

TELPOSTA PENSION SCHEME

**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

30 JUNE 2010

Draft

TELPOSTA PENSION SCHEME

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

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TELPOSTA PENSION SCHEME

CORPORATE INFORMATION

TRUSTEES

Mrs M Nalinya (Chair) - resigned on 22 August 2010
Mrs J Karuku (Chair) - appointed on 24 September 2010
Ms E Rotich - resigned on 1 February 2010
Mr B Okwaro
Mr H Katema - reappointed on 10 February 2010
Mr S Shah - appointed on 16 September 2009
Mr M Ghossein - appointed on 16 September 2009
Mr S Mbanya - appointed on 29 April 2010

TRUST SECRETARY

Mr P Rotich

ADMINISTRATORS

TelPosta Pension Scheme Secretariat
TelPosta Towers, 13th floor
Kenyatta Avenue
P.O. Box 45610 - 00100
Nairobi

FUND MANAGERS

Co-optrust Investment Services Limited
Co-operative Bank House
Haile Selassie Avenue
P.O. Box 48231 - 00100
Nairobi

Old Mutual Asset Managers (Kenya) Limited
Old Mutual Building
Upperhill Road
P.O. Box 11589 - 00400
Nairobi

CUSTODIANS

Kenya Commercial Bank Limited
Piedmont Plaza
Ngong Road
P.O. Box 30664 - 00100
Nairobi

ACTUARIES

Alexander Forbes Financial Services (E A) Limited
10th floor, Landmark Plaza
P.O. Box 52439 - 00200
Nairobi

PROPERTY MANAGERS

Lloyd Masika Limited
Norfolk Towers
Kijabe Street
P.O. Box 45733 - 00100
Nairobi

Regent Management Limited
Regent House
Upperhill road
P.O. Box 79487 - 00200
Nairobi

TELPOSTA PENSION SCHEME

CORPORATE INFORMATION (Continued)

INDEPENDENT AUDITORS

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

LEGAL ADVISERS

Ms Lucy Barno
Telkom Kenya Limited
P.O. Box 30301 - 00100
Nairobi

REGISTERED OFFICE

TelPosta Towers, 13th floor
Kenyatta Avenue
P.O. Box 45610 - 00100
Nairobi

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TELPOSTA PENSION SCHEME

REPORT OF THE TRUSTEES

The trustees present their report together with the audited financial statements for the year ended 30 June 2010.

ESTABLISHMENT AND ADMINISTRATION

The Scheme was established under a trust deed dated 1 July 1997 (Principal Deed) as a defined benefit scheme to provide retirement benefits for the staff of Telkom Kenya Limited and its subsidiaries under the rules of the Scheme. The Scheme is an exempt approved Scheme under the Income Tax Act and is registered with the Retirement Benefits Authority.

By its letter dated 1 March 2007 the Scheme's Founder, Telkom Kenya Limited, gave the Scheme notice of its intention to discontinue payment of contributions to the Scheme in accordance with the Principal Deed, upon which date the members of the Scheme would cease to accrue any further pension or other benefits under the Scheme in respect of their service with the Founder.

The Scheme is a closed defined benefits Scheme and is administered in-house. Any future deficit in the Scheme arising from an actuarial valuation is to be met by the Sponsor through the disbursement of additional funds.

PRINCIPAL ACTIVITY

The principal activity of the Scheme is the provision of pensions and other ancillary benefits to members upon their retirement at a specified age and relief to the dependants of deceased members as defined in the Trust Deed and Rules. Since 1 December 2007 the Scheme has been operating as a closed Retirement Benefit Scheme with no new contributions from members and the Sponsor.

REGISTRATION

The Scheme is registered in Kenya under the Kenyan Retirement Benefits Act (RBA). The registration number of the scheme is RBA/SC/INTL/000454.

MEMBERSHIP

	2010	2009
a) Total members		
Pensioners	7,730	7,691
Deferred members	2,552	3,024
	<hr/>	<hr/>
	10,282	10,715
	=====	=====
b) Pensioners		
At start of year	7,691	7,583
New members	313	413
Leavers	(274)	(305)
	<hr/>	<hr/>
At end of year	7,730	7,691
	=====	=====
c) Deferred members		
At start of year	3,024	3,381
Leavers during the year	(472)	(357)
	<hr/>	<hr/>
At end of year	2,552	3,024
	=====	=====

TELPOSTA PENSION SCHEME

REPORT OF THE TRUSTEES (continued)

FINANCIAL REVIEW

The statement of changes in net assets available for benefits on page 9 shows an increase in the net assets available for benefits of Sh 1,720,212,000 (2009: a decrease of Sh 572,020,000) and the statement of net assets available for benefits on Page 10 shows the fund balance of Sh 10,199,402,000 (2009: Sh 8,479,190,000).

ACTUARIAL VALUATION

The last actuarial valuation was carried out as at 30 June 2009 by Alexander Forbes Financial Services (East Africa) Limited, an independent firm of Actuaries, and a report issued on 10 July 2010, using the projected unit credit method, in accordance with the requirements of International Accounting Standards (IAS) No. 19, Employee Benefits.

According to the valuation at that date and based on the amended trust deed, the actuarial present value of promised retirement benefits was:

	Shs'000
Vested benefits in respect of pensioners	7,681,200
Non-vested benefits in respect of in-service and deferred members and members with outstanding benefits	3,109,200
	<hr/>
Total	10,790,400
	<hr/> <hr/>

The fair value of the net assets available for benefits excluding any allowance for outstanding contributions was Sh 10.6 billion resulting in a deficit of Shs 237 million.

