STATUTORY INFORMATION AND AUDITED FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors submit their report together with the audited financial statements of Centum Investment Company Plc (the 'Company') and its subsidiaries (together, 'the Group') for the year ended 31 March 2018.

BUSINESS REVIEW

The structure of the Group's consolidated financial statements has significantly changed over the last few years, reflecting the evolution in the mix of the businesses that the group has invested in, in line with the Centum 3.0 strategy.

In evaluating performance, management segments the business into four portfolio classifications:

a) Real estate;
b) Development portfolio - representing investments outside of real estate, that are still under development;
c) Growth portfolio - representing our trading subsidiaries or investments that have progressed from development to a cash generating stage. Investments under this segment include the beverage, publishing, financial services and utility companies. Legacy dividend paying unlisted assets are also included in this segment; and
d) Marketable securities and cash.

Operating cash flow at the Group centre is primarily generated from dividends, interest income and proceeds from exits in the growth and marketable securities portfolio.

Perfomance

The Group reported a profit after tax of Ksh 2.8 billion representing a 66% decline driven by lower realised gains, lower property valuations and dismal performance in our banking subsidiary due to the impact of interest rate caps.

Total trading revenue grew 9% to Ksh 10.1 billion driven by the beverage and publishing businesses despite the challenging operating environment which occassioned channel interruptions and regulatory changes.

Financial services recorded a 22% decline in income driven by the interest cap regulations. Initiative put in place to grow non funded income bore fruits with non funded income growing 30%. The asset management business recorded a 26% increase in income driven by growth in assets under management.

Outlook

The Group's near term priorities include narrowing the gap between net asset value and share price while continuing to grow the net asset value through key activities identified by management which include: optimising the gross return, asset redeployment, leverage of third party capital, reduction of debt at Centum level and progressively increasing the dividend yield.

RESULTS

For the year ended 31 March:	**Group**		**Company**	
	2018	**2017**	**2018**	**2017**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
Profit before tax	3,146,650	8,735,647	1,029,740	1,749,207
Income tax expense	(490,352)	(566,384)	11,513	(177,939)
Net profit from continuing operations	2,656,298	8,169,263	1,041,253	1,571,268
Profit from discontinued operation net of tax	135,600	141,029	-	-
Profit for the year	2,791,897	8,310,292	1,041,253	1,571,268

The results for the year are set out fully on pages 94 to 214 in the attached financial statements.

RESULTS AND DIVIDEND

The net profit for the year of Ksh 2,791,897,000 (2017: Ksh 8,310,292,000) has been added to retained earnings. The directors recommend the payment of a first and final dividend of Ksh 1.2 per share (2017: Ksh 1.2) amounting to Ksh 798,530,057 (2017: Ksh 798,530,057).

DIRECTORS

The directors who served during the year and to the date of this report are:

1 Dr. D Kaberuka - Chairman
2 Dr. J M Mworia
3 Dr. C Kirubi
4 Dr. L Macharia
5 Hon. W Byaruhanga
6 Mrs. C Igathe
7 Mrs. M Ngige
8 Industrial Commercial and Development Corporation
9 Mrs. S Wakhungu - Appointed on 25 Sep 2017
10 Dr. M Ikiara - Appointed on 24 Nov 2017
11 Mr. H Njoroge - Resigned on 25 Sep 2017
12 Mr. I Khan - Resigned on 25 Sep 2017
13 Dr. J McFie - Resigned on 25 Sep 2017

DISCLOSURES TO AUDITORS

The directors confirm that with respect to each director at the time of approval of this report:

a) there was, as far as each director is aware, no relevant audit information of which the company's auditor is unaware; and

b) each director had taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the company's auditor is aware of all that information.

TERM OF APPOINTMENT OF AUDITORS

PricewaterhouseCoopers continue in office in accordance with the Company's Articles of Association and Section 721 of the Kenyan Companies Act, 2015.

The directors monitor the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the shareholders.

By order of the Board

Lois W. Gakumo
Secretary
Nairobi

12 June 2018

RIPOTI YA WAKURUGENZI

Wakurugenzi wanawasilisha ripoti yao pamoja na taarifa ya kifedha ya Kampuni ya Centum Investment Company Plc (Kampuni) pamoja na ya Kampuni tanzu (Kundi la Centum) ya mwaka uliokwisha 31 Machi 2018.

UCHANGANUZI WA BIASHARA

Ratiba ya ripoti ya kifedha iliyojumuishwa ya Kundi la Centum imefanyiwa mabadiliko makubwa katika kipindi cha miaka kilichopita hivi karibuni kuwianishwa na uwekezaji katika shughuli za mseto uliofanywa na kundi la Centum ,katika kufanikisha utekelezaji wa mikakati ya Centum 3.0.

Kwa minajili ya kutathmini matokeo, wasimamizi wamegawa shughuli za kampuni kwa vitengo vinne vifuatavyo:

a) Biashara ya shamba na nyumba;

b) Kitengo cha miradi – kuwakilisha uwekezaji kando na biashara ya shamba na nyumba katika miradi tunayoendelea kujenga;

c) Kitengo cha ukuaji – kuwakilisha kampuni tanzu au miradi ambayo yamekamilika na ni tayari kuuzwa. Uwekezaji wa aina hiyo ni pamoja na biashara ya bidhaa za vinywaji, uchapishaji, huduma za kifedha, na huduma za matumizi ya kawaida kama vile kampuni za maji na umeme. Pia kampuni za kibinafsi za kitambo na zenye kulipa mgawo wa faida, zimeorodheshwa hapo; na

d) Hati za dhamani na fedha.

Fedha za matumizi katika kundi la Centum kwa msingi zinatoka kwa migawo ya faida ,uuzaji katika kitengo cha ukuaji, na cha hati za dhamana.

Matokeo

Kundi la Centum lilisajili faida baada ya kutozwa ushuru ya shilingi (K) bilioni 2.8, ikiwakilisha upungufu kwa asilimia 66 uliosababishwa na faida duni, kushuka kwa bei ya nyumba, na utendaji usiokuwa wa kuridhisha wa benki ambayo ni kampuni tanzu kutokana na kudhibitiwa kwa viwango vya riba.

Fedha kutoka kwa mauzo kwa jumla yalikua kwa asilimia 9 hadi shilingi (K) bilioni 10.1 na zilichangiwa na biashara ya shamba na nyumba na ya uchapishaji licha ya changamoto zilizokuwako katika mazingira ya utendaji kazi ambazo wakati mwingine ziliathiri shughuli za usambazaji wa bidhaa na changamoto za kanuni za kimamlaka.

Faida kutoka kwa Kitengo cha huduma za kifedha ilipungua kwa kuwa ilisajili faida baada ya kutozwa ushuru ya asilimia 22, upungufu uliosababishwa na kanuni za kudhibitiwa kwa viwango vya riba. Juhudi za kuongeza faida kutoka kwingine badala ya riba imeleta manufaa kwa kusajili ukuaji kwa asilimia 30.Biashara ya usimamizi wa rasilimali kwa niaba ilisajili ongezeko la faida kwa asilimia 26 kutokana na kuimarika kwa shughuli katika kitengo hicho.

Siku za Usoni

Matarajio ya kundi la Centum kwa muda wa wastani ni kupunguza tofauti iliyoko baina ya thamani ya hisa moja na bei yake sokoni na wakati huo kuendelea kuimarisha thamani ya rasilimali kupitia shughuli ambazo wasimamizi wametambua ambazo ni pamoja na: boresha faida, ratibu upya matumizi ya rasilimali, manufaa kutoka kwa mtaji ya washiriki wengine, kupunguza kiwango cha deni cha Centum, na hatimaye kuongeza kiwango cha ulipaji wa mgawo wa faida.

MATOKEO

Kwa mwaka uliokwisha 31 Machi	Kundi La Centum		Kampuni	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Faida kabla ya kutozwa ushuru	3,146,650	8,735,647	1,029,740	1,749,207
Ushuru	(490,352)	(566,384)	11,513	(177,939)
Faida kutoka shughuli zilizoko	2,656,298	8,169,263	1,041,253	1,571,268
Fiada kutoka shughuli ambazo zimesimashwa baada ya ushuru	135,600	141,029	-	-
Faida ya mwaka	2,791,897	8,310,292	1,041,253	1,571,268

Matokeo ya mwaka yanapatikana kwa kikamilivu katika kurasa za 94 hadi 214 kwenye taarifa za kifedha ambazo zimeandamanishwa.

MATOKEO NA MGAWO WA FAIDA

Faida ya mwaka ya shilingi (K) 2,791,897,000 (mwaka wa 2017 :Shilingi (K) 8,310,292,000) zimejumuishwa na fedha zilizowekwa kama akiba. Wakurugenzi wanapendekeza ulipaji wa mgawo wa faida wa shilingi (K) 1.20 kwa kila hisa (sawia na shilingi (K)1.2 ya 2017),zote zikiwa shilingi (K) 798,530,057,(2017,Shilingi (K) 798,530,057).

Majina ya wakurugenzi ambao walihudumu katika mwaka hadi tarehe ya ripoti hii ni:

The directors who served during the year and to the date of this report are:

1 Dr. D Kaberuka - Mwenyekiti
2 Dr. J M Mworia
3 Dr. C Kirubi
4 Dr. L Macharia
5 Hon. W Byaruhanga
6 Mrs. C Igathe
7 Mrs. M Ngige
8 Industrial Commercial and Development Corporation
9 Mrs. S Wakhungu - Aliteuliwa 25 Septemba 2017
10 Dr. M Ikiara - Aliteuliwa 24 Novemba 2017
11 Mr. H Njoroge - Alijiuzulu 25 Septemba 2017
12 Mr. I Khan - Alijiuzulu 25 Septemba 2017
13 Dr. J McFie - Alijiuzulu 25 Septemba 2017

UWAJIBIKAJI KWA WAKAGUZI WA HESABU

Wakurugenzi wanabainisha kuwa kila mmoja wao kufikia tarehe ya kuidhinisha ripoti hii:

a) Hakukuwa na jambo lolote ambalo walipaswa kufahamisha wakaguzi wa hesabu lililowachwa nje.

b) Kila mmoja wao alichukua hatua zote ambazo walipaswa kuchukua akiwa mkurugenzi ili awe na ufahamu wa mambo yote kuhusiana na ukaguzi wa hesabu na kwamba aliwajulisha wakaguzi wa hesabu juu ya mambo hayo.

MUHULA WA UTEUZI WA WAKAGUZI WA HESABU

PricewaterhouseCoopers wanaendelea kuhudumu kwa mujibu wa Kanuni na Sheria za kampuni na sehemu ya 721 ya sheria za Kenya za Kampuni

Wakurugenzi hutathmini uwezo ,uadilifu na uhuru wa mkaguzi wa hesabu. Wajibu huo pia ni idhinisho kwa zabuni ya huduma ukaguzi wa vitabu na ada inayoandamanishwa , kwa niaba ya wenyehisa.

KWA AMRI YA BODI YA WAKURUGENZI

Lois W. Gakumo
Secretary
Nairobi

12 June 2018

Information not subject to audit

The Board of Directors reviews and recommends the remuneration structure of Directors annually, subject to approval of the Shareholders at the Company's annual general meetings. The Company gathers relevant remuneration data and explores market conditions that are used to determine the Directors' remuneration.

Executive Directors

The remuneration of Executive Directors is determined based on remuneration benchmarks in the industry, prevailing market conditions as well as the Company's performance and profitability. In the year ended 31 March 2018, the only Executive Director on the Board was the Group Chief Executive Officer ("Group CEO").

The Group CEO's remuneration is fixed in the employment contract and reviewed periodically by the Nominations and Governance Committee of the Board. The last review of the remuneration was carried out in April 2016.

The Group CEO is eligible to participate in the Company's staff bonus scheme. The basis for determination of staff bonus and the vesting period and conditions are set out under Note 2.3.2 to the financial statements. In the financial year ended 31 March 2018, the performance hurdle rate described under Note 2.3.2 to the financial statements was not met and accordingly, no bonus pool has been accrued in relation to the year then ended. However, the vesting conditions described under the same Note that are required to unlock bonus tranches for the previous years ended 31 March 2017 and 31 March 2016 were met. The bonus accrual included in the financial statements for the year ended 31 March 2018 relates to the vested tranches arising from those prior years.

The Group CEO does not earn fees or sitting allowances.

Non-Executive Directors

Non-Executive Directors are appointed for a renewable term of 3 years which is dependent on regulatory approval and ratification by shareholders. Non-Executive Directors retire by rotation and eligibility for re-election is subject to performance. Independent non-executive directors can only serve for a maximum term of nine years.

The Company undertakes a Board evaluation on an annual basis to review its performance and that of the individual directors and the various Board committees.

The Group has a policy in place that guides the remuneration of Non-Executive Directors. There is no direct link between Non-Executive Directors' remuneration and the annual results of the Company.

The remuneration comprises of a quarterly allowance, sitting allowances for board and committee meetings and a travel allowance.

