCE OF NEW SHARES – "PART 2"

(For use by a Qualifying Shareholder with a provisional allotment of more than 100 New Shares, as specified in BOX (2) above, who is accepting a portion of the New Shares.) Accept a minimum of 100 New Shares & in multiples of 100 New Shares. I/We hereby accept in part, subject to the Information Memorandum dated 14 April 2016, this PAL and the Memorandum and Articles of Longhorn Publishers Limited, the number of New Shares specified in Box (10) and for the value set out in Box (11) herein.	BOX (10) Partial Acceptance of New Shares	BOX (11) (KES) Amount for Partial Acceptance

IMMOBILISATION OF RIGHTS "PART 3" – SELECT BY TICKING HERE

(For use by qualifying shareholders who wishes to do partial acceptance and/or renunciation or deposit them at the CDSC for Trading in Rights at the NSE.) I/We hereby wish to immobilise in full my/our provisional allotment, through my/our Authorised Agent, subject to the terms of the Information Memorandum dated 14 April 2016, this PAL and the Memorandum and Articles of Longhorn Publishers Limited, the number of shares specified in Box (2). **This PAL should be attached to CDS1 and CDS2 Forms and submitted through your Agent before** 27 April 2016

POWER OF ATTORNEY	RENUNCIATION VIA PRIVATE TRANSFER
Eligible Shareholders who wish to appoint an Attorney to deal with the Rights Issue are required to fill in Form Z (Appointment of attorney) available from an Authorized Selling Agent and submit the form with this PAL.	Eligible Shareholders who wish to renounce all or part of their entitlement above to a close relative or to a Related Party (as defined overleaf) via private transfer are required to fill in Form R (Form of Renunciation for Private transfers) available from an Authorized Selling Agent

Refund by Bankers Cheque:

Please tick here

Refund by EFT: Please tick here NB. If your bank details are not on the register as at 14 April 2016, please attach certified copies of your ID/Passport, share certificate/dividend notice and a bank statement that indicates your bank details;

Bank Name................................ Branch Name............................ Code................. Account Number.............................

Qualifying Shareholder(s) or Authorised Attorneys' Signature(s). (All joint holders must sign).

SIGNATURE 1:.. SIGNATURE 2:..
Holder/Joint Holder/Attorney/Co. Official (Delete Inapplicable) Holder/Joint Holder/Attorney/Co. Official (Delete Inapplicable)
ID NUMBER:.....................................DATE:.................. ID NUMBER:.....................................DATE:..................

Company Seal

PERFORATION

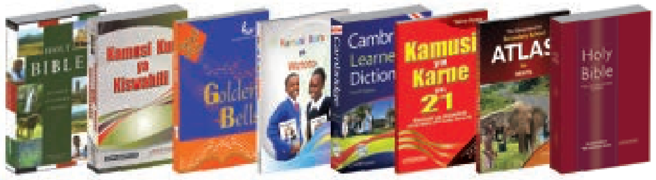
RECEIPT COUPON
Received by

LONGHORN RIGHTS ISSUE 2016 PAL NO:

NAME & SIGNATURE AUTHORISED AGENT REPRESENTATIVE

DATE

AUTHORIZED AGENT'S STAMP



IMPORTANT INSTRUCTIONS TO INVESTORS

THIS DOCUMENT IS OF VALUE AND IS NOT NEGOTIABLE. WHEN CONSIDERING WHAT ACTION TO TAKE, IT IS RECOMMENDED THAT YOU SEEK INDEPENDENT FINANCIAL ADVICE IMMEDIATELY.

If you have sold all of your shares in Longhorn Publishers Limited (other than cum-Rights), please hand this document to the Stockbroker through whom the sale was effected for transmission to the purchaser. If you do not wish to take action on your Rights, do not submit this form to your Authorised Agent. Your Rights will lapse and be disposed of as per the Information Memorandum accompanying this PAL. If you wish to take action, please follow the steps. Eligible Shareholders should read the Information Memorandum and this Provisional Allotment Letter before deciding whether to take up their Rights and exercising the options available to them. Terms defined in the Information Memorandum shall, where applicable, apply herein.