The principal actuarial assumptions used were as follows:

- discount rate	10%
- rate of revaluation of benefits over period of deferment	4%
- future pension increases	3%
	<hr/> <hr/>

The next full actuarial valuation is due on 30 June 2012 in accordance with the requirements of the Retirement Benefits Act.

The summarised actuarial valuation on the Scheme as at 30 June 2009 is presented in note 27 to the financial statements.

INVESTMENT OF FUNDS

Under the terms of their appointment, Old Mutual Asset Managers and Co-optrust Investment Service Limited are responsible for the investment of funds. They are not responsible for investment in properties, which are separately managed by Llyod Masika Limited and Regent Management Limited. The overall responsibility for investment and performance lies with the Trustees. The Scheme's investment managers are guided by an Investment Policy. The make up of the investments as at the year end date is summarised below:

	2010	2010	2009	2009	RBA limits
	Sh'000	%	Sh'000	%	%
Investment properties	4,886,850	45	3,435,657	38	30
Fixed deposits	1,164,972	11	221,751	2	30
Corporate bonds	641,203	6	136,668	2	15
Treasury bonds	2,095,506	19	3,440,027	38	70
Local equity instruments	1,895,785	17	1,720,034	19	70
Commercial paper	248,038	2	42,541	1	15
	<hr/>	<hr/>	<hr/>	<hr/>	
	10,932,354	100	8,996,678	100	
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	

TELPOSTA PENSION SCHEME

REPORT OF THE TRUSTEES (continued)

TRUSTEES

The trustees are appointed in accordance with Retirement Benefits Act and the Scheme's trust deed and rules. The names of the trustees who served during the year and subsequent period to the date of this report are shown on page 2.

AUDITORS

Deloitte & Touche having expressed their willingness, continue in office as auditors.

SIGNED ON BEHALF OF THE TRUSTEES

Chairman
Board of Trustees

2010

Nairobi

Draft

TELPOSTA PENSION SCHEME

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Kenyan Retirement Benefits Act requires the trustees to prepare financial statements for each financial year which give a true and fair view of the Scheme's financial affairs as at the end of the financial year and of the operating results of the Scheme for that year. It also requires the trustees to ensure that the Scheme keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Scheme. They are also responsible for safeguarding the assets of the Scheme.

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Retirement Benefits Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The trustees accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Kenyan Retirement Benefits Act. The trustees are of the opinion that the financial statements give a true and fair view of the financial affairs of the Scheme and of its operating results. The trustees further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

The trustees certify that to the best of their knowledge and belief the information furnished to the auditors for the purposes of the audit was correct and complete in every respect.

Nothing has come to the attention of the trustees to indicate that the Scheme will not be able to meet its obligations for at least the next twelve months from the date of this statement.

.....
Trustee

.....
Trustee

2010

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF TELPOSTA PENSION SCHEME

We have audited the accompanying financial statements of TelPosta Pension Scheme, set out on pages 9 to 28 which comprise the statement of net assets available for benefits as at 30 June 2010, and the statement of changes in net assets available for benefits and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Trustees' Responsibility for the Financial Statements

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Retirement Benefits Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of financial affairs of the Scheme as at 30 June 2010 and of the disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits falling due after the end of the year in accordance with International Financial Reporting Standards and the requirements of the Retirement Benefits Act.

Certified Public Accountants (Kenya)

Nairobi

2010

TELPOSTA PENSION SCHEME

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 Sh'000	2009 Sh'000
BENEFITS			
Benefits payable	3	(789,683)	(740,853)
Transfers	4	-	(7,434)
NET DEFICIT FROM DEALING WITH MEMBERS		(789,683)	(748,287)
Funds received from Insurance Company of East Africa	5	99,467	-
Funds received from TelPosta Provident Fund	6	8,000	-
		107,467	-
RETURNS ON INVESTMENTS			
Interest income on local investments	7	610,298	516,794
Dividend income		64,313	67,536
Fair value gain on investment properties	9	832,408	142,240
Gain/(loss) on disposal of investments in equities		40,158	(111,509)
Gain on disposal of property held for sale		93,037	80,559
Change in fair value of quoted equities	10	423,101	(566,378)
Change in fair value of treasury bonds	11	205,372	(58,460)
Rental income		276,337	279,205
Loss on disposal of offshore investments	14	-	(21,900)
Other income	15	7,108	710
Investment management expenses	16	(84,767)	(89,422)
		2,467,365	239,375
ADMINISTRATIVE EXPENSES	18	(64,937)	(63,108)
INCREASE/(DECREASE) IN NET ASSETS FOR THE YEAR	19	1,720,212	(572,020)

TELPOSTA PENSION SCHEME

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

30 JUNE 2010

	Note	2010 Sh'000	2009 Sh'000
NON-CURRENT ASSETS			
Equipment	8	2,721	4,194
INVESTMENTS			
Investment properties	9	4,886,850	3,435,657
Quoted equities	10	1,895,785	1,720,034
Treasury bonds	11	2,095,506	3,440,027
Corporate bonds	12	641,203	136,668
Commercial paper	13	248,038	42,541
Fixed deposits	20	1,164,972	221,751
		<u>10,932,354</u>	<u>8,996,678</u>
CURRENT ASSETS			
Receivables	21	91,400	130,497
Bank balances		103,229	78,922
		<u>194,629</u>	<u>209,419</u>
Property held for sale	22	355,221	1,134,004
		<u>549,850</u>	<u>1,343,423</u>
CURRENT LIABILITIES			
Unpaid benefits	24	982,719	1,286,540
Transfers payable		85,304	358,297
Other payables	25	217,500	220,268
		<u>1,285,523</u>	<u>1,865,105</u>
NET CURRENT LIABILITIES		<u>(735,673)</u>	<u>(521,682)</u>
NET ASSETS AVAILABLE FOR BENEFITS		<u>10,199,402</u>	<u>8,479,190</u>
REPRESENTED BY:			
FUND BALANCE	19	<u>10,199,402</u>	<u>8,479,190</u>