Professional Indemnity Cover

In line with best market practice, the Company provides Directors' and Officers' Liability Insurance to Executive and Non-Executive Directors in undertaking their duties in such capacity.

Share options

The Company has no employee share option plans.

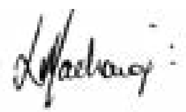
Information subject to audit

The following table shows a single figure remuneration for the Executive Directors, Chairman and Non-Executive directors in respect of qualifying services for the year ended 31 March 2018 together with the comparative figures for 2017. The aggregate Directors' emoluments are shown on note 12.1 (iii) to the financial statements.

	Salary	Pension	Fees	Bonuses	Total
Year ended 31 March 2018	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Dr. Donald Kaberuka (Chairman)	-	-	2,591	-	2,591
Dr. Christopher Kirubi	-	-	2,490	-	2,490
Industrial and Commercial Development Corporation	-	-	763	-	763
Mr. Kennedy Wanderi	-	-	2,087	-	2,087
Mr. Henry Njoroge	-	-	1,302	-	1,302
Hon. William Byaruhanga	-	-	2,082	-	2,082
Mr. Imtiaz Khan	-	-	1,410	-	1,410
Dr. Laila Macharia	-	-	2,730	-	2,730
Dr. James Mcfie	-	-	1,350	-	1,350
Mrs. Mary Ngige	-	-	2,664	-	2,664
Mrs. Catherine Igathe	-	-	2,730	-	2,730
Dr. Moses Ikiara	-	-	537	-	537
Mrs. Susan Wakhungu-Githuku	-	-	1,254	-	1,254
Dr. James Mworia	42,362	3,177	-	132,019	177,558
	42,362	3,177	23,990	132,019	201,548

	Salary	Pension	Fees	Bonuses	Total
Year ended 31 March 2017	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Dr. Donald Kaberuka (Chairman)	-	-	1,064	-	1,064
Dr. Christopher Kirubi	-	-	2,394	-	2,394
Industrial and Commercial Development Corporation	-	-	763	-	763
Mr. Kennedy Wanderi	-	-	1,685	-	1,685
Mr. Henry Njoroge	-	-	2,664	-	2,664
Hon. William Byaruhanga	-	-	1,008	-	1,008
Mr. Imtiaz Khan	-	-	2,664	-	2,664
Dr. Laila Macharia	-	-	2,664	-	2,664
Dr. James Mcfie	-	-	2,124	-	2,124
Mrs. Mary Ngige	-	-	1,224	-	1,224
Mrs. Catherine Igathe	-	-	1,116	-	1,116
Mr. James Muguiyi	-	-	1,334	-	1,334
Dr. Margaret Byama	-	-	1,004	-	1,004
Permanent Secretary, Ministry of Trade	-	-	382	-	382
Dr. James Mworia	42,362	3,170	-	173,767	219,169
	42,362	3,170	22,090	173,767	241,259

On behalf of the Board



Dr. Laila Macharia
Chairperson, Nomination and Governance Committee

12 June 2018

STATEMENTS OF DIRECTORS' RESPONSIBILITIES

The Kenyan Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Group and Company as at the end of the financial year and of their profit or loss for that year. The directors are responsible for ensuring that the Company and its subsidiaries keep proper accounting records that are sufficient to show and explain the transactions of the Company and its subsidiaries; disclose with reasonable accuracy at any time the financial position of the Group and of the Company; and that enables them to prepare financial statements of the Group and of the Company that comply with prescribed financial reporting standards and the requirements of the Kenyan Companies Act, 2015. They are also responsible for safeguarding the assets of the Group and of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Companies Act, 2015. They also accept responsibility for:

i. Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
ii. Selecting suitable accounting policies and then applying them consistently; and
iii. Making judgements and accounting estimates that are reasonable in the circumstances.

In preparing the financial statements, the directors have assessed the Group's and Company's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements. Nothing has come to the attention of the directors to indicate that the Group and the Company will not remain a going concern for at least the next twelve months from the date of this statement.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibility.

Approved by the Board of Directors on 12 June 2018 and signed on its behalf by:

Dr. James M. Mworia

Dr. Christopher Kirubi

pwc

Report of the Independent Auditor to the Shareholders of Centum Investment Company Plc

Report on the audit of the financial statements

Our opinion

We have audited the accompanying separate financial statements of Centum Investment Company Plc (the "Company") and its subsidiaries (together, the "Group") set out on pages 94 to 214, which each comprise a statement of financial position at 31 March 2018 and statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Group and the Company at 31 March 2018 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Valuation of unquoted investments The Group holds unquoted investments, mainly consisting of investments in unlisted companies which are measured at fair value at the year end. The determination of fair value of the unquoted investments represents a significant area of judgment in the financial statements and can be subject to management bias. A variation in the underlying assumptions for most of the judgements made by the directors could result in material differences to the financial performance and financial position of the Group and the Company.	We understood and evaluated controls exercised by management in order to ensure valuations are appropriately performed in accordance with the international financial reporting standards.

Report of the Independent Auditor to the Shareholders of Centum Investment Company Plc (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
As explained under note 1.5.2, a variety of methods are used to determine the fair value of these investments depending on the appropriate circumstances for each investee company. The methods include use of prices of recent transactions, market earnings multiples and net asset values. Some of the judgements involve the use of valuation experts, particularly for investments holding properties.	We reviewed the valuation models and evaluated the underlying assumptions used in the valuation of each significant investment, including the appropriateness of the comparable entities, appropriateness of the valuation method used and validity of data used in the process. To this end, we involved the PwC experts to assess the reasonability of these assumptions; and We tested the accuracy of the computations and assessed the adequacy of disclosures in the financial statements.
Carrying value of goodwill As disclosed in note 8.2 in the financial statements, the Group has goodwill of Ksh. 2,561,522,000 arising from acquisitions which must be tested annually for impairment by comparing the carrying amount of the individual cash generating unit (CGU) to its recoverable amount. The determination of recoverable amount, being the higher of value in use and fair value less costs to dispose, requires judgement in valuing the cash generating units (CGUs). Recoverable amounts are based on management's judgement of variables and market conditions such as the future performance of the business, the assumptions market participants would use when pricing the asset (CGU), and the most appropriate discount rate for the projected future cash flows.	We evaluated the assumptions used by management to determine the fair value of the cash generating units, the assumptions included the marketability discount and the comparable listed companies used to derive the various multiples for the purposes computing fair value. We assessed the reasonableness of the fair values less cost to sell for each of the cash generating unit by performing a sensitivity analysis on the various assumptions used. We assessed the adequacy of the disclosures in the financial statements.
Credit risk and provision for impairment losses on loans and advances Loans and advances to customers is a significant balance in the Group's statement of financial position. Loans and advances are assessed for impairment on a specific and collective basis at the banking entity level. The carrying value of these balances may be materially misstated if the impairment provision is not appropriately estimated. As explained in note 7.1 in the financial statements, the directors make complex judgements over both timing of recognition, and the estimation of the magnitude of impairment losses on loans and advances to customers.	We assessed and tested the design and operating effectiveness of the controls over impairment data and calculations at the bank. These controls included those over the identification of loans and advances that were impaired and the calculation of the impairment provisions. We examined a sample of loans and advances from the Bank's loan book and carried out tests to satisfy ourselves that significant facilities are correctly classified and valued.

Report of the Independent Auditor to the Shareholders of Centum Investment Company Plc (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
For non-performing loans and advances, the impairment provision is calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the effective interest rate of the loan. Where the facility is secured against collateral, the key judgement applied is the recoverable amount and the timing of the realisation. Where no collateral is held, the key input is the collection trends for loans and advances with similar credit risk characteristics. Where no objective evidence of impairment exists for an individually assessed loan or advance, the loan or advance is classified as performing and collectively assessed for impairment using an unidentified impairment model whose key inputs are the historical loss rate and the estimated emergence period for loans and advances with similar credit risk characteristics. We focussed our audit on the following areas: - the completeness and accuracy of the classification of loans and advances; and - the reasonableness of the assumptions applied in the impairment calculations.	Where impairment was individually calculated, we tested a sample of loans and advances to ascertain whether the loss event had been identified in a timely manner including, where relevant, how forbearance had been considered. Where impairment had been identified, we examined the forecast of future cash flows prepared by management to support the calculation of the impairment, challenging the assumptions and comparing estimates to external evidence where available. Where impairment was calculated using a model, we tested the assumptions and data used in the Bank's loan impairment models to ensure that they are reasonable and reflect current information. We also reviewed the model to ensure correct application.

Reporting on other information

The other information comprises the Director's report, Statement of Directors' responsibilities and the Directors Remuneration report, which we obtained prior to the date of this report, and the rest of the other information included in the annual report which is expected to be made available to us after this date, but does not include the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of the Auditors report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information included in the annual report and the reports therein and we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Kenyan Companies Act, 2015 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report of the Independent Auditor to the Shareholders of Centum Investment Company Plc (continued)

Auditors responsibilities for the audit of the financial statements (continued)

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or Business activities within the Group To express an opinion on the financial statements. we are responsible for the direction, supervision and performance of the Group audit. we remain solely responsible for our audit opinion.

- We communicate with the directors regarding, among Other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and To communicate with them All relationships and Other matters that may reasonably be thought To bear on our independence, and where applicable, related safeguards.

- From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group's financial statements of the current period and are therefore the key audit matters. we describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected To outweigh the public Interest benefits of such communication.

Report on other matters prescribed by the Kenyan Companies Act, 2015

Report of the directors

In our opinion the information given in the report of the directors on pages 82 to 83 is consistent with the financial statements.

Directors' remuneration report

In our opinion the auditable part of the directors' remuneration report on pages 86 to 87 has been properly prepared in accordance with the Kenyan Companies Act, 2015.

The engagement partner responsible for the audit resulting in this independent auditor's report is FCPA Michael Mugasa – Practising Certificate No. 1478.

Certified Public Accountants
Nairobi

12 June 2018

CONSOLIDATED INCOME STATEMENT

Consolidated statement of profit or loss

Continuing operations	Notes	2018 Kshs'000	2017 Kshs'000
Trading business:			
Sales	2.2	10,171,132	9,401,660
Cost of sales	2.3.1(a)	(6,586,459)	(5,869,463)
Gross profit		3,584,673	3,532,197
Operating and administrative expenses	2.3.1(b)	(2,515,764)	(2,335,144)
Trading profit		**1,068,909**	**1,197,053**
Financial services:			
- Income from provision of financial services	2.2	2,844,698	3,627,312
- Interest expenses	2.4	(812,481)	(994,061)
- Net impairment of loans and advances	7.1	(449,171)	(326,645)
- Operating and administrative expenses	2.3.1(b)	(2,123,637)	(2,323,867)
Operating loss from financial services		**(540,591)**	**(17,261)**
Investment operations:			
Investment income	2.2	5,569,458	8,241,808
Project and development management fees	2.2	143,382	137,359
Operating and administrative expenses	2.3.1(b)	(2,028,205)	(1,121,876)
Finance costs	2.4	(1,761,201)	(1,048,371)
Share of profits of associates after tax	6.2.1	236,978	532,686
Share of profits of joint ventures after tax	6.2.2	457,920	814,249
Profit before tax		**3,146,650**	**8,735,647**
Income tax expense	3.1	(490,352)	(566,384)
Profit from continuing operations		**2,656,298**	**8,169,263**
Profit from discontinued operations, net of tax	6.3	135,600	141,029
Profit for the year		**2,791,897**	**8,310,292**
Attributable to:			
Owners of the parent		2,633,917	7,273,851
Non controlling interests		157,980	1,036,441
		2,791,897	**8,310,292**
Earnings per share (Basic and diluted)	2.6	3.96	10.93

Consolidated statement of comprehensive income

	Notes	2018 Kshs'000	2017 Kshs'000
Profit for the year		**2,791,897**	**8,310,292**
Other comprehensive income for the year			
Items that will not be reclassified to profit or loss			
Revaluation of land and buildings	8.1	(404,353)	64,226
Items that may be subsequently reclassified to profit or loss			
Reserves released on disposal of investments	2.7	(34,124)	(117,008)
Fair value loss on unquoted investments	5.2	(465,781)	(1,789,025)
Fair value gain/(loss) on quoted investments	5.3	584,324	(259,949)
Deferred tax on revaluation (loss)/gains	3.2	(9,332)	212,993
Currency translation differences		(84,675)	17,604
Total other comprehensive loss		(413,941)	(1,871,159)
Total comprehensive income for the year		**2,377,956**	**6,439,133**
Attributable to:			
Owners of the parent		2,219,976	5,402,692
Non-controlling interest		157,980	1,036,441
		2,377,956	**6,439,133**
Total comprehensive income for the year attributable to owners of Centum Investment Company Plc arises from:			
Continuing operations		2,120,513	5,299,247
Discontinued operations		99,463	103,445
		2,219,976	**5,402,692**