PLEASE FILL OUT EITHER PART 1, PART 2 OR P A R T 3. (Refer to Section 6 of the Information Memorandum for detailed information)

PART 1: Full Acceptance And Optional Application For Additional New Shares

(a) This part should only be filled out if you wish to accept all of your Rights, and optionally apply for additional New Shares. **(i)** Enter the number of New Shares you are accepting in Box (4). Copy this exactly from Box (2). **(ii)** Enter the amount for New Shares you are accepting in Box (5). Copy this number from Box (3).

(b) To apply for additional New Shares, (i) fill in the box labelled Box, (6) with the number of additional New Shares that you would like to purchase. **Please note the following:** (i) Shareholders may not receive the full amount of additional new shares which they have applied for. **(ii)** Fill in the amount due for these additional new shares in Box (7). **(iii)** To calculate the amount due, multiply the number in Box (6) by the offer price of Kes 4.20 per new share.

(c) If you have chosen not to purchase additional New Shares, (i) write 0 in both Box (6) and Box (7); (ii) Fill out the total number of New Shares accepted/applied for in Box (8). You should add the Values of Box (4) and Box (6). i.e Box (8) = Box (4) + Box (6); (iii) Fill out the total value of New Shares accepted/applied for in Box (9). You should add the values of Box (5) and Box (7). i.e. Box (9) = Box (5) + Box (7). **(iv)** Complete the Refund Details section (*refer to your Authorised Selling Agents for a list of bank and branch codes for Electronic Funds Transfer*). **(v)** Please sign the form in the section provided. Please ensure that all joint shareholders sign the form. For Corporate Applicants, please ensure that the form is signed by (1) Two directors + the company seal affixed OR (2) One director, the company secretary + the company seal is a affixed. **(vi)** Complete the box labelled payment details at the top of the form. **(vii)** If your Authorised Agent is making payment on your behalf, leave this section blank. **(viii)** If payment for Additional Shares is via an irrevocable bank guarantee (*see Appendix G of the Information Memorandum*), tick the appropriate box in Additional Shares, make a photocopy of the guarantee for yourself and staple the guarantee to this PAL when handing over to the Authorised Selling Agent. **(ix)** You must ensure delivery of this PAL and payment (including a SEPARATE Kshs. 30/- **for CDS Account holders**) to your Authorised Agent on or before 3.00pm on 10 May 2016

PART 2: Partial Acceptance.

Your will need to immobilize your full entitlement of Rights before any partial acceptance or renunciation of new shares. See Part 3 for Immobilization Process. This information is this section is based on fully immobilized Rights

(a) **To accept your Entitlement in part and do not wish to act any further** on the remaining New Shares. Ignore PART 1 (Both Sections A & B). Enter number of New Shares you would like to accept into Box (10) of the PAL. This number MUST be less than the number shown in box (2) of the PAL and must be in multiples of 100. Enter the amount due for the New Shares in Box (11) on the PAL. To calculate this amount; multiply the number appearing in Box (10) on the PAL with Kes 4.20. Complete the box labelled payment details at the top of the form. If your Authorised Agent is making payment on your behalf, leave this section blank. Please sign the form in the section provided. Please ensure that all joint shareholders sign the form; For Corporate Applicants, please ensure that the form is signed by (1) Two directors + the company seal affixed OR (2) One director, the company secretary + the company seal is a affixed. You must ensure delivery of this PAL and payment (including a SEPARATE Kshs. 30/- **for CDS Account** holders to your Authorised Agent on or before 3.00pm on 10 May 2016.

(b) **To accept your Entitlement in part and renounce part to a close relative via private transfer**, you will need to immobilize your Rights. Please See Part 3 for Immobilization Process. Deliver the PAL with CDS 2 and CDS 7 Forms and mandate instructions for a Split PAL to your Authorised Agent for submission to the Registrar on or before 3:00 pm on 27 April 2016 On receipt of the Split PAL indicating Partial Shares Entitlement fill in the Acceptance of New Shares on the PAL in either Full or Partial Acceptance (in multiples of 100) and the corresponding Amount Payable (by multiplying Kshs. 4.20 per New Share), make payment (including a SEPARATE Kshs. 30/- **for the CDS Account**, sign at the bottom and deliver to your Authorised Selling Agent on or before 3.00pm on 10 May 2016. For Corporate Applicants, please ensure that the form is signed by (1) Two directors + the company seal affixed OR (2) One director, the company secretary + the company seal is a affixed.