The financial statements on pages 9 to 28 were approved by the trustees on
and were signed on their behalf by:

2010

) Trustee
)
) Trustee

TELPOSTA PENSION SCHEME

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 Sh'000	2009 Sh'000
Cash flow from operating activities			
Benefits paid		(1,099,275)	(1,195,117)
Administrative expenses paid		(96,405)	(114,625)
Investment management expenses paid		(25,357)	(25,309)
Transfer of funds to Alexander Forbes Retirement Fund		(272,993)	(2,758,000)
Cash received from Insurance Company of East Africa	5	99,467	-
Cash received from TelPosta Provident Fund	6	8,000	-
		<hr/>	<hr/>
Net cash (used in)/generated from dealings with members		(1,386,563)	(4,093,051)
		<hr/>	<hr/>
Cash flow from investing activities			
Investment income received		769,373	616,662
Rent income		298,468	259,839
Purchase of treasury bonds		(922,499)	(2,132,138)
Purchase of equipment	8	(277)	(2,812)
Purchase of quoted equities		(1,643,930)	(601,793)
Purchase of corporate bonds		(260,974)	(220,577)
Placement of fixed deposits		(5,092,938)	(3,368,848)
Proceeds from redemption of fixed deposits		4,603,505	4,337,129
Proceeds from redemption of treasury bonds		3,159,550	2,578,339
Proceeds from redemption of treasury bills		-	1,153,650
Proceeds from disposal of off-shore investments	14	-	43,800
Proceeds from disposal of quoted equities		957,228	72,302
Proceeds from redemption of corporate bonds		29,390	25,136
Proceeds from disposal of assets held for sale		232,517	241,274
		<hr/>	<hr/>
Net cash generated from investing activities		2,129,413	3,001,963
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		742,850	(1,091,088)
Cash and cash equivalents at beginning of the year		303,141	1,394,229
		<hr/>	<hr/>
Cash and cash equivalents at end of the year	23	1,045,991	303,141
		<hr/> <hr/>	<hr/> <hr/>

TELPOSTA PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1 ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

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

(i) Standards and interpretations effective in the current period

The following revised standard was effective for the current period:

The IASB published amendments to IFRS 7 in March 2009. The amendment requires enhanced disclosures about fair value measurements and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. The adoption of the amendment results in additional disclosures but does not have an impact on the financial position of the Scheme.

Other new standards and interpretations effective in the period under review have no effect on the Scheme's financial statements.

(ii) New and revised standards and interpretations in issue but not yet effective

At the date of authorization of these financial statements, various revised standards and interpretations were in issue but not yet effective. The trustees are still assessing the new and revised standards and interpretations that are likely to have an impact on the financial statements of the Scheme.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain non-current assets and financial instruments.

Taxation

The Scheme is a registered pension scheme and is, therefore, exempt from tax under the Kenyan Income Tax Act.

Transfers

Transfers are recognised in the period in which members join from other Schemes or leave for other Schemes. The values are based on methods and assumptions determined by actuaries.

Benefits payable

Pension and other benefits are recognised in the period in which they fall due.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, unless collectability is in doubt.

Dividend income

Dividend income from investments is recognised when the Scheme's rights to receive payment as a shareholder have been established.

TELPOSTA PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1 ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties comprising land and buildings held to earn rentals and for capital appreciation are carried at market values based on valuations performed by external independent valuers. Property leases held by the Scheme under operating leases are classified as investment property and the fair value model is applied for financial reporting purposes.

Equipment

Equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation

Depreciation is calculated on the straight line basis at annual rates estimated to write off the carrying values of the assets over their expected useful lives. The annual depreciation rates in use are:

Computers	33.3%
Motor vehicle	25.0%
Furniture and fittings	12.5%
Office equipment	12.5%

Cash and cash equivalents

Cash and cash equivalents comprise balances with maturities of less than 91 days from the date of acquisition and include cash balances held at banks, fixed deposits and government securities.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Kenya Shillings at rates of exchange ruling as at the end of reporting period. Transactions during the year which are expressed in foreign currencies are translated at rates ruling at the dates of the transactions. The resulting exchange differences are dealt with in the statement of changes in net assets available for benefits.

Investments

Investments are carried at fair value. The fair value of marketable securities is the market value. Securities that have fixed redemption value are carried at those amounts assuming constant rates of return to maturity.

Comparatives

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

TELPOSTA PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING THE SCHEME'S ACCOUNTING POLICIES

In the process of applying the Scheme's accounting policies, the trustees have made estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These are dealt with below:

Impairment losses on financial assets

At the end of each reporting period, the Scheme reviews the carrying amounts of its financial 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 and an impairment loss is recognised in the statement of changes in net assets available for benefits whenever the carrying amount of the asset exceeds its recoverable amount. The process involves making assumptions that require trustees to make significant judgments.