Company statement of profit or loss and other comprehensive income

	Notes	2018 Kshs'000	2017 Kshs'000
Investment income	2.2	3,528,853	4,300,342
Expenses			
Operating and administrative expenses	2.3.1(b)	(852,713)	(797,574)
Finance costs	2.4	(1,646,400)	(1,753,561)
		(2,499,113)	(2,551,135)
Profit before tax		**1,029,740**	**1,749,207**
Income tax credit/ (expense)	3.1	11,513	(177,939)
Profit for the year		**1,041,253**	**1,571,268**
Other comprehensive income for the year			
Items that may be subsequently reclassified to profit or loss			
Reserves released on disposal of investments	2.7	(7,399)	(720,765)
Fair value gain in subsidiaries	6.1	3,767,153	7,733,758
Fair value gain/(loss) in associates	6.2.1	689,661	(283,617)
Fair value loss in unquoted investments	5.2	(466,180)	(1,748,165)
Fair value gain/(loss) in quoted investments	5.3	17,651	(56,162)
Deferred tax on revaluation gains and losses	3.2	(365,156)	(336,787)
Total other comprehensive income		**3,635,730**	**4,588,262**
Total comprehensive income		**4,676,983**	**6,159,530**

Consolidated statement of financial position

	Notes	2018	2017
Assets		**Kshs'000**	**Kshs'000**
Property, plant and equipment	8.1	9,665,461	10,072,008
Investment properties	5.1	32,718,667	27,311,091
Goodwill	8.2	2,561,522	3,528,732
Intangible assets - software	8.2	685,257	472,061
Deferred income tax	3.2	460,088	237,282
Prepaid operating lease rentals	8.4	44,481	44,797
Investments:			
- Associates	6.2.1	2,745,989	4,135,409
- Joint ventures	6.2.2	9,797,800	9,384,701
- Unquoted equity investments	5.2	4,362,975	4,226,166
- Quoted investments	5.3	1,738,828	1,223,152
- Government securities and corporate bonds	7.2	4,056,427	3,021,498
Loans and advances	7.1	11,772,121	12,633,408
Finance lease receivable	8.3	4,974	7,921
Inventories	4.1	1,692,476	1,625,957
Biological assets	8.5	-	8,634
Current income tax	3.1	459,008	328,116
Receivables and prepayments	4.2	5,877,286	4,485,892
Cash and bank balances	4.3	5,819,819	5,638,783
		94,463,179	**88,385,608**
Assets classified as held for sale	8.6	1,824,905	-
		96,288,084	**88,385,608**
Capital and reserves			
Share capital	11.1	332,721	332,721
Share premium	11.1	589,753	589,753
Other reserves	11.2	2,389,857	2,803,798
Retained earnings		34,358,987	32,771,793
Proposed dividends	11.3	798,530	798,530
Total equity attributable to equity holders of the company		**38,469,848**	**37,296,595**
Non-controlling interest	6.1	12,427,316	12,177,609
Total equity		**50,897,164**	**49,474,204**
Liabilities			
Borrowings (excluding banking subsidiary)	9.1	21,254,255	17,416,137
Banking subsidiary:			
- Customer deposits	7.3	12,832,395	9,798,749
- Borrowings	9.1	3,209,313	3,570,241
Trade and other payables	4.4	4,999,634	5,436,708
Dividends payable	11.3	154,139	82,725
Deferred income	4.5	90,239	111,460
Current income tax	3.1	25,516	230,848
Deferred income tax	3.2	2,622,372	2,264,536
		45,187,863	**38,911,404**
Liabilities directly associated with assets classified as held for sale	8.6	203,057	-
		96,288,084	**88,385,608**

The financial statements on pages 94 to 214 were approved by the Board of Directors on 12 June 2018 and signed on its behalf by:

Dr. James M. Mworia

Dr. Christopher Kirubi

Company statement of financial position

	Notes	2018	2017
Assets		**Kshs'000**	**Kshs'000**
Property and equipment	8.1	133,106	22,845
Intangible assets	8.2	205	563
		133,311	**23,408**
Investment portfolio:			
- Investment in subsidiaries	6.1	37,089,730	35,310,891
- Debt investment in subsidiaries	12.1	13,385,790	12,722,835
- Investment in associates	6.2.1	5,081,473	4,686,675
- Investment in joint ventures	6.2.2	2,099,631	2,144,452
- Unquoted investments	5.2	3,886,780	3,796,836
- Quoted investments	5.3	98,134	99,957
Total portfolio		**61,641,538**	**58,761,646**
Receivables and prepayments	4.2	910,512	337,908
Cash and bank balances	4.3	1,077,666	2,447,072
		63,629,716	**61,546,626**
Assets classified as held for sale	6.1	2,324,230	-
		66,087,257	**61,570,034**
Capital and reserves			
Share capital	11.1	332,721	332,721
Share premium	11.1	589,753	589,753
Other reserves	11.2	33,828,338	30,192,608
Retained earnings		13,136,740	12,894,016
Proposed dividends	11.3	798,530	798,530
Total equity		**48,686,082**	**44,807,628**
Liabilities			
Borrowings	9.1	14,842,631	14,656,126
Trade and other payables	4.4	530,684	446,469
Dividends payable	11.3	154,139	82,725
Current income tax	3.1	23,752	53,596
Deferred income tax	3.2	1,849,969	1,523,490
		17,401,175	**16,762,406**
		66,087,257	**61,570,034**

The financial statements on pages 94 to 214 were approved by the Board of Directors on 12 June 2018 and signed on its behalf by:

Dr. James M. Mworia

Dr. Christopher Kirubi

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2018

	Notes	Share capital	Share premium	Other reserves	Retained earnings	Proposed dividends	Owners equity	Non-controlling interest	Total equity
		Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Year ended 31 March 2018									
At start of year		332,721	589,753	2,803,798	32,771,793	798,530	37,296,595	12,177,609	49,474,204
Comprehensive income									
Profit for the year		-	-	-	2,633,917	-	2,633,917	157,980	2,791,897
Other comprehensive income:									
Reserves released on disposal of investments	2.7	-	-	(34,124)	-	-	(34,124)	-	(34,124)
Fair value loss in unquoted investments	5.2	-	-	(465,781)	-	-	(465,781)	-	(465,781)
Fair value gain in quoted investments	5.3	-	-	584,324	-	-	584,324	-	584,324
Revaluation deficit on property		-	-	(404,353)	-	-	(404,353)	-	(404,353)
Currency translation differences		-	-	(84,675)	-	-	(84,675)	-	(84,675)
Deferred tax on revaluation gains	3.2	-	-	(9,332)	-	-	(9,332)	-	(9,332)
Total other comprehensive income		-	-	(413,941)	-	-	(413,941)	-	(413,941)
Total comprehensive income		-	-	(413,941)	2,633,917	-	2,219,976	157,980	2,377,956
First and final 2017 dividends paid	11.3	-	-	-	-	(798,530)	(798,530)	-	(798,530)
Proposed 2018 dividends	11.3	-	-	-	(798,530)	798,530	-	-	-
Dividends paid to non-controlling interests		-	-	-	-	-	-	(282,676)	(282,676)
Transactions with non controlling interest		-	-	-	(248,193)	-	(248,193)	374,403	126,210
At end of year		332,721	589,753	2,389,857	34,358,987	798,530	38,469,848	12,427,316	50,897,164

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2017

	Notes	Share capital	Share premium	Other reserves	Retained earnings	Proposed dividends	Total equity	Non-controlling interest	Total equity
		Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000	Kshs'000
Year ended 31 March 2017									
At start of year		332,721	589,753	4,674,957	28,245,913	665,442	34,508,786	8,749,463	43,258,249
Comprehensive income									
Profit for the year		-	-	-	7,273,851	-	7,273,851	1,036,441	8,310,292
Other comprehensive income:									
Reserves released on disposal of investments	2.7	-	-	(117,008)	-	-	(117,008)	-	(117,008)
Share of other comprehensive income of associates	6.2.1	-	-	(1,789,025)	-	-	(1,789,025)	-	(1,789,025)
Fair value loss in unquoted investments	5.2	-	-	(259,949)	-	-	(259,949)	-	(259,949)
Fair value gain in quoted investments	5.3	-	-	64,226	-	-	64,226	-	64,226
Currency translation differences		-	-	17,604	-	-	17,604	-	17,604
Deferred tax on revaluation gains	3.2	-	-	212,993	-	-	212,993	-	212,993
Total other comprehensive income		-	-	(1,871,159)	-	-	(1,871,159)	-	(1,871,159)
Total comprehensive income		-	-	(1,871,159)	7,273,851		5,402,692	1,036,441	6,439,133
First and final 2016 dividends paid		-	-	-	-	(665,442)	(665,442)	-	(665,442)
Proposed 2017 dividends		-	-	-	(798,530)	798,530			-
Dividends paid to non-controlling interests		-	-	-	-	-	-	(138,062)	(138,062)
Transactions with non controlling interest		-	-	-	(1,949,441)	-	(1,949,441)	2,529,767	580,326
At end of year		332,721	589,753	2,803,798	32,771,793	798,530	37,296,595	12,177,609	49,474,204

COMPANY STATEMENT OF CHANGES IN EQUITY 2018

	Notes	Share capital Kshs'000	Share premium Kshs'000	Other reserves Kshs'000	Retained earnings Kshs'000	Proposed dividends Kshs'000	Total equity Kshs'000
Year ended 31 March 2018							
At start of year		332,721	589,753	30,192,608	12,894,016	798,530	44,807,628
Comprehensive income							
Profit for the year		-	-	-	1,041,253	-	1,041,253
Other comprehensive income:							
Reserves released on disposal of investments	2.7	-	-	(7,399)	-	-	(7,399)
Fair value gain in subsidiaries	6.1	-	-	3,767,153	-	-	3,767,153
Fair value loss in associates	6.2.1	-	-	689,661	-	-	689,661
Fair value loss in unquoted investments	5.2	-	-	(466,180)	-	-	(466,180)
Fair value loss in quoted investments	5.3	-	-	17,651	-	-	17,651
Deferred tax on revaluation gains	3.2	-	-	(365,156)	-	-	(365,156)
Total other comprehensive income		-	-	3,635,730	-	-	3,635,730
Total comprehensive income		-	-	3,635,730	1,041,253	-	4,676,983
Transactions with owners							
Proposed 2018 dividends	11.3	-	-	-	(798,530)	798,530	-
First and final 2017 dividends paid	11.3	-		-	-	(798,530)	(798,530)
At end of year		332,721	589,753	33,828,338	13,136,740	798,530	48,686,081

COMPANY STATEMENT OF CHANGES IN EQUITY 2017

	Notes	Share capital Kshs'000	Share premium Kshs'000	Other reserves Kshs'000	Retained earnings Kshs'000	Proposed dividends Kshs'000	Total equity Kshs'000
Year ended 31 March 2017							
At start of year		332,721	589,753	25,604,346	12,121,278	665,442	39,313,540
Comprehensive income							
Profit for the year		-	-	-	1,571,268	-	1,571,268
Other comprehensive income:							
Reserves released on disposal of investments	2.7	-	-	(720,765)	-	-	(720,765)
Fair value gain in subsidiaries		-	-	7,733,758	-	-	7,733,758
Fair value loss in associates	6.2.1	-	-	(283,617)	-	-	(283,617)
Fair value loss in unquoted investments	5.2	-	-	(1,748,165)	-	-	(1,748,165)
Fair value loss in quoted investments	5.3	-	-	(56,162)	-	-	(56,162)
Deferred tax on revaluation gains	3.2	-	-	(336,787)	-	-	(336,787)
Total other comprehensive income		-	-	4,588,262	-	-	4,588,262
Total comprehensive income		-	-	4,588,262	1,571,268	-	6,159,530
Transactions with owners							
Proposed dividends		-	-	-	(798,530)	798,530	-
First and final 2016 dividends paid		-		-	-	(665,442)	(665,442)
At end of year		332,721	589,753	30,192,608	12,894,016	798,530	44,807,628

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended 31 March: 2018	2017
		Kshs'000	Kshs'000
Cash flows from operating activities			
Cash generated from operations	2.5	3,481,142	872,098
Income tax paid	3.1	(780,613)	(919,571)
Net cash from operating activities		**2,700,529**	**(47,473)**
Cash flows from investing activities			
Purchase of investment property	5.1	(361,238)	(2,305,561)
Purchases of property, plant and equipment	8.1	(1,752,058)	(3,838,444)
Purchases of intangible assets	8.2	(410,263)	(176,803)
Acquisition of subsidiary, net of cash acquired		-	(434,623)
Purchase of shares in associates	6.2.1	(81,149)	(633,998)
Purchase of unquoted equity investments	5.2	(263,727)	-
Purchase of quoted equity investments	5.3	(386,106)	(1,169,312)
Purchase of corporate bonds at amortised cost	7.2.3	-	(157,460)
Purchase of commercial papers at amortised cost	7.2.4	(340,942)	-
Purchase of government securities at fair value through profit or loss	7.2.1	(398,739)	(199,705)
Purchase of government securities at amortised cost	7.2.2	(1,886,843)	(10,400)
Proceeds from disposal of quoted investments	2.7	669,80 1	1,023,389
Proceeds on disposal of government securities at fair value through profit or loss	7.2.1	50,922	736,317
Proceeds on disposal of government securities at amortised cost	7.2.2	1,202,244	363,815
Dividends received from associates	6.2.1	150,544	277,326
Proceeds from disposal of associate	2.7	1,909,584	1,895,761
Proceeds from disposal of corporate bonds at amortised cost	7.2.3	406,415	316,186
Net cash used in investing activities		**(1,491,555)**	**(4,313,512)**
Cash flows from financing activities			
Proceeds from borrowings		10,027,559	2,138,492
Repayments of borrowings		(8,523,503)	-
Interest paid on borrowings		(2,584,477)	(2,712,900)
Dividends paid		(710,733)	(605,442)
Net cash from financing activities		**(1,791,154)**	**(1,179,850)**
Net increase in cash and cash equivalents		**(582,180)**	**(5,540,835)**
Movement in cash and cash equivalents			
At start of year		4,656,626	10,197,461
(Decrease)/Increase		(582,180)	(5,540,835)
At end of year	**4.3**	**4,074,446**	**4,656,626**