(c) **To accept your Entitlement in part and sell the balance (or portion of the balance) Rights on NSE,** You will need to immobilize our Rights. Please see Part 3 for Immobilization Process.

(d) If you do not have a CDS account, place a tick in the box provided after immobilisation for Trading in the Rights section on this PAL, obtain and complete the CDS Form 1 (CDS Account Opening) and CDS Form 2 (Immobilisation) from your Authorised Selling Agent in order to effect immobilisation (last date for immobilisation is 3:00 p.m. on 27 April 2016.

(e) Deliver the PAL with CDS Forms and mandate instructions for a Split PAL to your Authorised Agent for submission to the Registrar on or before 3:00 pm on 27 April 2016. On receipt of the Split PAL indicating Partial Shares Entitlement use the PAL and fill in Partial Acceptance of New Shares section Box (10) (in multiples of 100) and the corresponding Amount Payable Box (11) (by multiplying by Kshs 4.20 per New Share accepted), make payment (including a SEPARATE Kshs. 30/- **for the CDS Account**), sign at the bottom and deliver to your Authorised Selling Agent on or before 3:00 p.m. on 27 April 2016. For Corporate Applicants, please ensure that the form is signed by (1) Two directors + the company seal affixed OR (2) One director, the company secretary + the company seal is a affixed. Please note that South African shareholders are not allowed to renounce any portion of their Rights to any third party, save to a Related Party via private transfer in terms of (b) above.

(f) Give sale order to your Authorised Selling Agent for balance of shares (last date for trading in Rights is 3:00 p.m. on 29 April 2016 (subject to the immobilisation being successful).

(g) To accept your entitlement in part and renounce part to a close relative via private transfer and sell the balance (or portion of the balance) Rights on the NSE, refer to both (b) and (c) above and act accordingly.

(h) **To sell all your Rights on the NSE** and you already have a CDS account give a sale order to your Authorised Selling Agent (last date for trading in Rights is 3:00 p.m. on 29 April 2016 and hand over this PAL to your agent. If you do not have a CDS account, place a tick in the box provided under immobilisation for Trading in Rights section on this PAL, obtain and complete the CDS Form 1 and CDS Form 2 from your Authorised Selling Agent in order to effect immobilisation (last date for immobilisation is 3:00 p.m. on 27 April 2016, give a sale order to your Authorised Selling Agent (subject to the immobilisation being successful).

(i) **If you take no action** on or before 3:00pm on 10 May 2016 the Rights will lapse.

(j) If a banker's cheque is not being used to make payment then tick Global Payment via Authorised Selling Agent section.

(k) If a Lender is financing the take-up of Rights, then fill in the CDS Pledge Form 5 Serial No in the payment Details section; and attach a certified copy of the form to this PAL.

PART 3. Immobilisation For Trading In The Rights

If you wish to immobilise your Rights for trading on the Nairobi Securities Exchange;

a) Tick the box indicated to immobilise your Rights;

b) Submit this PAL to your Authorised Agent. If you do not already have a CDS account, you will need to open one. Your Authorised Agent can guide you on the process. If you have a CDS Account you will need to fill out CDS Form 2. Your Authorised Agent can help you with this process;

c) If you wish to trade your Rights, you must immobilise your Rights on or before 27 April 2016.

d) If you have given no mandate instructions for a Split PAL at the time of immobilization, for Purposes of payment and registration of any balance of New Shares in your CDS Rights account, you will need to receive the Form of Entitlement (FORM E) from your Authorised Agent in good time for completion, payment and submission to the Registrar through your Authorised Agent.

Authorised Selling Agents

Longhorn Publishers Limited has appointed Authorised Selling Agents in connection with the Rights Issue. These Authorised Selling Agents have signed agency agreements with LONGHORN PUBLISHERS Limited which contain various terms and conditions that each Authorised Selling Agent is required to comply with. Authorised Selling agents are licensed Stock Brokers and/or Investment Banks, all CDAs, who are institutions appointed by Longhorn Publishers Limited for purposes of the Rights Issue to accept applications from Longhorn Publishers Limited shareholders and investors.