Depreciation

Critical estimates are made by the trustees in determining depreciation rates for equipment. Depreciation is computed on the straight line basis over the estimated useful lives of the assets.

Actuarial valuation

The liability due under the defined benefit pension plan is determined using actuarial valuation. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. See note 27 on actuarial valuation.

Investment property

Investment properties are carried at fair values which are determined by experts hired by the Scheme based on various assumptions including the average useful life of the properties and changes in discount and inflation rates.

TELPOSTA PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 BENEFITS PAYABLE

	2010 Sh'000	2009 Sh'000
Pension payments to retired members	686,373	712,744
Commuted pensions	87,283	26,556
Payment on death	16,027	1,553
	<u>789,683</u>	<u>740,853</u>

4 TRANSFERS

Individual transfer out to Alexander Forbes Retirement Fund	-	7,434
	<u>-----</u>	<u>-----</u>

The transfer value represents the amounts payable to the new retirement benefit scheme established by the founder, Telkom Kenya Limited. The new Scheme is administered by Alexander Forbes Financial Services (East Africa) Limited in respect to active members who opted to transfer as at 30 November 2007.

5 FUNDS RECEIVED FROM INSURANCE COMPANY OF EAST AFRICA

The receipt of Sh 99,467,249 during the financial year arose from the completion of liquidation of Kenya External Telecommunications Company Limited Pension Scheme by the appointed liquidator, Simba & Simba advocates. The funds had been vested to the scheme vide legal notice No 154 of 5 November 1999 by the Ministry of Finance. The receipted funds of Sh 99,467,249 are net of all the liquidation fees but inclusive of the waived retirement benefit levy of Sh 238,410.

6 FUNDS RECEIVED FROM TELPOSTA PROVIDENT FUND

On creation of the TelPosta Provident Fund on 1 July 1999, individual membership records, which are required to calculate the benefits due to each member on secession, were not available since adequate records had not been maintained by the predecessor provident fund prior to 1 July 1999. It was not possible to determine the balances attributable to individual members hence the Fund's Actuary prepared estimates of the accumulated member contributions to 30 June 1999. Assets were later transferred from the TelPosta Pension Scheme to the Fund based on the estimate reported in the Actuarial report since no assets had been vested in the Fund at inception.

An actuarial valuation of the Fund was performed by the Fund's Actuary as at 30 June 2007 and it was established that surplus funds had been transferred to the Fund from TelPosta Pension Scheme at the point of establishing the Fund. Based on the Fund Actuary's estimation as at 30 June 2007, the Trustees transferred Sh 8,000,000 to the TelPosta Scheme.

TELPOSTA PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2010 Sh'000	2009 Sh'000			
7	INTEREST INCOME ON LOCAL INVESTMENTS					
	Fixed deposits	49,564	54,816			
	Treasury bonds	522,753	419,952			
	Treasury bills	2,825	21,850			
	Corporate bonds	32,738	17,312			
	Commercial paper	2,418	2,864			
		<u>610,298</u>	<u>516,794</u>			
8	EQUIPMENT					
		Motor vehicle Sh'000	Office equipment Sh'000	Furniture Sh'000	Computers Sh'000	Total Sh'000
	COST					
	At 1 July 2008	1,880	370	8,996	6,511	17,757
	Additions	-	-	2,468	344	2,812
	At 30 June 2009	<u>1,880</u>	<u>370</u>	<u>11,464</u>	<u>6,855</u>	<u>20,569</u>
	At 1 July 2009	1,880	370	11,464	6,855	20,569
	Additions	-	-	-	277	277
	Disposal	-	-	-	(69)	(69)
	At 30 June 2010	<u>1,880</u>	<u>370</u>	<u>11,464</u>	<u>7,063</u>	<u>20,777</u>
	DEPRECIATION					
	At 1 July 2008	1,880	370	7,880	4,552	14,682
	Charge for the year	-	-	1,049	644	1,693
	At 30 June 2009	<u>1,880</u>	<u>370</u>	<u>8,929</u>	<u>5,196</u>	<u>16,375</u>
	At 1 July 2009	1,880	370	8,929	5,196	16,375
	Charge for the year	-	-	1,274	409	1,683
	Eliminated on disposal	-	-	-	(2)	(2)
	At 30 June 2010	<u>1,880</u>	<u>370</u>	<u>10,203</u>	<u>5,603</u>	<u>18,056</u>
	NET BOOK VALUE					
	At 30 June 2010	<u>-</u>	<u>-</u>	<u>1,261</u>	<u>1,460</u>	<u>2,721</u>
	At 30 June 2009	<u>-</u>	<u>-</u>	<u>2,535</u>	<u>1,659</u>	<u>4,194</u>

TELPOSTA PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 INVESTMENT PROPERTIES

	TelPosta Towers Sh'000	Residential properties Sh'000	Total Sh'000
AT FAIR VALUES			
At 1 July 2008	3,150,000	431,157	3,581,157
Reclassification to assets held for sale (note 24)	-	(287,740)	(287,740)
Fair value adjustments	-	142,240	142,240
	<hr/>	<hr/>	<hr/>
At 30 June 2009	3,150,000	285,657	3,435,657
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 1 July 2009	3,150,000	285,657	3,435,657
Reclassification from assets held for sale (note 24)	-	618,785	618,785
Fair value adjustments	250,000	582,408	832,408
	<hr/>	<hr/>	<hr/>
At 30 June 2010	3,400,000	1,486,850	4,886,850
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The commercial property, TelPosta Towers is registered in the name of the TelPosta Pension Scheme, and was revalued at 30 June 2010 by Regent Valuers Limited, independent professional valuers, on the basis of open market value for Sh 3,400,000,000. In the opinion of the trustees, there has been no significant change in the investment property value since the last valuation.