COMPANY STATEMENT OF CASH FLOWS

	Notes	2018 Kshs'000	2017 Kshs'000
		Year ended 31 March:	
Cash flows from operating activities			
Cash generated from operations	2.5	4,794,121	2,183,867
Proceeds from disposal of associate	6.2.1	-	1,080,000
Income tax paid	3.1	(57,009)	(78,661)
Net cash from operating activities		**4,737,112**	**3,185,206**
Cash flows from investing activities			
Purchase of property and equipment	8.1	(116,060)	(27,536)
Investment in subsidiaries	6.1	(335,915)	(1,934,035)
Net debt investment in subsidiaries		(3,226,955)	(3,247,704)
Purchase of shares in associates	6.2.1	-	(294,863)
Purchase of shares in unquoted investments	5.2	(217,261)	-
Proceeds from disposal of quoted investments	2.7	19,565	-
Net cash used in investing activities		**(3,876,626)**	**(5,504,138)**
Cash flows from financing activities			
Proceeds from borrowings		6,572,078	1,962,141
Repayment of borrowings		(7,438,920)	-
Interest paid on borrowings		(1,601,353)	(1,489,052)
Dividends paid		(710,733)	(605,442)
Unclaimed dividends paid	11.3	(16,383)	-
Net cash from financing activities		**(3,195,311)**	**(132,353)**
Net increase in cash and cash equivalents		**(2,334,825)**	**(2,451,285)**
Movement in cash and cash equivalents			
At start of year		1,464,915	3,916,200
Decrease		(2,334,825)	(2,451,285)
At end of year	4.3	**(869,910)**	**1,464,915**

1.1 General information

Centum Investment Company Plc is incorporated and domiciled in Kenya. Its shares are listed on the Nairobi Securities Exchange and on the Uganda Securities Exchange. The address of its registered office is:

Two Rivers Office Towers
8th Floor, South Tower, Limuru Road
P O Box 10518 – 00100
Nairobi

For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the income statement and statement of comprehensive income in these financial statements.

1.2 Basis for preparation

i. Compliance with IFRS

The consolidated financial statements of Centum Investment Company Plc (the "Company"), its subsidiaries and its interests in associates and joint ventures (together, the "Group") have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

Centum Group has operations across various industries. In order to achieve a more informative presentation of the financial statements, the expenses in the consolidated statement of profit or loss have been presented using a mix of both nature and function classification. As required by IFRS, a detailed breakdown of the expenses has been presented in the notes to the financial statements. The directors are satisfied that mixing the presentation provides more relevant information and does not have an effect of misstating any balance or giving any undue bias.

The consolidated statement of profit and loss has been presented based on the nature of the various businesses that the Group engages in. A list of the subsidiaries and the nature of their operations has been presented under note 6.1.

ii. New and ammended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 April 2017:

- Disclosure initiative - amendment to IAS 7; Effective 1 January 2017, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and on cash changes such as acquisitions, disposals, accretion of interest and unrealized exchange differences.

- Transfers of Investment Property - Amendment to IAS 40; Effective 1 January 2018 an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

- Annual improvements to IFRSs 2012 – 2014 cycle;

- Disclosure initiative – amendments to IAS 1.

1.2 Basis for preparation (continued)

ii. New and ammended standards adopted by the Group (continued)

Amendments made to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in associates and joint ventures clarify that:

- The exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities;

- An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's investment activities.

- Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair value measurement.

Annual improvements 2014 - 2016
Annual improvements 2014–2016 – IFRS 12, 'Disclosure of interests in other entities' regarding clarification of the scope of the standard. The amendment clarifies that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information. Previously, it was unclear whether all other IFRS 12 requirements were applicable for these interests.
Amendment to IAS 12 - Income taxes
The amendments were issued to clarify the requirements for recognising deferred tax assets on unrealised losses.
The amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. They also clarify certain other aspects of accounting for deferred tax assets. The amendments clarify the existing guidance under IAS 12. They do not change the underlying principles for the recognition of deferred tax assets.

IFRIC 22 — Foreign Currency Transactions and Advance Consideration
IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

IFRIC 23 — Uncertainty over Income Tax Treatments
The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.

1.2 Basis for preparation (continued)

iii. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	**IFRS 9 Financial instruments**
Nature of change	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. **Classification and measurement** IFRS 9 introduces a principles-based approach to the classification of financial assets. Debt instruments, including hybrid contracts, are measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) or amortized cost based on the nature of the cash flows of the assets and an entity's business model. These categories replace the existing IAS 39 classifications of FVTPL, available for sale (AFS), loans and receivables, and held-to-maturity. Equity instruments are measured at FVTPL, unless they are not held for trading purposes, in which case an irrevocable election can be made on initial recognition to measure them at FVOCI with no subsequent reclassification to profit or loss. For financial liabilities, most of the pre-existing requirements for classification and measurement previously included in IAS 39 were carried forward unchanged into IFRS 9 other than the provisions relating to the recognition of changes in own credit risk for financial liabilities designated at fair value through profit or loss, as permitted by IFRS 9. The combined application of the contractual cash flow characteristics and business model tests as at 1 January 2018 is expected to have no significant impact when compared to our classification under IAS 39. **Impairment** **Impairment overall comparison of the new impairment model and the current model** IFRS 9 introduces a new, single impairment model for financial assets that requires the recognition of expected credit losses (ECL) rather than incurred losses as applied under the current standard. Currently, impairment losses are recognized if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after initial recognition of the asset and that loss event has a detrimental impact on the estimated future cash flows of the asset that can be reliably estimated. If there is no objective evidence of impairment for an individual financial asset, that financial asset is included in a group of assets with similar credit risk characteristics and collectively assessed for impairment losses incurred but not yet identified. Under IFRS 9, ECLs will be recognized in profit or loss before a loss event has occurred, which could result in earlier recognition of credit losses compared to the current model.

1.2 Basis for preparation (continued)

iii. New standards and interpretations not yet adopted (continued)

Title of standard	IFRS 9 Financial instruments (continued)
Nature of change	**Impairment overall comparison of the new impairment model and the current model (continued)** Under the current standard, incurred losses are measured by incorporating reasonable and supportable information about past events and current conditions. Under IFRS 9, the ECL model, which is forward-looking, in addition requires that forecasts of future events and economic conditions be used when determining significant increases in credit risk and when measuring expected losses. Forward-looking macroeconomic factors such as unemployment rates, inflation rates, interest rates, exchange rates, domestic borrowing, credit to private sector and gross domestic product will be incorporated into the risk parameters. Estimating forward-looking information will require significant judgment and must be consistent with the forward-looking information used by the Bank for other purposes, such as forecasting and budgeting. **Scope** Under IFRS 9, the same impairment model is applied to all financial assets, except for financial assets classified or designated as at FVTPL and equity securities designated as at FVTOCI, which are not subject to impairment assessment. The scope of the IFRS 9 expected credit loss impairment model includes amortized cost financial assets, debt securities classified as at FVTOCI, and off balance sheet loan commitments and financial guarantees which were previously provided for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets (IAS 37). The above-mentioned reclassifications into or out of these categories under IFRS 9 and items that previously fell under the IAS 37 framework were considered in determining the scope of our application of the new expected credit loss impairment model. **Measurement of Expected Credit Losses (ECL)** ECLs are measured as the probability-weighted present value of expected cash shortfalls over the remaining expected life of the financial instrument. The measurement of ECLs will be based primarily on the product of the instrument's probability of default (PD), loss given default (LGD), and exposure at default (EAD). The ECL model contains a three-stage approach that is based on the change in the credit quality of assets since initial recognition. - Stage 1 - If, at the reporting date, the credit risk of non-impaired financial instruments has not increased significantly since initial recognition, these financial instruments are classified in Stage 1, and a loss allowance that is measured, at each reporting date, at an amount equal to 12-month expected credit losses is recorded.

1.2 Basis for preparation (continued)

iii. New standards and interpretations not yet adopted (continued)

Title of standard	**IFRS 9 Financial instruments (continued)**
Nature of change	**Measurement of Expected Credit Losses (ECLs) (continued)** - Stage 2 - When there is a significant increase in credit risk since initial recognition, these non-impaired financial instruments are migrated to Stage 2, and a loss allowance that is measured, at each reporting date, at an amount equal to lifetime expected credit losses is recorded. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the ECL model requires reverting to recognition of 12-month expected credit losses based on the Central Bank of Kenya and banks policy on curing of loans. **Assessment of significant increase in credit risk** The determination of a significant increase in credit risk takes into account many different factors including a comparison of a financial instruments credit risk or PD at the reporting date and the credit or PD at the date of initial recognition. The Bank has included relative and absolute thresholds in the definition of significant increase in credit risk and a backstop of 30 days past due. All financial instruments that are 30 days past due are migrated to Stage 2. **Definition of default** IFRS 9 does not define default but requires the definition to be consistent with the definition used for internal credit risk management purposes. However, IFRS 9 contains a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due. Under IFRS 9, the Bank will consider a financial asset as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of a financial asset have occurred or when contractual payments are 90 days past due. The Bank's write-off policy under IAS 39 is not expected to be materially different under IFRS 9.

1.2 Basis for preparation (continued)

iii. New standards and interpretations not yet adopted (continued)

Title of standard	IFRS 9 Financial instruments (continued)
Impact	The Group has reviewed its financial assets and liabilities and is expecting the following impact from adoption of the new standard on 1 April 2018: The majority of the Group's debt instruments are currently either classified at amortised cost or fair value through profit and loss (FVTPL) and hence there will be no change to the accounting for these assets. The Group also expects that certain investments in corporate bonds will qualify for classification at amortised cost going forward. Their fair value of Ksh 305,989,726 will be deemed to be the starting amortised cost for these assets as at 1 April 2018 and there will be no impact on retained earnings from the reclassification. The other financial assets held by the Group include equity instruments currently classified as Available for Sale (AFS) for which FVTOCI election is available. Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these assets. However, gains or losses realised on the sale of financial assets at FVTOCI will no longer be transfered to profit or loss on sale, but instead reclassified below the line from the FVTOCI reserve to retained earnings. During the 2018 financial year, Ksh 1,526,652,000 of such gains were recognised in profit or loss in relation to the disposal of available-for-sale financial assets. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have such liabilities. The derecognition rules have been transfered from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed. The Group does not have any hedge relationships and therefore the new hedge accounting rules have no impact to the Group. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39.

1.2. Basis for preparation (continued)

iii. New standards and interpretations not yet adopted (continued)

Title of standard	**IFRS 9 Financial instruments (continued)**
	It applies to financial assets classified at amortised cost, debt instruments measured at FVTOCI, contracts under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group expects approximately a 32% increase in the loss allowance on loans and advances. Further, the adoption of IFRS 9 will reduce the Sidian Bank Limited's capital adequacy ratios by 1.6%. The Bank will raise additional share capital of Ksh 1.5 billion in 2018 to mitigate the impact of IFRS 9 adoption as well as support the planned business growth. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent or the Group's disclosures about its financial instruments particularly in the year of adoption of the new standard."
Date of adoption by group	Must be applied for financial years commencing on or after 1 January 2018. The Group will apply the rules from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2018 will not be restated."

Title of standard	**IFRS 15 Revenue from contracts with customers**
Nature of change	This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.
Impact	The standard provides a single controlbased revenue recognition model and clarifies the principles for recognising revenue from contracts with customers. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. IFRS 15 also includes comprehensive disclosure requirements that will provide users with information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits either a full retrospective or modified retrospective approach for adoption and the Group is currently assessing the most appropriate approach to follow on transition. At this stage, the Group is performing an assessment of the impact of IFRS 15. The impact on earning is being finalised by management and initial indications are that it is not expected to be significant.

1.2 Basis for preparation (continued)

iii. New standards and interpretations not yet adopted (continued)

Title of standard	**IFRS 15 Revenue from contracts with customers (continued)**
Date of adoption by group	Mandatory for financial years commencing on or after 1 January 2018. Expected date of adoption by the Group: 1 April 2018.