APPENDIX C: PAL II

OFFICIAL USE ONLY

LONGHORN PUBLISHERS LIMITED PROVISIONAL ALLOTMENT LETTER – PAL II

This document is of value and is not negotiable. Carefully read the notes at the back before taking action

PAL II Number:

DO NOT WRITE HERE

AUTHORISED AGENT AUTHORISED CODE	AGENT'S STAMP	Certificated Account No.	BOX (1) Ordinary Shares in your name as at 3:00 pm on 14 April 2016
		ID. No. (One for each Joint Holder) Please provide a photocopy of ID with the PAL	
DETAILS OF ELIGIBLE SHAREHOLDER:		1. 2.	BOX (2) No. of New Shares provisionally allotted to you
		Please tick (√) to indicate citizenship: Kenya Uganda Tanzania Other	BOX (3) (KES) Amount payable in full on acceptance by 3.00pm on 10 May 2016
		Authorised Agent to provide shareholder contact no	

IF you prefer making a GLOBAL PAYMENT (combined with other applicants) through your Agent, arrange with your Agent & tick (√)

BANK GUARANTEE Tick Here

FINANCED APPLICATIONS Only (Insert Financing Bank/Branch Name)

DIRECT PAYMENT Bankers' Cheque Details:	Bank's Name:	Bank Code:	Branch Name:	Branch Code:	Cheque No.	Cheque Amount (KES):

READ CAREFULLY AND COMPLETE ONLY ONE PART ("PART 1" OR "PART 2") FULL ACCEPTANCE OF NEW SHARES AND APPLICATION FOR ADDITIONAL SHARES – 'PART 1A & 1B"

"PART 1 A" – FULL ACCEPTANCE OF NEW SHARES *(For use by a qualifying shareholder who is accepting ALL the new shares as specified in Box 2 above.)* (a) I/We hereby accept in full, subject to the terms of the Information Memorandum dated 14 April 2016, this PAL and the Memorandum and Articles of LONGHORN PUBLISHERS Limited, the number of new shares specified above in Box (2) and for the value set out in Box (3) above.	BOX (4) Full Acceptance of New Shares as per BOX (2)	BOX (5) (KES) Amount for Full Acceptance as per BOX (3)
"PART 1 B": OPTIONAL: APPLICATION FOR ADDITIONALSHARES (b) Having accepted all the new shares in PART 1 A above, I /We hereby apply for additional new shares, subject to Information Memorandum (including the Cautionary Statement) dated 14 April 2016, this PAL and the Memorandum and Articles of Longhorn Publishers Limited, the number of additional new shares specified in Box (6) and multiplied by Kes 4.20 per new share giving the value set out in Box (7) herein, on the understanding that a lesser number of shares or none of the additional new shares may be allotted to me / us and refund amount sent to the Authorised Agent. I/We have indicated herein the total number of New Shares in Box (8), comprising the Full Acceptance in Box (4) and Additional New Share applied for, if any, in Box (6). I/We have made payment in full, shown in Box (9) to my/our Authorised Agent.	BOX (6) Additional New Shares (Multiples of 100) BOX (8) Total of BOX (4) + BOX (6)	BOX (7) (KES) Amount for Additional New Shares BOX (9) (KES) Total of BOX (5) + BOX (7)

PARTIAL ACCEPTANCE OF NEW SHARES – "PART 2"

(For use by a Qualifying Shareholder with a provisional allotment of more than 100 New Shares, as specified in BOX (2) above, who is accepting a portion of the New Shares.) Accept a minimum of 100 New Shares & in multiples of 100 New Shares. I/We hereby accept in part, subject to the Information Memorandum dated 14 April 2016, this PAL and the Memorandum and Articles of Longhorn Publishers Limited, the number of New Shares specified in Box (10) and for the value set out in Box (11) herein.	BOX (10) Partial Acceptance of New Shares	BOX (11) (KES) Amount for Partial Acceptance

IMMOBILISATION OF RIGHTS "PART 3" – SELECT BY TICKING HERE

(For use by qualifying shareholders who wishes to do partial acceptance and/or renounciation or deposit them at the CDSC for Trading in Rights at the NSE.) I/We hereby wish to immobilise in full my/our provisional allotment, through my/our Authorised Agent, subject to the terms of the Information Memorandum dated 14 April 2016, this PAL and the Memorandum and Articles of Longhorn Publishers Limited, the number of shares specified in Box (2). **This PAL should be attached to CDS1 and CDS2 Forms and submitted through your Agent before** 27 April 2016