Valuation for the residential properties was carried out as at April 2010 to June 2010. In the opinion of the trustees, there has been no significant change in the residential properties values since the last valuations.

Included under residential properties are properties valued at Sh 431,000,000 (2009 – 122,220,000) whose titles are not in the Scheme's name. These properties were vested to the Scheme under Legal Notice No 154 dated 5 November 1999 but the title documents are yet to be issued to the Scheme. The trustees are pursuing the transfer of titles and the properties are in different stages of transfer.

Rent income received from the investment properties in the year amounted to Sh 276,337,000 (2009: Sh 279,205,000). The related property expenses amounted to Sh 61,911,000 (2009: Sh. 64,113,000).

TELPOSTA PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 QUOTED EQUITY

Company	Market value 1-Jul-08 Sh'000	Cost of additions Sh'000	Cost of disposals Sh'000	Market gain/(loss) Sh'000	Market value 1-Jul-09 Sh'000	Cost of additions Sh'000	Cost of Disposals Sh'000	Sales proceeds Sh'000	Gain/(loss) on disposal Sh'000	Price at 30-Jun-10	Market gain/(loss) Sh'000	Market value 30-Jun-10 Sh'000
AccessKenya Group Limited	-	6,401	-	3,424	9,825	-	9,825	8,646	(1,179)	-	-	-
Athi River Mining Limited	51	6,773	-	3,304	10,128	-	-	-	-	140	4,642	14,770
Bamburi Cement Limited	146,132	-	27,253	(31,401)	87,478	37,459	-	-	-	200	35,722	160,659
Barclay Bank Limited	148,081	52,993	38,471	(31,080)	131,523	-	-	-	-	61.5	15,544	147,067
British American Tobacco Limited	20,374	-	8,294	(178)	11,902	19,544	-	-	-	215	4,932	36,378
Centum Investment Company Limited	23,866	7,275	8,712	(7,950)	14,479	-	-	-	-	22.25	5,593	20,072
CFC Stanbic Bank Limited	2,340	-	2,246	(14)	80	-	-	-	-	74	9	89
CMC Holding Limited	656	-	-	(238)	418	-	-	-	-	12.7	(7)	411
Co-operative Bank of Kenya Limited	-	360,488	3,643	130,297	487,142	-	209,000	194,729	(14,271)	15	121,106	399,248
Deacons Kenya Limited	2,500	-	-	-	2,500	-	-	-	-	30	0	2,500
Diamond Trust Bank Limited	22,070	-	-	(4,969)	17,101	-	-	-	-	89.5	3,582	20,683
East Africa Breweries Limited	408,459	57,016	50,208	(107,285)	307,982	-	-	-	-	181	63,650	371,632
East Africa Portland Cement Limited	2,185	-	1,499	(168)	518	-	336	379	43	115	117	299
East Africa Cables Limited	7,938	-	-	(3,185)	4,753	-	-	-	-	20.25	(784)	3,969
Equity Bank Limited	40,831	22,021	8,384	(21,725)	32,743	41,887	38,805	39,882	1,077	24	16,166	51,991
Kenya Electricity Generating Company Limited	67,159	613	11,608	(22,242)	33,922	-	-	-	-	17.1	5,945	39,867
Kenya Airways Limited	43,319	-	25,072	(3,940)	14,307	-	-	-	-	46.75	13,562	27,869
Kenya Commercial Bank Limited	170,750	80,092	41,706	(44,856)	164,280	-	-	-	-	18.6	(28,475)	135,805
Kenya Oil Company Limited	50,739	4,450	3,754	(13,485)	37,950	-	-	-	-	9.15	19,924	57,874
Kenya Reinsurance Corporation Limited	10,635	-	-	(2,454)	8,181	-	8,181	8,081	(100)	12.1	-	-
Kenya Power and Lighting Company Limited	62,622	-	7,889	(17,415)	37,318	-	161	217	56	200	13,743	50,900
Mumias Sugar Company Limited	33,598	-	8,509	(12,456)	12,633	1,472	5,264	8,834	3,570	12.85	9,239	18,080
Nation Media Group Limited	55,300	-	23,799	(9,066)	22,435	6,207	-	-	-	140	2,662	31,304
NIC Bank Limited	31,856	-	5,016	(8,587)	18,253	-	-	-	-	39.5	1,825	20,078
Safaricom Limited	767,167	3,671	225,624	(334,978)	210,237	5,669	97,010	147,972	50,962	5.8	90,995	209,891
ScanGroup Limited	960	-	418	(428)	114	-	-	-	-	39.75	61	175
Standard Chartered Bank Limited	86,730	-	32,956	(18,134)	35,640	8,994	-	-	-	222	20,900	65,534
Stanbic Bank Uganda Limited	15,584	-	7,745	(5,342)	2,497	-	-	-	-	7.83	768	3,265
TPS Eastern Africa Limited	9,657	-	4,135	(1,827)	3,695	-	-	-	-	56.5	1,680	5,375
	<u>2,231,559</u>	<u>601,793</u>	<u>546,941</u>	<u>(566,378)</u>	<u>1,720,034</u>	<u>121,232</u>	<u>368,582</u>	<u>408,740</u>	<u>40,158</u>		<u>423,101</u>	<u>1,895,785</u>

TELPOSTA PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2010 Sh'000	2009 Sh'000
11	TREASURY BONDS	
	At fair values:	
Government treasury bonds – at cost	1,890,134	3,498,487
Fair value adjustment	205,372	(58,460)
	<u>2,095,506</u>	<u>3,440,027</u>
	Government treasury bonds – at market value	
	<u>2,095,506</u>	<u>3,440,027</u>
	The maturity dates for government treasury bonds at fair value are:	
- maturing within 1 year	1,011,963	1,048,534
- maturing after 1 year but within 5 years	682,868	1,678,860
- maturing after 5 years	400,675	712,633
	<u>2,095,506</u>	<u>3,440,027</u>

The weighted average effective interest rate on treasury bonds during the year was 11.4% p.a. (2009 – 10.6% p.a.).