Title of standard	**IFRS 16 Leases**
Nature of change	IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short term and low-value leases. The accounting for lessors will not significantly change.
Impact	The Group expects that the new standard will primarily affect its accounting for operating leases, in particular those relating to its property and equipment. As at the reporting date, the Group did not have any significant non-cancellable operating lease commitments. Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16. The new standard contains enhanced disclosure requirements for both lessees and lessors.
Date of adoption by group	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.3 Going concern

The Group and the Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group and the Company should be able to operate within their current funding levels into the foreseeable future.

After making enquiries, the Directors have a reasonable expectation that the Company and its subsidiaries have adequate resources to continue in operational existence for the foreseeable future. The financial statements therefore have been prepared on a going concern basis.

1.4 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below and in the related notes to the Group financial statements.

The principal accounting policies applied are consistent with those adopted in the prior year, unless otherwise stated.

1.4.1 Principles of consolidation and equity accounting

i. Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Where necessary, adjustments are made to the financial statements of subsidiaries to align any difference in accounting policies with those of the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

ii. Changes in ownership interests in subsidiaries without change of control

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Centum Investment Company Plc.

1.4 Significant accounting policies (continued)

1.4.1 Principles of consolidation and equity accounting (continued)

iii. Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

iv. Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

vi. Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

vii. Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

1.4 Significant accounting policies (continued)

1.4.1 Principles of consolidation and equity accounting (continued)

vii. Equity method (continued)

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment.

viii. Changes in ownership interests with change of control

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

1.4 Significant accounting policies (continued)

1.4.1 Principles of consolidation and equity accounting (continued)

ix Business combinations

The Group accounts for business combinations using the acquisition method when control is obtained by the Group. A business is defined as an integrated set of activities and assets that are capable of being conducted and managed for the purposes of providing a return directly to investors or other owners, members or participants. The consideration transferred is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are recognised in profit or loss. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any noncontrolling interests.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed. If, after reassessment, the net of the acquisition date fair values of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), such excess is recognised immediately in profit or loss as a bargain purchase gain.

An obligation to pay contingent consideration is classified as either a financial liability or equity based on the respective definitions set out in IAS 32 Financial Instruments: Presentation. The Group classifies any rights to the return of consideration previously transferred as a financial asset. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39 Financial Instruments: Recognition and Measurement, with the corresponding gain or loss recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured after the acquisition date.

Any changes resulting from additional and new information about events and circumstances that existed at the acquisition date and, if known, would have affected the measurement of the amount recognised at that date, are considered to be measurement period adjustments.

1.4 Significant accounting policies (continued)

1.4.1 Principles of consolidation and equity accounting (continued)

ix Business combinations (continued)

The Group retrospectively adjusts the amounts recognised for measurement period adjustments. The measurement period ends when the acquirer receives all the information that they were seeking about the facts and circumstances that existed at the acquisition date or learns that information cannot be obtained. The measurement period shall, however, not exceed one year from the acquisition date. To the extent that changes in the fair value relate to post-acquisition events, these changes are recognised in accordance with the IFRS applicable to the specific asset or liability.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1.4.2 Foreign currency

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Kenyan Shillings (Ksh)', which is the Group's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investments in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

1.4 Significant accounting policies (continued)

1.4.2 Foreign currency (continued)

Transactions and balances (continued)

For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

1.4.3 Measurement principles

Key assets and liabilities shown in the statement of financial position are measured as follows:

Item included in the statement of financial position	Measurement principle	Item included in the statement of financial position	Measurement principle
Assets		**Liabilities**	
Property, plant and equipment	Historical cost less accumulated depreciation and impairment losses except for land and buildings that are carried at fair value.	Borrowings	Amortised cost

1.4 Significant accounting policies (continued)

1.4.3 Measurement principles (continued)

Item included in the statement of financial position	Measurement principle	Item included in the statement of financial position	Measurement principle
Assets		**Liabilities**	
Biological assets	Fair value less cost to sale	Customer deposits	Amortised cost
Investment property	Fair value	Deferred income	Nominal value
Goodwill	Historical cost less impairment losses	Deferred income tax liabilities	Undiscounted amount measured at the tax rates that have been enacted and are expected to apply to the period when the liability is settled.
Intangible assets	Historical cost less accumulated amortisation and impairment losses		
Deferred tax assets	Undiscounted amount measured at the tax rates that have been enacted and are expected to apply to the period when the asset is realised.	Provisions	Present value of the best estimate of the settlement amount
Investments in associates and joint ventures	Group: Cost adjusted for share of movements in net assets less impairment losses. Company: Fair value based on price of a recent transaction or earnings multiples of comparable companies.	Dividends payable	Amortised cost
Investment in subsidiaries	Company: Fair value based on recent transactions or price multiples, or net asset value		
Unquoted investments	Fair value based on price of a recent transaction or earnings multiples of comparable companies		
Quoted investments	Fair value based on quoted prices		
Loans and advances	Amortised cost		
Government securities, corporate bonds and commercial papers	Fair value through profit and loss, and amortised cost		
Inventories	Lower of cost and net realisable value		
Lease receivables	Amortised cost		
Receivables	Amortised cost		
Debt investment in subsidiaries	Amortised cost		

1.4 Significant accounting policies (continued)

1.4.3 Measurement principles (continued)

Item included in the statement of financial position	Measurement principle	Item included in the statement of financial position	Measurement principle
Current income tax recoverable	Amount expected to be recovered from tax authorities, using tax rates that have been enacted or substantively enacted at the reporting date.	Current income tax liabilities	Amount expected to be recovered from tax authorities, using tax rates that have been enacted or substantively enacted at the reporting date.
Receivables and prepayments	Amortised cost	Payables and accruals	Amortised cost
Cash and cash equivalents	Amortised cost	Bank overdraft	Amortised cost

1.4.4 Comparatives

Except otherwise required, all amounts are reported or disclosed with comparative information. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

1.5 Critical accounting judgements, estimates and assumptions

The Group makes judgements, estimates and assumptions concerning the future when preparing the consolidated financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The "Critical accounting judgements, estimates and assumptions" note should be read in conjunction with the "Significant accounting policies" disclosed in note 1.4.

1.5.1 Impairment losses

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.
Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell (FVLCS) and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). The best evidence of FVLCS is value obtained from an active market or binding sale agreement. Where neither exist, FVLCS is based on the best information available to reflect the amount the Company could receive for the cash-generating unit in an arm's length transaction. This is often estimated using discounted cash flow techniques and/or market multiple for comparable entities. The discount rates applied to the future cash flow forecasts in real terms, represent an estimate of the rate the market would apply having regard to the time value of money and the risks specific to the asset. Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their recoverable amount.

In addition IAS 36, Impairment of Assets requires:
- The recoverable amounts of intangible assets not yet available for use are assessed for impairment annually, irrespective of whether there is an indication that they may be impaired; and
- The recoverable amounts of intangible assets with indefinite useful lives are assessed for impairment annually, irrespective of whether there is an indication that they may be impaired.

Non-financial assets that have been impaired in past periods are reviewed for possible reversal of impairment at each reporting date.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired.

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of unquoted investments

Valuation of the Group's unquoted investments is an area of judgement, involving significant estimates and assumptions.

The Group's policy is to measure all unquoted investments at fair value on the standalone statement of financial position of the Company. On the consolidated balance sheet, only unquoted investments with a holding of less than 20% are measured at fair value as subsidiaries are consolidated and associates are accounted for under the equity accounting method. Unquoted investments on the standalone company balance sheet are classified as Available for Sale (AFS).

Valuation of unquoted investments involves making use of significant unobservable inputs. The main inputs into the valuation models for these investments include:

a) EBITDA multiples - based on the budgeted EBITDA or most recent EBITDA achieved on rolling 12 months basis of the issuer and equivalent corresponding EBITDA multiples of comparable companies;
b) Price-to-Book multiples for the banking subsidiary, using the closing balance sheet of the subsidiary and average Price-to-Book multiples of comparable listed banks in Kenya adjusted for control premium since the multiple has been determined using minority stakes;
c) Discounted cash flow methodology which reflects the specifics of the entity and its operating environment; and
d) Marketability discounts, based on guidance under International Private Equity and Venture Capital Valuation (IPEV) Guidelines. In principle, the Group applies an illiquidity discount between 1% and 30% set out under IPEV guidelines.

The Group also considers the original transaction prices, recent transactions in the same or similar instruments and completed third party transactions in comparable companies instruments in valuation of unquoted investments.

Real Estate subsidiaries are valued on the basis of the Group's proportionate share of their Net Asset Values as the underlying properties are measured at fair value. A cost or net asset value approach is also used for unquoted investments and early stage portfolio companies.

In evaluating the valuations, management reviews the performance of the portfolio investee companies on a monthly basis and is regularly in contact with the management of the portfolio companies in order to make assessments of business and operational matters which are considered in the valuation process. Where appropriate, management also tracks peer company multiples, recent transaction results and credit ratings for similar instruments and companies.

The valuations are prepared by management and are reviewed on a regular basis by the Board Finance and Investment Committee and the Board Audit Committee. The Board Committees consider the appropriateness of the valuation model itself, the significant and key inputs as well as the valuation result using various valuation methods and techniques generally recognised as standard within the industry.

In determining the continued appropriateness of the chosen valuation technique, management may perform back-testing to consider the various models' actual results and how they have historically aligned to actual market transactions. As a result of this process, management may recalibrate the valuation techniques appropriately.

Where EBITDA multiples are used, management determine comparable companies based on industry, size, development stage, revenue generation and strategy. The trading multiple for each comparable company identified is then calculated. The multiple is calculated by dividing the enterprise value of the comparable company by its earnings before interest, taxes, depreciation and amortisation (EBITDA).

The trading multiple is then adjusted for discounts with regards to such considerations as illiquidity and other differences, advantages and disadvantages between the portfolio company and the comparable public company based on company specific facts and circumstances.

The table below present those investments in portfolio companies whose fair values have been determined on the basis described above.

1 ACCOUNTING FRAMEWORKAND CRITICAL JUDGEMENTS (CONTINUED)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of unquoted investments (continued)

Year ended 31 March 2018

Description	Ownership	Fair value at 31 March 2018 Ksh'000	Valuationt echnique	Unobservable inputs	Weighted average input	Reasonable possible shift +/-(ab-solute value)	Change in valuation +/-
Unquoted investments: Group and Company							
Isuzu East Africa Limited	17.80%	2,469,724	Recent transaction	NA			
NAS Airport Services Limited	15%	855,930	Comparable trading multiples	EBITDA multiple	5.99x	1%	7,866
				Marketability discount	30%	5%	(18,341)
				Discounted EBITDA multiple	4.19x		
				EBITDA (Kes 'm)	ND*	10%	78,660
				Net debt (Kes 'm)	ND*	NA	NA
Capital Market Challenge Fund		5,000	Cost				
Africa Crest Education (ACE) Holdings		556,124	Cost				
Total - Company		**3,886,778**					
Associates: Company							
Nairobi Bottlers Limited	27.62%	5,078,043	Comparable trading multiples	EBITDA multiple	9.91x	1%	58,756
				Marketability discount	30%	5%	(108,815)
				Discounted EBITDA multiple	6.94x		
				EBITDA (Kes 'm)	ND*	10%	587,559
				Net debt (Kes 'm)	ND*	NA	NA
UAP Financial Services (U) Limited		3,429	Cost				
Total - Company		**5,081,472**					

*These are private companies where the Group holds a minority interest. The EBITDA and debt information is market sensitive information and has therefore not been disclosed.