POWER OF ATTORNEY	RENUNCIATION VIA PRIVATE TRANSFER
Eligible Shareholders who wish to appoint an Attorney to deal with the Rights Issue are required to fill in Form Z (Appointment of attorney) available from an Authorized Selling Agent and submit the form with this PAL.	Eligible Shareholders who wish to renounce all or part of their entitlement above to a close relative or to a Related Party (as defined overleaf) via private transfer are required to fill in Form R (Form of Renunciation for Private transfers) available from an Authorized Selling Agent

Refund by Bankers Cheque:

Please tick here

Refund by EFT: Please tick here NB. If your bank details are not on the register as at 14 April 2016, please attach certified copies of your ID/Passport, share certificate/dividend notice and a bank statement that indicates your bank details;

Bank Name................................ Branch Name............................ Code................ Account Number............................

Qualifying Shareholder(s) or Authorised Attorneys' Signature(s). (All joint holders must sign).

SIGNATURE 1:.. SIGNATURE 2:..

Holder/Joint Holder/Attorney/Co. Official (Delete Inapplicable) Holder/Joint Holder/Attorney/Co. Official (Delete Inapplicable)

ID NUMBER:.....................................DATE:.................. ID NUMBER:.......................................DATE:...............

Company Seal

PERFORATION

RECEIPT COUPON

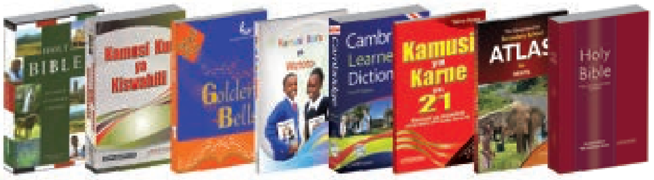
Received by

NAME & SIGNATURE AUTHORISED AGENT REPRESENTAVE

LONGHORN RIGHTS ISSUE 2016 PAL NO:

DATE

AUTHORIZED AGENT'S STAMP



IMPORTANT INSTRUCTIONS TO INVESTORS

THIS DOCUMENT IS OF VALUE AND IS NOT NEGOTIABLE. WHEN CONSIDERING WHAT ACTION TO TAKE, IT IS RECOMMENDED THAT YOU SEEK INDEPENDENT FINANCIAL ADVICE IMMEDIATELY.

If you have sold all of your shares in LONGHORN PUBLISHERS Limited (other than cum-Rights), please hand this document to the Stockbroker through whom the sale was effected for transmission to the purchaser. If you do not wish to take action on your Rights, do not submit this form to your Authorised Agent. Your Rights will lapse and be disposed of as per the Information Memorandum accompanying this PAL. If you wish to take action, please follow the steps. Eligible Shareholders should read the Information Memorandum and this Provisional Allotment Letter before deciding whether to take up their Rights and exercising the options available to them. Terms defined in the Information Memorandum shall, where applicable, apply herein.

PLEASE FILL OUT EITHER PART 1, PART 2 OR P A R T 3. (Refer to Section 6 of the Information Memorandum for detailed information)

PART 1: Full Acceptance and Optional Application For Additional New Shares

(a) This part should only be filled out if you wish to accept all of your Rights, and optionally apply for additional New Shares. **(i)** Enter the number of New Shares you are accepting in Box (4). Copy this exactly from Box (2). **(ii)** Enter the amount for New Shares you are accepting in Box (5). Copy this number from Box (3).

(b) To apply for additional New Shares, (i) fill in the box labelled Box, (6) with the number of additional New Shares that you would like to purchase. **Please note the following:** (i) Shareholders may not receive the full amount of additional new shares which they have applied for. **(ii)** Fill in the amount due for these additional new shares in Box (7). **(iii)** To calculate the amount due, multiply the number in Box (6) by the offer price of Kes 4.20 per new share.