12 CORPORATE BONDS

At fair values:

	Maturity date	Interest rate 2010	Interest rate 2009	2010 Sh'000	2009 Sh'000
Sasini Limited	3/12/2012	11.8%	11.8%	6,255	4,750
Shelter Afrique	31/8/2012	11.0%	-	14,430	-
Mabati Rolling Mills Limited	31/10/2016	13.0%	13.0%	4,891	5,084
Mabati Rolling Mills Limited	31/10/2016	6.7%	10.2%	4,944	4,913
PTA Bank Limited	31/10/2014	6.0%	8.8%	16,663	15,699
Barclays Bank of Kenya Limited	14/11/2014	5.1%	-	9,939	-
Barclays Bank of Kenya Limited	14/7/2015	8.1%	-	11,689	-
Barclays Bank of Kenya Limited	14/7/2015	11.5%	-	22,263	-
Barclays Bank of Kenya Limited	19/11/2014	5.1%	8.7%	4,969	17,002
Barclays Bank of Kenya Limited	14/7/2015	11.5%	11.5%	37,202	89,220
Safaricom Limited	3/11/2014	12.3%	-	137,275	-
Kenya Electricity Generating Company Limited	31/10/2019	12.5%	-	258,023	-
Athi River Mining Limited	20/4/2015	12.0%	-	86,923	-
TPS Serena Limited	25/5/2015	10.0%	-	10,892	-
CFC Stanbic Bank Limited	6/7/2016	12.5%	-	14,845	-
				<u>641,203</u>	<u>136,668</u>

The weighted average effective interest rate on corporate bonds during the year was 11.9% p.a. (2009 – 10.7% p.a.).

TELPOSTA PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 COMMERCIAL PAPER

At fair values:

	Maturity date	2010 Sh'000	2009 Sh'000
Kenya Oil Limited	27/12/2010	248,038	-
Athi River Mining Limited	5/08/2009	-	38,994
Athi River Mining Limited	16/09/2009	-	3,547
		<u>248,038</u>	<u>42,541</u>

The weighted average effective interest rate on commercial paper during the year was 6.3% p.a. (2009 – 10.0% p.a.).

14 OFF-SHORE INVESTMENTS

At fair values:

	2010 Sh'000	2009 Sh'000
At 1 July	-	65,700
Disposal during year	-	(43,800)
Loss on disposal during the year	-	(21,900)
	<u>-</u>	<u>-</u>
At 30 June	-	-

15 OTHER INCOME

Staff loan interest	30	35
Other interest income	7,078	675
	<u>7,108</u>	<u>710</u>

16 INVESTMENT MANAGEMENT EXPENSES

Fund managers' fees	15,392	16,395
Custodian fees	7,464	8,914
Property expenses (note 17)	61,911	64,113
	<u>84,767</u>	<u>89,422</u>

TELPOSTA PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2010 Sh'000	2009 Sh'000
17	PROPERTY EXPENSES	
	47,325	32,378
Bad debts provision		
Land rent and rates – current year	4,422	4,162
– prior year	-	6,520
Surveyors' fees	2,189	746
Service charge	2,182	6,417
Commissions to selling agents	2,152	4,883
Valuation fees	1,983	-
Letting fees	999	3,336
Electricity	572	5,006
Auctioneers' fees	49	300
Guarding fees	38	365
	<u>61,911</u>	<u>64,113</u>
	=====	=====
18	ADMINISTRATIVE EXPENSES	
	21,150	17,639
Staff salaries		
Conveyancing fees	5,814	6,281
Legal fees	5,207	5,626
Actuarial fees	4,708	1,998
Retirement Benefit Authority levy	4,127	5,000
Agency fees	4,073	4,919
Insurance	3,937	3,683
Bank charges	3,292	4,507
Traveling and subsistence	1,845	1,186
Maintenance of office equipment	1,829	4,993
Audit fees	1,759	1,213
Depreciation	1,683	1,693
General office	1,218	545
Printing and stationary	1,138	1,316
Advertising	1,096	585
Trustee allowances	887	533
Telephone and fax	586	781
Motor vehicle	467	415
Loss on disposal of assets	66	-
Training and seminar expenses	55	195
	<u>64,937</u>	<u>63,108</u>
	=====	=====

TELPOSTA PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2010 Sh'000	2009 Sh'000
19	FUND BALANCE	
	8,479,190	9,051,210
	1,720,212	(572,020)
	<u>10,199,402</u>	<u>8,479,190</u>
20	FIXED DEPOSITS	
	At fair values:	
	1,155,467	221,560
	9,505	191
	<u>1,164,972</u>	<u>221,751</u>
	The weighted average effective interest rate realized on fixed deposits during the year was 10.9% p.a. (2009 – 10.4% p.a.).	
21	RECEIVABLES	
	2010 Sh'000	2009 Sh'000
	56,585	87,768
	19,236	12,675
	1,289	14,803
	14,290	15,251
	<u>91,400</u>	<u>130,497</u>
22	PROPERTY HELD FOR SALE	
	1,134,004	1,006,979
	(618,785)	287,740
	(159,998)	(160,715)
	<u>355,221</u>	<u>1,134,004</u>