1 ACCOUNTING FRAMEWORKAND CRITICAL JUDGEMENTS (CONTINUED)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of unquoted investments (continued)

Year ended 31 March 2018 (continued)

Subdiaries: Company

	Ownership	31-Mar-18 Ksh'000	31-Mar-17 Ksh'000	Valuation basis for the year ended 31 March 2018
Two Rivers Development Limited	58%	12,357,405	12,315,989	Net asset value which represents the fair value of the underlying asset. Note 6.1
Almasi Beverages Limited	54%	8,696,825	7,716,472	Market multiples. See below
Vipingo Development Limited	100%	5,146,193	3,950,863	Net asset value which represents the fair value of the underlying asset. Note 6.1
Bakki Holdco Limited	100%	3,889,825	3,232,233	Net asset value which represents the fair value of Sidian Bank Limited as shown below.
Investpool Holdings Limited	100%	-	2,117,147	
GenAfrica Investment Management Limited	73%	2,324,230	1,404,183	Recent transaction. See below
Centum Development Limited	100%	3,537,356	860,896	Net asset value which represents the fair value of the underlying property. Note 6.1
Longhorn Publishers Limited	60%	762,665	738,063	Market prices. The entity is listed on the Nairobi Securities Exchange.
Rasimu Limited	100%	710,182	755,769	Net asset value which represents the fair value of the underlying asset. The company owns 3.65% of Two Rivers Development Limited.
Nabo Capital Limited	100%	403,799	410,802	Net asset value. Note 6.1
Vipingo Estates Limited	100%	1,007,166	1,089,628	Net asset value which represents the fair value of the underlying asset. Note 6.1
Uhuru Heights Limited	100%	281,551	261,349	Net asset value which represents the fair value of the underlying asset. The company owns 1.05% of Two Rivers Development Limited.
Z ohari Leasing limited	100%	212,975	207,781	Net asset value. Note 6.1
Greenblade Growers Limited	100%	60,322	207,104	Net asset value. Note 6.1
Athena Properties Limited	100%	-	25,093	Net asset value. Note 6.1
Centum Business Solutions Limited	100%	-	17,519	Net asset value. Note 6.1
Centum Exotics Limited	100%	-	-	Net asset value. Note 6.1
Mwaya Investments Company Limited	100%	-	-	Net asset value. Note 6.1
		39,390,494	35,310,891	

1 ACCOUNTING FRAMEWORKAND CRITICAL JUDGEMENTS (CONTINUED)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of unquoted investments (continued)

Year ended 31 March 2018 (continued)

Valuation:	Valuation technique	Ksh'000	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation +/-
Almasi Beverages Limited	Market multiples	8,696,825	EBITDA multiple	9.91x	1%	85,654
			Marketability discount	30%	5%	(186,361)
			Discounted EBITDA multiple	6.94x		
			EBITDA (Kes 'm)	2,292,037	10%	856,545
			Net debt (Kes 'm)	(348,309)	NA	NA
GenAfrica Investment Management Limited	Recent transaction	2,324,230	NA			
Sidian Bank Limited	Recent transaction	3,891,091	PB Ratio multiple	1.16x		
			NAV (Kes 'm)	3,629,348	1%	38,911
			Control premium	20%	10%	389,109

1 ACCOUNTING FRAMEWORKAND CRITICAL JUDGEMENTS (CONTINUED)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of unquoted investments (continued)

Year ended 31 March 2017

Description	Ownership	Fair value at 31 March 2017 Ksh'000	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation +/-
Unquoted investments: Group and company							
General Motors East Africa Limited	17.8%	3,026,769	Recent transaction	NA	-	NA	NA
				NA	-	NA	NA
NAS Airport Services Limited	15%	765,066	Comparable trading multiples	EBITDA multiple	5.26x	1%	7,230
				Marketability discount	30%	5%	(16,394)
				Discounted EBITDA multiple	3.68X		
				EBITDA (Kes 'm)	ND*	10%	72,296
				Net debt (Kes 'm)	ND*	NA	NA
Capital Market Challenge Fund		5,000	Cost				
Total - Company		**3,796,835**					
Associates: Company							
Nairobi Bottlers Limited	27.62%	4,388,383	Comparable trading multiples	EBITDA multiple	9.67x	1%	50,977
				Marketability discount	30%	5%	(94,037)
				Discounted EBITDA multiple	6.77x		
				EBITDA (Kes 'm)	ND*	10%	509,775
				Net debt (Kes 'm)	ND*	NA	NA
Africa Crest Education (ACE) Holdings	40.00%	294,863	Cost				
UAP Financial Services (U) Limited	29.00%	3,429	Cost				
Total - Company		**4,686,675**					
Platcorp Holdings Limited	25.07%	2,323,989	Recent transaction	NA	-	NA	NA
				NA	-	NA	NA

These are private companies where the Group holds a minority interest. The EBITDA and Debt information is market sensitive information and has therefore not been disclosed.

1 ACCOUNTING FRAMEWORKAND CRITICAL JUDGEMENTS (CONTINUED)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of unquoted investments (continued)

Year ended 31 March 2017 (continued)

Subdiaries: Company

	Ownership	31-Mar-17 Ksh'000	31-Mar-16 Ksh'000	Valuation basis for the year ended 31 March 2017
Two Rivers Development Limited	58%	12,315,989	10,733,045	Net asset value which represents the fair value of the underlying asset. Note 6.1
Almasi Beverages Limited	54%	7,716,472	3,545,371	Market multiples. See below
Vipingo Development Limited	100%	3,950,863	100	Net asset value which represents the fair value of the underlying asset. Note 6.1
Bakki Holdco Limited	100%	3,232,233	3,968,185	Net asset value which represents the fair value of Sidian Bank Limited as shown below.
Investpool Holdings Limited	100%	2,117,147	2,119,210	Net asset value which represents the fair value of the underlying asset (Platcorp Holdings Limited). Note 6.1
GenAfrica Investment Management Limited	73%	1,404,183	1,157,573	Assets under management. See below
Centum Development Limited	100%	860,896	1,064,114	Net asset value which represents the fair value of the underlying property. Note 6.1
Longhorn Publishers Limited	60%	738,063	-	Market prices. The entity is listed on the Nairobi Securities Exchange.
Rasimu Limited	100%	755,769	719,999	Net asset value which represents the fair value of the underlying asset. The company owns 3.65% of Two Rivers Development Limited.
Nabo Capital Limited	100%	410,802	828,470	Net asset value. Note 6.1
Vipingo Estates Limited	100%	1,089,628	386,209	Net asset value which represents the fair value of the underlying asset. Note 6.1
Uhuru Heights Limited	100%	261,349	207,123	Net asset value which represents the fair value of the underlying asset. The company owns 1.05% of Two Rivers Development Limited.
Zohari Leasing Limited	100%	207,781	-	Net asset value. Note 6.1
Greenblade Growers Limited	100%	207,104	82,450	Net asset value. Note 6.1
Athena Properties Limited	100%	25,093	452,228	Net asset value. Note 6.1
Centum Business Solutions Limited	100%	17,519	100	Net asset value. Note 6.1
Centum Exotics Limited	100%	-	146,377	Net asset value. Note 6.1
Mwaya Investments Company Limited	100%	-	618	Net asset value. Note 6.1
		35,310,891	25,411,172	

1 ACCOUNTING FRAMEWORKAND CRITICAL JUDGEMENTS (CONTINUED)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of unquoted investments (continued)

Valuation:	Ownership	Valuation technique	Ksh'000	Unobserbervable inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation +/-
Almasi Beverages Limited	53.88%	Market multiples	7,716,472	EBITDA multiple	9.67x	1%	74,249
				Marketability discount	30%	5%	(165,353)
				Discounted EBITDA multiple	6.77x		
				EBITDA (Kes 'm)	2,035	10%	742,491
				Net debt (Kes 'm)	(773)	NA	NA
GenAfrica Investment Management Limited	73.35%	Assets under management	1,404,183	AUM's (Kes 'm)	212,000	10%	140,418
				%price of AUM's	1.29%	NA	NA
				Marketability discount	30%	30%	(181)
Sidian Bank Limited	74.77%	Market multiples	3,247,099	PB Ratio multiple	1.06x	5%	162,355
				NAV (Kes 'm)	4,097	10%	324,710

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.2 Valuation of unquoted investments (continued)

The change in valuation disclosed in the above table shows the relative increase or decrease in the input variables deemed to be subjected to the most judgement and estimate and the respective impact on the fair value presented in these financial statements. For equity securities, increases in the EBITDA multiple and control premium inputs would each lead to an increase in estimated value. However an increase in the discount for lack of marketability would lead to a decrease in value.

1.5.3 Valuation of investment property

The fair value model has been applied in accounting for investment property. The Group commissioned external, independent and professionally qualified real estate valuers that hold recognised relevant professional qualification and have recent experience in the locations and types of investment properties valued to determine the fair value of the investment property as at 31 March 2018 and 31 March 2017 on the basis of open market value. The current use of the investment properties equates to the highest and best use.

The valuation of the investment properties is derived by making reference to recent comparable sales transactions in the relevant property market, on the assumption that the property had already been completed at the valuation date. It also takes into account the construction cost already incurred as well as the estimated cost to be incurred to complete the project. The fair value gains have been credited to 'income' in the income statement (Note 2.2).

Because of the unique nature of the Group's investment properties, most of them are valued by reference to a level 3 fair value measurement. In 2018 and 2017, there were no transfers between different levels within the fair value hierarchy. Level 3 measurement uses inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly as derived from prices.

	Level 1	Level 2	Level 3
	Ksh'000	Ksh'000	Ksh'000
31 March 2018			
Investment property	-	-	32,718,667
31 March 2017			
Investment property	-	-	27,311,091

See note 5.1 for the reconciliation of investment property.

1.5.4 Impairment losses on loans and advances

The Group reviews its individually significant loans and advances at each reporting date to assess whether an impairment loss should be recorded in profit or loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the impairment loss.

In estimating these cash flows, the Group makes judgments about the borrower's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

Loans and advances that have been assessed individually and found not to be impaired and all individually insignificant loans and advances are then assessed collectively, in groups of assets with similar risk characteristics, to determine whether provision should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident.
The collective assessment takes account of data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios etc.), concentrations of risks and economic data (including levels of unemployment, real estate price indices, country risk and the performance of different groups of borrowers). The impairment losses on loans and advances are disclosed in more detail in Notes 7.1 and 10.1(c)

1.5 Critical accounting judgements, estimates and assumptions (continued)

1.5.5 Impairment of goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of associates is included in investments in associates.

For purposes of impairment testing, goowill acquired in a business combination is allocated to CGUs. On the basis described on the accounting policy above, the Group's primary CGUs are as outlined above. Goodwill is tested for impairment annually in the fourth quarter by comparing the recoverable amount of each goodwill carrying CGU with its carrying amount. In addition, in accordance with IAS 36, the Group tests goodwill whenever a triggering event is identified. The recoverable amount is the higher of a CGU's fair value less costs of disposal and its value in use.

See assumptions as discussed in Note 8.2

1.5.6 Estimation of fair value for land and buildings and estimation of useful lifes of plant and equipment

See note 8.1

1.5.7 Consolidation decisions and classifications of joint arrangements

See note 6.1

2 Results of operations

2.1 Segment information

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. The Group's chief operating decision maker is the executive management committee. The executive management committee consists of the Group Chief Executive Officer, Group Finance Director, Managing Director - Private Equity and heads of the various business units.

The Group's traditionally organised its activities into eight sectors namely; Real Estate, Energy, Financial Services, Fast-moving consumer goods (FMCG) and Marketable Securities. However, as of 1 April 2017, the Group adopted a new operating structure which merged some of the sectors into segments. The reportable segments are:

1. Growth - These consists of all the mature businesses, i.e. Almasi Beverages Limited, Longhorn Publishers Limited, Sidian Bank Limited, GenAfrica Asset Managers Limited, Nairobi Bottlers Limited and Nabo Capital Limited;

2. Real Estate - These consists of all the Group companies involved in real estate development. The details of the companies are listed under note 6.1;

3. Development - These consists of all companies whose business are still in the establishment and ramp up phase. They include; Greenblade Growers Limited and King Beverage Limited; and

4. Marketable Securities - These consists of Centum Exotics Limited and Oleibon Investments Limited that are involved in investment of funds in quoted equity and fixed income securities.

The Company uses, in some instances non-GAAP performance measures. They are chosen for internal planning and reporting, and some of them are used for incentive purposes. The Group's management believe these measures provide valuable additional information for users of the financial statements in understanding the Group's performance and financial position. These non-GAAP measures used in presentation of segment information should be viewed as complementing to, and not replacement for the comparable GAAP measures.

The definitions of the key measures used in the segment information are as follows:

i. Total return

Total return is the total value created in the period which includes cash value as well as unrealised movements in the portfolio. Total return is calculated as the gross portfolio return less portfolio and funding costs. Total return is expressed in absolute amount or as a percentage of opening net asset value in the period.

ii. Gross portfolio return

Gross portfolio return represents the overall increase in net assets from the investment portfolio and is calculated as a percentage of opening net asset value in the period. Gross return is analysed into the following components:

2. Results of operations (continued)

2.1 Segment information (continued)

ii. Gross portfolio return (continued)

a. Portfolio income

Portfolio income is that portion of income that is directly related to the return from individual investments. It is recognised to the extent that it is probable that there will be economic benefit and the income can be reliably measured. Portfolio income includes; dividend income, interest income, realised and unrealised profit, rental income as well as fee income.

- Realised profits on the disposal of investments are the difference between the fair value of the consideration received less any directly attributable costs, on the sale of equity, and its carrying value at the start of the accounting period. Although the net realised gains are similar to those in the statement of comprehensive income, the disclosure differs under the Group's segment reporting.

  The difference between the sales proceeds and cost of the investments are accounted for in the income statement, while the difference between the gains and the opening fair value is then disclosed under other comprehensive income as reserves released on disposal of investments.

- Unrealised profits on the revaluation of investments are the movement in the carrying value of investments between the start and end of the accounting year.

Under the Group's segment reporting, there is no differentiation between fair value through profit or loss and fair value through other comprehensive income. All value movements are passed through the statement of total return.

b. Portfolio costs

Portfolio costs include all expenses, operating and administrative incurred in the furtherance of investment activity during the accounting period.

c. Total assets

Total assets represents the portfolio value, which includes the carrying value of equity investments as well as marketable securities.

The segment information provided to the executive management committee for the reportable segments for the year ended 31 March 2018 is as overleaf.