(c) If you have chosen not to purchase additional New Shares, (i) write 0 in both Box (6) and Box (7); (ii) Fill out the total number of New Shares accepted/applied for in Box (8). You should add the Values of Box (4) and Box (6). i.e Box (8) = Box (4) + Box (6); (iii) Fill out the total value of New Shares accepted/applied for in Box (9). You should add the values of Box (5) and Box (7). i.e. Box (9) = Box (5) + Box (7). **(iv)** Complete the Refund Details section (*refer to your Authorised Selling Agents for a list of bank and branch codes for Electronic Funds Transfer*). **(v)** Please sign the form in the section provided. Please ensure that all joint shareholders sign the form. For Corporate Applicants, please ensure that the form is signed by (1) Two directors + the company seal affixed OR (2) One director, the company secretary + the company seal is a affixed. **(vi)** Complete the box labelled payment details at the top of the form. **(vii)** If your Authorised Agent is making payment on your behalf, leave this section blank. **(viii)** If payment for Additional Shares is via an irrevocable bank guarantee (*see Appendix G of the Information Memorandum*), tick the appropriate box in Additional Shares, make a photocopy of the guarantee for yourself and staple the guarantee to this PAL when handing over to the Authorised Selling Agent. **(ix)** You must ensure delivery of this PAL and payment (including a SEPARATE Kshs. 30/- **for CDS Account holders**) to your Authorised Agent on or before 3.00pm on 10 May 2016

(d)

PART 2: Partial Acceptance.

Your will need to immobilize your full entitlement of Rights before any partial acceptance or renunciation of new shares. See Part 3 for Immobilization Process. This information is this section is based on fully immobilized Rights

a) **To accept your Entitlement in part and do not wish to act any further** on the remaining New Shares. Ignore PART 1 (Both Sections A & B). Enter number of New Shares you would like to accept into Box (10) of the PAL. This number MUST be less than the number shown in box (2) of the PAL and must be in multiples of 100. Enter the amount due for the New Shares in Box (11) on the PAL. To calculate this amount; Multiply the number appearing in Box (10) on the PAL with Kes 4.20. Complete the box labelled payment details at the top of the form. If your Authorised Agent is making payment on your behalf, leave this section blank. Please sign the form in the section provided. Please ensure that all joint shareholders sign the form; For Corporate Applicants, please ensure that the form is signed by (1) Two directors + the company seal affixed OR (2) One director, the company secretary + the company seal is a affixed. You must ensure delivery of this PAL and payment (including a SEPARATE Kshs. 30/- **for CDS Account holders** to your Authorised Agent on or before 3.00pm on 10 May 2016.

b) **To accept your Entitlement in part and renounce part to a close relative via private transfer**, You will need to immobilize your Rights. Please See Part 3 for Immobilization Process. Deliver the PAL with CDS 2 and CDS 7 Forms and mandate instructions for a Split PAL to your Authorised Agent for submission to the Registrar on or before 3:00 pm on 27 April 2016. On receipt of the Split PAL indicating Partial Shares Entitlement fill in the Acceptance of New Shares on the PAL in either Full or Partial Acceptance (in multiples of 100) and the corresponding Amount Payable (by multiplying Kshs. 4.20 per New Share), make payment (including a SEPARATE Kshs. 30/- **for the CDS Account**, sign at the bottom and deliver to your Authorised Selling Agent on or before 3:00 p.m. on 3.00pm on 10 May 2016. For Corporate Applicants, please ensure that the form is signed by (1) Two directors + the company seal affixed OR (2) One director, the company secretary + the company seal is a affixed.

c) **To accept your Entitlement in part and sell the balance (or portion of the balance) Rights on NSE**, you will need to immobilize our Rights. Please see Part 3 for Immobilization Process.

d) If you do not have a CDS account, place a tick in the box provided after immobilisation for Trading in the Rights section on this PAL, obtain and complete the CDS Form 1 (CDS Account Opening) and CDS Form 2 (Immobilisation) from your Authorised Selling Agent in order to effect immobilisation (last date for immobilisation is 3:00 p.m. on 27 April 2016

e) Deliver the PAL with CDS Forms and mandate instructions for a Split PAL to your Authorised Agent for submission to the Registrar on or before 3:00 pm on 27 April 2016. On receipt of the Split PAL indicating Partial Shares Entitlement use the PAL and fill in Partial Acceptance of New Shares section Box (10) (in multiples of 100) and the corresponding Amount Payable Box (11) (by multiplying by Kshs 4.20 per New Share accepted), make payment (including a SEPARATE Kshs. 30/- **for the CDS Account**), sign at the bottom and deliver to your Authorised Selling Agent on or before 3:00 p.m. on 27 April 2016. For Corporate Applicants, please ensure that the form is signed by (1) Two directors + the company seal affixed OR (2) One director, the company secretary + the company seal is a affixed. Please note that South African shareholders are not allowed to renounce any portion of their Rights to any third party, save to a Related Party via private transfer in terms of (b) above.