TELPOSTA PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2010 Sh'000	2009 Sh'000
23	CASH AND CASH EQUIVALENTS	
	Cash and cash equivalent balances as at year end comprise:	
	Treasury bonds maturing within 91 days	-
	Fixed deposits maturing within 91 days	1,798
	Commercial paper	180,500
	Bank and cash balances	41,921
	103,229	78,922
	<u>1,045,991</u>	<u>303,141</u>
	=====	=====
24	UNPAID BENEFITS	
	Balance at beginning of year	1,286,540
	Withdrawals during the year	1,729,189
	3,006	31,566
	<u>1,289,546</u>	<u>1,760,755</u>
	Less: Paid during the year	(306,827)
	<u>982,719</u>	<u>1,286,540</u>
	=====	=====
25	OTHER PAYABLES	
	Deposit on disposal of properties	50,584
	Service charge accrual	75,560
	Rent received in advance	47,698
	Agency fee	45,798
	Rent deposits	43,709
	Management fees	13,643
	Legal fee	36,461
	Retirement Benefit Authority levy	38,970
	Actuarial fees	10,484
	Valuation fees	8,354
	Investment properties accrued expense	9,780
	Audit fees	6,514
	Withholding tax payable	1,743
	Land rent and rates	5,000
	Surveyors' fees	1,597
	Agency commission	522
	Staff salary arrears	-
	Other	1,571
	1,350	5,006
	472	1,214
	342	-
	141	3,466
	42	271
	-	725
	1,438	5,424
	<u>217,500</u>	<u>220,268</u>
	=====	=====

TELPOSTA PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 FINANCIAL RISK MANAGEMENT

The Scheme generates income for the members by investing in various income generating activities which involve trading in the stock exchange, trading in government and other securities and offshore investments. These activities expose the Scheme to a variety of financial risks, including credit risk and the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The Scheme's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by the Trustees with the help of the Scheme's investment managers who operate under policies approved by the Trustees. The investment managers review the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate against market risks. The Trustees provide written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments and investing excess liquidity. The Scheme also follows guidelines issued by the Retirements Benefits Authority in respect of maximum allowed investment in different types of investments.

Market risk

Foreign exchange risk

The Scheme is exposed to the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates in relation to offshore investments. The Scheme invests internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Foreign exchange risk arises from investment in offshore investments and quoted shares on the Uganda Securities Exchange (USE).

The Scheme's currency risk is ranked as low because the Scheme has divested from foreign investments in the current year.

Price risk

The Scheme is exposed to equity securities price risk because of investments in quoted shares that are carried at fair values. The Scheme is also exposed to the risk that the value of debt securities will fluctuate due to changes in market values. To manage its price risk arising from investments in equity and debt securities, the Scheme diversifies its portfolio. For equities, the Scheme has invested in entities operating in different sectors of the economy, while for debt securities, the Scheme has invested in bonds with varying maturities.

Diversification of the portfolio is done in accordance with resolutions passed on investments during quarterly Trustees' meetings. All quoted shares held by the Scheme are traded on the Nairobi Stock Exchange (NSE) and the Uganda Securities Exchange (USE).

If the price of securities were to appreciate/depreciate by 5% it would have the following effect (approximately):

		2010 Sh'000	2009 Sh'000
Effect on returns from investment	5% Appreciation	94,788	86,002
	5% Depreciation	(94,788)	(86,002)
Effect on Scheme's balance	5% Appreciation	94,788	86,002
	5% Depreciation	(94,788)	(86,002)

TELPOSTA PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 FINANCIAL RISK MANAGEMENT (Continued)

Interest rate risk

The Scheme's interest bearing assets include investments in treasury bonds, corporate bonds, treasury bills, commercial papers and fixed deposits. All of these instruments are at fixed interest rates.

The nature of financial instruments held, that is fixed interest instruments, mitigates risk exposure of the Scheme. Fluctuations in interest rates will have an insignificant effect on the Scheme's financial performance.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Scheme. The Scheme has adopted a policy of only dealing with credit worthy counterparties

The credit risk exposures are classified in three categories:

- Fully performing
- Past due
- Impaired

Credit risk arises from cash and cash equivalents, fixed deposits, interest bearing investments, deposits with banks and receivables. As part of the credit risk management system, the investment managers and the trustees monitor and review information on significant investments. The trustees have approved a larger portfolio investment with the Government of Kenya debt securities which have a low credit risk and no default record.

The amount that best represents the Scheme's maximum exposure to credit risk is made up as follows:

At 30 June 2010	Fully performing Sh'000	Past due Sh'000	Impaired Sh'000
Receivables	39,610	16,975	89,722
Quoted equity	1,895,785	-	-
Treasury bonds	1,095,506	-	-
Corporate bonds	641,203	-	-
Commercial paper	248,038	-	-
Fixed deposits	1,164,972	-	-
Bank balance	103,229	-	-
	5,188,343	16,975	89,722
	5,188,343	16,975	89,722
At 30 June 2009			
Receivables	61,438	26,330	42,397
Quoted equity	1,720,034	-	-
Treasury bonds	3,440,027	-	-
Corporate bonds	136,668	-	-
Commercial paper	42,541	-	-
Fixed deposits	221,751	-	-
Bank balance	78,922	-	-
	5,701,381	26,330	42,397
	5,701,381	26,330	42,397

The debts that are past due are not impaired and continue to be paid. The Scheme's management is actively pursuing these debts.