2.1 Segment information (continued)

Group - new basis

Year ended 31 March 2018	**Growth**	**Real Estate**	**Development**	**Marketable securities**	**Total**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Dividend income	207,464	-	-	63,605	271,069
Interest income	1,927,138	2,703	4	98,412	2,028,257
Lease rentals	17,926	-	-	-	17,926
Fund management income	124,125	-	-	-	124,125
Sales income	9,629,365	260,648	281,119	-	10,171,132
Other income	222,015	14,350	-	22,358	258,723
Realised gains	647,443	-	-	138,595	786,038
Fee, commission and forex trading income	745,322	-	-	-	745,322
Project and development management fees	88,681	54,701	-	-	143,382
Share of profit of associates	236,978	457,920	-	-	694,898
Discontinued operations	135,600	-	-	-	135,600
Unrealised value movements	(876,565)	4,114,277	-	531,042	3,768,754
Gross return	**13,105,492**	**4,904,599**	**281,123**	**854,011**	**19,145,226**
Finance costs	(1,359,990)	(1,164,043)	(35,317)	(14,332)	(2,573,682)
Portfolio costs	(11,524,427)	(1,439,225)	(517,988)	(221,597)	(13,703,236)
Net return	**221,075**	**2,301,331**	**(272,182)**	**618,083**	**2,868,308**
Tax	50,232	(541,912)	1,328	-	(490,352)
Total return	**271,307**	**1,759,419**	**(270,854)**	**618,083**	**2,377,956**
Gross Return on opening shareholder funds (%)	199%	17%	31%	51%	51%
Return on opening shareholder funds (%)	4%	6%	-30%	37%	6%
Opening net asset value					
Total assets	39,426,406	44,067,380	1,802,749	3,089,073	88,385,608
Borrowings	(12,533,378)	(6,247,065)	(839,641)	(1,366,294)	(20,986,378)
Other liabilities	(16,021,168)	(1,778,569)	(61,872)	(63,417)	(17,925,026)
Non-controlling interest	(4,289,278)	(7,888,331)	-	-	(12,177,609)
Net asset value attributable to equity holders	**6,582,582**	**28,153,415**	**901,236**	**1,659,362**	**37,296,595**
Closing net asset value					
Total assets	44,578,672	47,294,509	1,743,994	2,670,909	96,288,084
Borrowings	(7,268,482)	(13,764,044)	(3,431,042)	-	(24,463,568)
Other liabilities	(16,426,017)	(2,083,837)	(2,318,459)	(99,039)	(20,927,352)
Non-controlling interest	(4,769,684)	(7,657,632)		-	(12,427,316)
Net asset value attributable to equity holders	**16,114,489**	**23,788,996**	**(4,005,507)**	**2,571,870**	**38,469,848**

2.1 Segment information (continued)

Group - Old basis

Year ended 31 March 2018	Financial Services Ksh'000	FMCG Ksh'000	Energy Ksh'000	Real Estate Ksh'000	Quoted equity Ksh'000	Others Ksh'000	Total Ksh'000
Dividend income	-	-	-	-	63,605	207,464	271,069
Interest income	1,927,108	-	-	2,703	98,412	34	2,028,257
Lease rentals	17,926	-	-	-	-	-	17,926
Fund management income	124,125	-	-	-	-	-	124,125
Sales income	-	8,571,143	-	260,648	-	1,339,341	10,171,132
Other income	30,217	52,707	-	14,250	22,358	139,191	258,723
Realised gains	647,443	-	-	-	138,595	-	786,038
Fee, commission and forex trading income	745,322	-	-	-	-	-	745,322
Project and development management fees	-	-	-	54,701	-	88,680	143,381
Discontinued operations	135,600	-	-	-	-	-	135,600
Share of profit of associates	-	236,979	-	457,920	-	-	694,898
Unrealised value movements	-	(404,353)	-	4,114,277	531,042	(472,211)	3,768,755
Gross return	**3,627,741**	**8,456,476**	**-**	**4,904,499**	**854,011**	**1,302,498**	**19,145,226**
Finance costs	(812,480)	(75,592)	(363)	(1,164,043)	(14,332)	(506,872)	(2,573,682)
Portfolio costs	(3,508,359)	(7,312,595)	(700)	(1,439,225)	(221,597)	(1,220,760)	(13,703,236)
Net return	**(693,098)**	**1,068,289**	**(1,063)**	**2,301,231**	**618,083**	**(425,133)**	**2,868,308**
Tax	105,270	(140,566)	-	(541,912)	-	86,856	(490,352)
Total return	**(587,828)**	**927,723**	**(1,063)**	**1,759,320**	**618,083**	**(338,277)**	**2,377,956**
Gross return on opening shareholder funds (%)	78%	1756%	0%	17%	51%	576%	51%
Return on opening shareholder funds (%)	-13%	193%	0%	6%	37%	-150%	6%
Opening net asset value							
Total assets	25,240,408	9,702,504	3,491,163	44,067,380	3,089,073	2,795,080	88,385,608
Borrowings	(5,407,027)	(4,903,659)	(839,642)	(6,247,065)	(1,366,294)	(2,222,691)	(20,986,378)
Other liabilities	(14,104,188)	(1,463,412)	(61,872)	(1,778,569)	(63,417)	(453,568)	(17,925,026)
Non-controlling interest	(1,090,521)	(2,853,809)	-	(7,888,331)	-	(344,948)	(12,177,609)
Net asset value attributable to equity holders	**4,638,672**	**481,624**	**2,589,649**	**28,153,415**	**1,659,362**	**(226,127)**	**37,296,595**
Closing net asset value							
Total assets	27,019,339	11,158,069	3,502,446	47,294,509	2,670,909	4,642,812	96,288,084
Borrowings	(4,273,745)	(3,022,725)	-	(13,764,044)	-	(3,403,054)	(24,463,568)
Other liabilities	(15,045,591)	(1,049,851)	(1,491,099)	(2,155,030)	(99,039)	(1,086,741)	(20,927,351)
Non-controlling interest	(934,524)	(3,473,566)	-	(7,657,632)	-	(361,595)	(12,427,316)
Net asset value attributable to equity holders	**6,765,479**	**3,611,928**	**2,011,347**	**23,717,803**	**2,571,870**	**(208,578)**	**38,469,849**

2 RESULTS OF OPERATIONS (CONTINUED)

2.1 Segment information (continued)

Group - Old basis

Year ended 31 March 2017	**Financial Services**	**FMCG**	**Energy**	**Real Estate**	**Quoted Equity**	**Others**	**Total**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Dividend income	77,185	-	-	-	90,433	138,748	306,366
Interest income	3,013,930	-	-	-	111,119	-	3,125,049
Lease rentals	25,777	-	-	-	-	-	25,777
Fund management income	527,042	-	-	-	-	-	527,042
Sales income	-	8,078,182	-	-	-	1,323,478	9,401,660
Other income	32,654		-	-	-	217,432	250,086
Realised gains	432,441	515,766	-	13,329	87,949	-	1,049,485
Fee, commission and forex trading income	580,926	-	-	-	-	-	580,926
Project and development management fees	-	-	-	-	-	137,359	137,359
Share of profit of associates	307,135	218,626	-	814,249	-	6,925	1,346,935
Unrealised value movements	(3,145)	-	-	6,322,718	(150,983)	(1,587,706)	4,580,883
Gross return	**4,993,945**	**8,812,574**	**-**	**7,150,296**	**138,518**	**236,236**	**21,331,568**
Finance costs	(854,311)	(150,626)	-	-	-	(43,433)	(1,048,370)
Portfolio costs	(3,831,018)	(5,338,358)	(1,495)	(648,579)	(83,895)	(3,307,808)	(13,211,153)
Net return	**308,617**	**3,323,590**	**(1,495)**	**6,501,717**	**54,623**	**(3,115,005)**	**7,072,045**
Tax	(110,643)	(318,599)	-	102,028	(66,440)	(239,258)	(632,912)
Total return	**197,974**	**3,004,991**	**(1,495)**	**6,603,745**	**(11,817)**	**(3,354,263)**	**6,439,133**
Gross Return on opening shareholder funds	50%	190%	0%	60%	2%	-24%	62%
Return on opening shareholder funds (%)	2%	65%	0%	56%	0%	345%	19%
Opening net asset value							
Total assets	27,911,646	11,295,017	4,001,820	25,347,435	8,687,885	809,733	78,053,536
Borrowings	(4,479,976)	(2,975,117)	(1,410,676)	(4,358,175)	(2,218,898)	(913,378)	(16,356,220)
Other liabilities	(12,430,574)	(1,558,023)	-	(3,577,682)	(3,355)	(869,433)	(18,439,067)
Non-controlling interest	(1,032,391)	(2,130,331)	-	(5,586,741)	-	-	(8,749,463)
Net asset value attributable to equity holders	**9,968,705**	**4,631,546**	**2,591,144**	**11,824,837**	**6,465,632**	**(973,078)**	**34,508,786**
Closing net asset value							
Total assets	25,240,408	9,702,504	3,491,163	44,067,380	3,089,073	2,795,080	88,385,608
Borrowings	(5,407,027)	(4,903,659)	(839,642)	(6,247,065)	(1,366,294)	(2,222,691)	(20,986,378)
Other liabilities	(14,104,188)	(1,463,412)	(61,872)	(1,778,569)	(63,417)	(453,568)	(17,925,026)
Non-controlling interest	(1,090,521)	(2,853,809)	-	(7,888,331)	-	(344,948)	(12,177,609)
Net asset value attributable to equity holders	**4,638,672**	**481,624**	**2,589,649**	**28,153,415**	**1,659,362**	**(226,127)**	**37,296,595**

2.1. **Segment information (continued)**

Company - New basis

Year ended 31 March 2018	**Growth**	**Real Estate**	**Development**	**Marketable securities**	**Total**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Dividend income	2,033,390	-	-	6,755	2,040,145
Interest income	11,470	885,983	10,222	439,320	1,346,996
Other income	139,635	(1,657)	-	(4,943)	133,034
Realised gains	-	-	-	8,678	8,678
Unrealised value movements	66,057	3,725,076	(187,853)	32,450	3,635,730
Gross return	**2,250,552**	**4,609,402**	**(177,631)**	**482,261**	**7,164,584**
Finance costs	(802,932)	(792,640)	(36,497)	(14,332)	(1,646,400)
Portfolio costs	(417,928)	(413,649)	(15,176)	(5,959)	(852,712)
Net return	**1,029,692**	**3,403,113**	**(229,304)**	**461,970**	**4,665,471**
Tax	5,624	238	5,557	93	11,513
Total return	**1,035,316**	**3,403,351**	**(223,747)**	**462,063**	**4,676,984**
Gross Return on opening shareholder funds (%)	12%	24%	-7%	11%	16%
Return on opening shareholder funds (%)	5%	18%	-8%	11%	10%
Opening net asset value					
Total assets	26,450,295	25,947,637	3,491,163	5,680,939	61,570,034
Borrowings	(6,203,126)	(6,247,065)	(839,642)	(1,366,294)	(14,656,126)
Other liabilities	(1,278,146)	(827,271)	(329)	(535)	(2,106,280)
Net asset value attributable to equity holders	**18,969,024**	**18,873,301**	**2,651,192**	**4,314,111**	**44,807,628**
Closing net asset value					
Total assets	25,090,254	30,302,259	5,301,266	5,393,477	66,087,257
Borrowings	(2,225,361)	(9,186,220)	(3,431,050)	-	(14,842,631)
Other liabilities	(961,438)	(1,311,142)	(42,773)	(243,190)	(2,558,543)
Net asset value attributable to equity holders	**21,903,455**	**19,804,897**	**1,827,443**	**5,150,287**	**48,686,083**

2.1 **Segment information (continued)**

Company - Old basis

Year ended 31 March 2018	**Financial Services**	**FMCG**	**Energy**	**Real Estate**	**Quoted Equity**	**Others**	**Total**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Dividend income	1,422,522	379,596	-	-	6,755	231,272	2,040,145
Interest income	9,300	-	-	885,983	439,320	12,392	1,346,996
Other income	139,635	-	-	(1,657)	(4,943)	-	133,034
Realised gains	-	-	-	-	8,678	-	8,678
Unrealised value movements	(900,494)	1,579,493	-	3,725,076	32,450	(800,794)	3,635,730
Gross return	**670,963**	**1,959,089**	**-**	**4,609,402**	**482,261**	**(557,131)**	**7,164,583**
Finance costs	(183,477)	(497,534)	(363)	(792,641)	(14,332)	(158,054)	(1,646,400)
Portfolio costs	(76,292)	(278,352)	(151)	(413,648)	(5,959)	(78,311)	(852,712)
Net return	**411,194**	**1,183,204**	**(514)**	**3,403,113**	**461,970**	**(793,496)**	**4,665,471**
Tax	1,195	3,438	2	5,557	93	1,227	11,513
Total return	**412,389**	**1,186,642**	**(512)**	**3,408,670**	**462,063**	**(792,269)**	**4,676,984**
Gross Return on opening shareholder funds (%)	10%	22%	0%	24%	11%	-16%	16%
Return on opening shareholder funds (%)	6%	13%	0%	18%	11%	-22%	10%
Opening net asset value							
Total assets	8,292,096	12,415,245	3,491,163	25,947,637	5,680,939	5,742,953	61,570,033
Borrowings	(1,836,786)	(2,985,927)	(839,642)	(6,247,065)	(1,366,294)	(1,380,412)	(14,656,126)
Other liabilities	29,241	(487,679)	(329)	(827,272)	(535)	(819,708)	(2,106,282)
Net asset value attributable to equity holders	**6,484,551**	**8,941,639**	**2,651,192**	**18,873,300**	**4,314,110**	**3,542,833**	**44,807,625**
Closing net asset value							
Total assets	6,930,634	14,218,907	1,426,615	30,302,259	5,400,634	7,808,208	66,087,257
Borrowings	(1,050,503)	(1,551,595)	-	(9,186,220)	-	(3,054,314)	(14,842,631)
Other liabilities	(322,993)	(570,011)	-	(1,311,142)	(243,185)	(111,212)	(2,558,543)
Net asset value attributable to equity holders	**5,557,139**	**12,097,301**	**1,426,615**	**19,804,897**	**5,157,449**	**4,642,682**	**48,686,083**