f) Give sale order to your Authorised Selling Agent for balance of shares (last date for trading in Rights is 3:00 p.m. on 29 April 2016 (subject to the immobilisation being successful).

g) To accept your entitlement in part and renounce part to a close relative via private transfer and sell the balance (or portion of the balance) Rights on the NSE, refer to both (b) and (c) above and act accordingly.

h) **To sell all your Rights on the NSE** and you already have a CDS account give a sale order to your Authorised Selling Agent (last date for trading in Rights is 3:00 p.m. on 29 April 2016) and hand over this PAL to your agent. If you do not have a CDS account, place a tick in the box provided under immobilisation for Trading in Rights section on this PAL, obtain and complete the CDS Form 1 and CDS Form 2 from your Authorised Selling Agent in order to effect immobilisation (last date for immobilisation is 3:00 p.m. on 27 April 2016), give a sale order to your Authorised Selling Agent (subject to the immobilisation being successful).

i) **If you take no action** on or before 3:00pm on 10 May 2016 the Rights will lapse.

j) If a banker's cheque is not being used to make payment then tick Global Payment via Authorised Selling Agent section.

k) If a Lender is financing the take-up of Rights, then fill in the CDS Pledge Form 5 Serial No in the payment Details section; and attach a certified copy of the form to this PAL.

PART 3. Immobilisation For Trading In The Rights

If you wish to immobilise your Rights for trading on the Nairobi Securities Exchange;

a) Tick the box indicated to immobilise your Rights;

b) Submit this PAL to your Authorised Agent. If you do not already have a CDS account, you will need to open one. Your Authorised Agent can guide you on the process. If you have a CDS Account you will need to fill out CDS Form 2. Your Authorised Agent can help you with this process;

c) If you wish to trade your Rights, you must immobilise your Rights on or before 27 April 2016.

d) If you have given no mandate instructions for a Split PAL at the time of immobilization, for Purposes of payment and registration of any balance of New Shares in your CDS Rights account, you will need to receive the Form of Entitlement (FORM E) from your Authorised Agent in good time for completion, payment and submission to the Registrar through your Authorised Agent.

Authorised Selling Agents

LONGHORN PUBLISHERS Limited has appointed Authorised Selling Agents in connection with the Rights Issue. These Authorised Selling Agents have signed agency agreements with LONGHORN PUBLISHERS Limited which contain various terms and conditions that each Authorised. Selling Agent is required to comply with. Authorised Selling agents are licensed Stock Brokers and/or Investment Banks, all CDAs, who are institutions appointed by LONGHORN PUBLISHERS Limited for purposes of the Rights Issue to accept applications from LONGHORN PUBLISHERS Limited shareholders and investors.

APPENDIX D: SELLING AGENTS AND RECEIVING BANK LOCATIONS

Licensed Trading Participants

ABC Capital Limited
5th Floor, IPS Building, Kimathi Street
PO Box 34137, 00100, Nairobi.
Tel : 2246036/2245971

African Alliance Kenya Investment Bank Limited
1st Floor, Trans-national Plaza, Mama Ngina Street
PO Box 27639,00506 Nairobi
Tel: 2762000/2762557

Afrika Investment Bank Ltd
Finance House, 9th Floor,
P.O. Box 11019-00100
Tel: 2212206 / 2210178/2212989/343639, Fax: 2210500

ApexAfrica Capital Ltd
Rehani House, 4th Floor,
P.O. Box 43676- 00100
Tel: 242170/2220517, Fax: 2215554

Barclays Financial Services Limited
Barclays Plaza M6, Loita Street
P.O. Box 30120-00100, Nairobi, Tel: 310843