The debts that are impaired have been fully provided for.

TELPOSTA PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 FINANCIAL RISK MANAGEMENT (Continued)

Liquidity risk

Liquidity risk is the risk that the Scheme will encounter difficulty in meeting obligations attributable to the financial liabilities. The ultimate responsibility for the liquidity risk management rests with the Board of Trustees, which has established an appropriate liquidity risk management framework for the management of the Scheme's short, medium and long-term funding and liquidity management requirements. The Scheme manages liquidity risk by maintaining banking facilities through continuous monitoring of forecast and actual cash flows.

The Scheme is required to make periodic payment in respect of pensions when members retire from the Scheme, and is therefore exposed to the risk of difficulty in raising funds to make such payments. It therefore invests a portion of its assets in investments that are readily convertible to cash. The investment managers monitor the Scheme's liquidity on a regular basis and the Trustees review it on a quarterly basis.

The table below analyses the Scheme's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 30 June 2010

	Less than 1 year Shs'000	Between 1 – 2 years Shs'000	Over 3 years Shs'000	Total Shs'000
Financial liabilities				
Other payables	217,500	-	-	217,500
Less: non financial liabilities				
Retirement Benefit Authority levy	(5,000)	-	-	(5,000)
Deposit on disposal of properties	(50,584)	-	-	(50,584)
Rent received in advance	(43,709)	-	-	(43,709)
Rent deposits	(10,484)	-	-	(10,484)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Contractual maturity	107,723	-	-	107,723
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

As at 30 June 2009

Financial liabilities				
Other payables	220,268	-	-	220,268
Less: non financial liabilities				
Retirement Benefit Authority levy	(5,873)	-	-	(5,873)
Deposit on disposal of properties	(75,560)	-	-	(75,560)
Rent received in advance	(13,643)	-	-	(13,643)
Rent deposits	(10,280)	-	-	(10,280)
Staff salary arrears	(5,424)	-	-	(5,424)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Contractual maturity	109,488	-	-	109,488
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

TELPOSTA PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 ACTUARIAL VALUATION

An actuarial review was last carried out as at 30 June 2009 by Alexander Forbes Financial Services (East Africa) Limited and a report issued on 10 July 2010.

The purpose of the review was:

- To indicate the financial (solvency) of the Scheme as at 30 June 2009;
- To outline the various options that have been considered in the formulation of an amended scheme and their relative merits and financial implications; and
- To outline the key tenets of the amended scheme selected by the Sponsor's Board of Directors and estimate the amount of immediate financing to be provided by the Government of Kenya as at 30 June 2009 if the actuarial deficit on this basis is covered in full.

Below is a summary of the results of the review:

Actuarial review results

Below is a summary of the results of the review:

	Sh'000
Outstanding benefits payments	
Value of:	
Vested benefits	
Future benefits to current pensioners	7,681,200
Non – vested benefits	
Estimated liability in respect of Kenya College of Communication and Technology (KCCT) staff	129,700
Estimated liability in respect of members status unknown	412,900
Estimated liability in respect of members with entitlement to preserved benefits	2,566,600
	<u>3,109,200</u>
Accrued past service liabilities	10,790,400
Value placed on existing Scheme's assets	(10,553,400)
Actuarial deficit	<u>237,000</u>
Funding level	<u>97.8%</u>

The principal actuarial assumptions used were as follows:

- discount rate	10%
- rate of revaluation of benefits over period of deferment	4%
- future pension increases	3%
	=====

28 TAXATION

The Scheme is registered under the Income Tax Act and its income is exempt from tax.

TELPOSTA PENSION SCHEME

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29 FUTURE LEASE RENTAL RECEIVABLES

	2010 Sh'000	2009 Sh'000
Due within one year	176,808	198,777
Between 2 and 5 years	478,600	537,159
	<u>655,408</u>	<u>735,936</u>
	=====	=====

30 RELATED PARTIES

Entities related to the TelPosta Pension Scheme include those parties who have the ability to exercise control or influence over its financial and operating decisions.

Transactions with related parties during the period and balances due from related parties are disclosed below:

	2010 Sh'000	2009 Sh'000
(a) Amount due from related parties:		
Telkom Kenya Limited	5,476	14,224
TelPosta Provident Fund	4,567	2,010
	<u>10,043</u>	<u>16,234</u>
	=====	=====
(b) Transactions with related parties:		
Rent income from Telkom Kenya Limited	20,199	51,472
Expenses paid on behalf of TelPosta Provident Fund	2,557	2,076
Funds received from TelPosta Provident Fund	8,000	-
	<u>30,756</u>	<u>53,548</u>
	=====	=====
(c) Key management compensation:		
Salaries and other benefits	11,826	10,174
	<u>11,826</u>	<u>10,174</u>
Trustee's remuneration	887	533
	<u>887</u>	<u>533</u>
	=====	=====

31 CONTINGENT LIABILITIES

There were no contingent liabilities at the end of the year (2009: nil).

32 COMMENCEMENT DATE

The Scheme was established on 1 July 1997.

33 CURRENCY

The financial statements are presented in Kenya Shilling thousands (Sh '000).