CBA Capital Limited
Mara and Ragati Roads, Upper Hill
PO Box 30120, 00100, Nairobi, Tel: 2884444

Dyer & Blair Investment Bank Limited
10th Floor, Loita House, Loita Street
PO Box 45396-00100, Nairobi.
Tel: 3240000/2227803
shares@dyerandblair.com

Equity Investment Bank Limited, Equity Centre
Hospital Road, Upper Hill
PO Box 74454, 00200 Nairobi
Tel: 2262000

Faida Investment Bank
1st Floor, Windsor House, University Way
PO Box 45236, 00100, Nairobi, Tel: 2243811-13

Francis Drummond and Company Limited
2nd Floor, Hughes Building, Kenyatta Avenue,
PO Box 45465, 00100, Nairobi.
Tel: 318690/318689

Genghis Capital Limited
5th Floor, Prudential Building, Wabera Street
P.O Box 1670-00100, Nairobi.
Tel : 2337535/36

KCB Capital Limited
Kencom House
P.O. Box 48400-00101, Nairobi
Tel: 2287000

Kestrel Capital (E.A) Ltd
5th Floor, ICEA Building, Kenyatta Avenue
PO Box 40005, 00100, Nairobi.
Tel: 2251758/2251893

Kingdom Securities Limited
5th Floor Co-operative House, Haile Selassie Ave
PO Box 48231- 00100, Nairobi.
Tel : 3276000

NIC Capital Limited
NIC House, Masaba Road
PO Box 44599, 00100, Nairobi.
Tel: 2888000

Old Mutual Securities Limited
6th Floor, IPS Building, Kimathi Street
PO Box 50338, 00200, Nairobi.
Tel:2241350/4/79

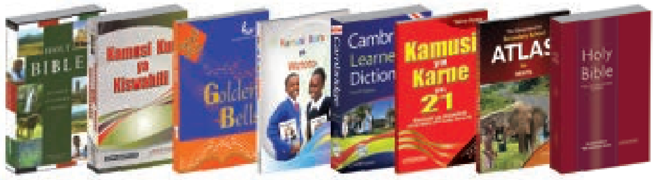
Renaissance Capital (Kenya) Limited
6th Floor, Purshottam Place, Chiromo Road
PO Box 40560-00100 Nairobi.
Tel : 3682000/3754422

SBG Securities Limited
CFC Stanbic House
2nd Floor, CFC Centre, Chiromo Road,
PO Box 47198, 00100 Nairobi, Tel:3638900

Standard Investment Bank Ltd
16th floor, ICEA Building, Kenyatta Avenue
PO Box 13714, 00100, Nairobi.
Tel: 2228963/2228967

Sterling Capital Limited
11th Floor, Finance House, Loita Street
P.O. Box 45080, 00100, Nairobi.
Tel: 2213914/244077

Suntra Investment Bank Ltd
10th Floor, Nation Centre, Kimathi Street
PO Box 74016, 00200, Nairobi.
Tel: 2870000
info@suntra.co.ke



Receiving Bank

Head Office
Sidian Bank Head Offices,
K-Rep Centre,
Wood Avenue, Kilimani,
P.O. Box 25363-00603,
Nairobi, Kenya.

Email: enquiries@sidianbank.co.ke
Tel : +254)020-3906000/1-7
Mobile (1) : (+254)0711-058000/1-30
Mobile (2) : (+254)0732-158000/1-30

Nairobi Branches
Buruburu,
Kangemi,
Kenyatta Avenue,
Kenyatta Market,
Kilimani, Mlonlongo,
Moi Avenue,
Naivasha Road - Riruta,
Rongai

Rift Valley Branches
Eldoret,
Kajiado,
Kericho,
Nakuru,
Naivasha

Eastern Branches
Emali,
Kibwezi,
Kitui,
Machakos

Central Branches
Chuka,
Embu,
Kerugoya,
Meru,
Mwea,
Nanyuki,
Nkubu,
Nyahururu,
Nyeri,
Thika

Coast Branches
Kengelini Branch,
Moi Avenue,
Mtwapa

Nyanza and Western Branches
Busia,
Bungoma,
Kisii,
Kisumu

KENYA

Longhorn Kenya Limited,Funzi Road, Industrial Area, PO Box 18033-00500, Nairobi, Kenya

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