2.1 Segment information (continued)

Company - Old basis

Year ended 31 March 2017	Financial Services	FMCG	Energy	Real Estate	Quoted Equity	Others	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Dividend income	748,957	376,053	-	360,000	6,728	273,338	1,765,076
Interest income	151,875	-	-	681,381	483,886	9,297	1,326,439
Other income	436	2,650	36,859	47,127	-	58,990	146,062
Realised gains	-	1,062,765	-	-	-	-	1,062,765
Unrealised value movements	(1,297,142)	1,927,992	-	5,696,505	(206,278)	(1,532,813)	4,588,264
Gross return	**(395,874)**	**3,369,460**	**36,859**	**6,785,013**	**284,336**	**(1,191,188)**	**8,888,606**
Finance costs	(219,852)	(357,397)	(100,500)	(746,953)	(163,537)	(165,323)	(1,753,562)
Portfolio costs	(97,795)	(112,580)	(80,291)	(88,294)	(4,681)	(413,934)	(797,575)
Net return	**(713,521)**	**2,899,483**	**(143,932)**	**5,949,766**	**116,118**	**(1,770,445)**	**6,337,469**
Tax	(1,603)	(52,824)	-	(58,894)	(41,824)	(22,794)	(177,939)
Total return	**(715,124)**	**2,846,659**	**(143,932)**	**5,890,872**	**74,294**	**(1,793,239)**	**6,159,530**
Gross Return on opening shareholder funds (%)	-5%	43%	2%	54%	7%	-21%	23%
Return on opening shareholder funds (%)	-9%	36%	-8%	47%	2%	-32%	16%
Opening net asset value							
Total assets	8,940,893	9,179,885	3,113,924	17,099,649	6,126,621	7,081,810	51,542,782
Borrowings	(1,147,842)	(936,345)	(1,410,676)	(3,847,848)	(2,218,898)	(913,378)	(10,474,987)
Other liabilities	(72,874)	(362,429)	-	(719,884)	3,739	(602,806)	(1,754,254)
Net asset value attributable to equity holders	**7,720,177**	**7,881,111**	**1,703,248**	**12,531,917**	**3,911,462**	**5,565,626**	**39,313,541**
Closing net asset value							
Total assets	8,292,096	12,415,245	3,491,163	25,947,637	5,680,939	5,742,953	61,570,033
Borrowings	(1,836,786)	(2,985,927)	(839,642)	(6,247,065)	(1,366,294)	(1,380,412)	(14,656,126)
Other liabilities	29,241	(487,679)	(329)	(827,272)	(535)	(819,708)	(2,106,281)
Net asset value attributable to equity holders	**6,484,551**	**8,941,639**	**2,651,192**	**18,873,300**	**4,314,110**	**3,542,833**	**44,807,626**

2.2 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.
The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities as described below.

The Group's revenue comprises of the following:

Type	Nature	Description	Recognition
Sale of goods	Beverages	Beverage sales relate to sales by Almasi Beverages Limited and King Beverages Limited who deal in Soft drinks, Coca Cola and Alcoholic beverages respectively.	Revenues from the various sources are recognised in the period in which the company has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery does not occur until the products have been accepted by the customer.
	Educational materials	Sale of educational material is through Longhorn Publishers Limited.	
	Agricultural products	The Group exports exotic herbs through Greenblade Growers Limited.	
Financial services	1. Interest income 2. Fund management income 3. Fees, commissions and trading income 4. Leasing income	1. Interest income relates to income earned by the Sidian Bank Limited and fixed income investments by the asset management subsidiaries. 2. Fund management income relates to management fees earned by Nabo Capital Limited and GenAfrica Investment Management Limited who are asset managers. 3. Fees, commissions and trading income is the non funded income earned by Sidian Bank Limited. 4. Leasing income relates to rental and finance lease income earned on operating and finance leases provided by Zohari Leasing Limited.	- Interest income is accrued using the effective interest rate method, by reference to the principal outstanding and the interest rate applicable. - Fund management income is recognised in the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a percentage of the total services to be provided. - Fees and commissions are recognised on an accrual basis when the service has been provided. Loan commitment fees for advances are credited to income upon first utilisation of the facility and are charged on an annual basis.
Sale of services	1. Project management fees 2. Utilities	1. Project management fees relate to fees earned by Athena Properties Limited on Real Estate projects. 2. Utilities relate to income earned by Two Rivers Power Company Limited and Two Rivers Water and Sanitation Company Limited on the provision of electricity and water at the Two Rivers Mall.	- Project management fees are recognised in the period in which the services are rendered, by reference to completion of the specific project assessed on the basis of the actual service provided as a percentage of the total service to be provided. - Electricity and water revenue are recognised when electricity and/or water is consumed by the user and is stated net of value added tax and other Government levies.
Invesment income		1. Dividend income 2. Gains on disposal of investments	- Dividend income from investments is recognised when the shareholders' right to receive payment has been established. - Gains on disposal of investments are recognised when the Company has no unfulfilled obligation that could affect the completion of the transaction.

2.2 Revenue (continued)	Notes	Group 2018 Ksh'000	Group 2017 Ksh'000	Company 2018 Ksh'000	Company 2017 Ksh'000
Sale of goods and services:					
- Beverage business		8,571,143	8,078,182	-	-
- Publishing business		1,280,482	1,248,058	-	-
- Agribusiness		58,859	15,731	-	-
- Utilities		260,648	59,689	-	-
Total from continuing operations		10,171,132	9,401,660	-	-
Financial services:					
- Banking subsidiary:					
- Interest income		1,889,529	2,833,062	-	-
- Fees, commission and forex trading income		745,322	580,926	-	-
- Other income		21,880	7,102	-	-
- Asset management subsidiaries:					
- Fund management income		124,125	90,409	-	-
- Interest income		35,976	57,376	-	-
- Other income		7,710	21,116	-	-
- Leasing:					
- Interest income		1,603	7,108	-	-
- Lease rentals		17,926	25,777	-	-
- Other income		627	4,436	-	-
Total from continuing operations		2,844,698	3,627,312	-	-
Discountinued operations		542,494	447,652	-	-
		3,387,192	4,074,964	-	-
Others:					
Project, development management and other fees		143,352	137,359	-	-
Other income		30	-	-	-
		13,701,706	13,613,983	-	-
Investment income					
Dividend income		271,069	306,366	2,040,145	1,765,076
Interest income from investing and financing activities		101,149	216,484	1,346,996	1,326,439
Gain on disposal of investments	2.7	786,038	1,033,361	8,678	1,062,765
Gain on disposal of investment property		-	13,328	-	-
Unrealised gains on investment property	5.1	4,181,985	6,452,042	-	-
Unrealised gains/(loss) on government securities		711	2,795	-	-
Other income		228,506	217,432	133,034	146,062
		5,569,458	8,241,808	3,528,853	4,300,342
Dividend income					
Subsidiaries		-	-	1,714,179	1,400,870
Associates		-	-	150,544	141,545
Unquoted investments		207,464	215,933	168,667	215,933
Quoted investments		63,605	90,433	6,755	6,728
		271,069	306,366	2,040,145	1,765,076
2.3 Expenses					
2.3.1 Cost of sales					
Beverage business		5,824,010	5,310,057	-	-
Publishing business		495,225	524,335	-	-
Utilities business		205,236	20,344	-	-
Agribusiness		61,988	14,727	-	-
		6,586,459	5,869,463	-	-

2.3 Expenses (continued)

	Group		Company	
	2018	2017	2018	2017
2.3.1 (b) Operating and administrative expenses	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Employee benefits expense (Note 2.3.2)	2,228,130	2,273,016	313,935	435,614
Directors' fees and expenses	98,493	68,798	23,990	29,777
Auditor's remuneration	57,515	37,106	9,299	7,246
Office rent and service charge	243,378	198,229	16,283	7,119
Depreciation and amortisation	601,224	436,766	6,227	8,646
AGM and annual report printing	30,030	35,459	30,030	35,459
Business development costs	64,991	89,720	11,892	40,681
Advertising and PR costs	13,319	204,232	3,252	7,701
Share registration costs	15,963	11,188	15,963	11,188
Listing expenses	6,699	6,037	5,247	5,408
Consultancy	377,772	145,515	160,315	52,549
Impairment charges	549,599	181,300	-	-
Donations	20,789	59,355	6,644	18,096
Selling and distribution	1,364,473	1,057,780	-	-
Other costs	995,231	976,386	249,636	138,090
	6,667,606	5,780,887	852,713	797,574
Analysed as below:				
Trading subsidiaries	2,515,764	2,335,144	-	-
Financial services subsidiaries	2,123,637	2,323,867	-	-
Other	2,028,205	1,121,876	852,712	797,574
	6,667,606	5,780,887	852,712	797,574

*other costs relate to software licences, legal fees, connectivity charges, printing and stationery, travel and accomodation expenses among other operating expenses.

2.3.2 Employee benefits expense

Short term employee benefits

Remuneration to employees in respect of services rendered during a reporting period is expensed in that reporting period. A liability is recognised for accumulated leave when there is a present legal or constructive obligation as a result of past service rendered by employees.

A liability for unvested short-term benefits is recognised when there is no realistic alternative other than to settle the liability, and at least one of the following conditions is met:
- There is a formal plan and the amounts to be paid can be reliably estimated; or
- Achievement of previously agreed bonus criteria has created a valid expectation by employees that they will receive a bonus and the amount can be reliably estimated.

Retirement benefits obligations
The Group operates a defined contribution pension scheme. The assets of the scheme are held in a separate trustee administered fund. The scheme is administered by independent fund managers and is funded by contributions from both the employer and the employees.

The Group also contributes to the statutory National Social Security Fund. This is a defined contribution pension scheme registered under the National Social Security Act. The Group's obligations under the scheme are limited to specific obligations legislated from time to time and are currently limited to a maximum of Ksh 200 per month per employee.

The Group contributions in respect of retirement benefit schemes are charged to profit or loss in the year to which they relate.

Performance bonus
The bonus scheme is designed to optimize the cash return on the assets managed by Centum for the shareholders. The scheme aligns the staff reward system to creation of cash return on assets at a rate greater than that of the market. This return does not include periodic revaluation of assets.

Determination of the bonus pool is as follows:

a. Private equity (Growth) and marketable securities portfolios

The annual performance-based bonus pool for the Growth and Marketable Securities portfolios is subject to attainment of a total cash return as a percentage of Company opening cash-adjusted shareholder funds of 15% or more in the financial year. The annual bonus pool is then computed as 20% of the total cash return that is above the hurdle rate of 15%. Should total return exceed 25%, then the performance pool will be increased by 1% for each 1% above total return.

2.3.2 Employee benefits expense (continued)

Performance bonus (continued)

Elements of cash return for the two portfolios are:

i. Monetization events which include sale/exit of a stake in a portfolio company and securing equity partnerships at multiples to the carrying value of the portfolio investments;

ii. Dividend and interest income from the portfolio; and

iii. Cash Net Asset Value movements in the portfolio companies, representing the Company's share of distributable dividends.

b. Real estate portfolio

The Real Estate portfolio bonus pool is only determined on the attainment of a cash return (property sale or an exit transaction) in a real estate portfolio company. However, the hurdle rate in Real Estate cash returns is tied to a relevant index of value appreciation (Hass Composite Land Property Index) to ensure that management is not incentivized for ordinary/inflationary increases in property values. The percentage cash return is therefore effectively adjusted downwards for the effects of ordinary property value appreciation.

The Real Estate bonus pool is based on 10% of return in excess of the hurdle adjusted base. The base refers to the actual cash deployed into the investment. At the end of a financial year where sale or exit transactions have occurred, the base is adjusted for the hurdle rate plus all costs incurred (investment and operational).

The bonus entitlement for a particular year is paid out to staff in three tranches over a period of three years. The vesting conditions are:

i. Shareholder funds (defined as Net Asset Value) will not fall below the level they were at the point of the bonus award (high water mark);

ii. The high water mark will be adjusted for owner related adjustments such as payment of dividends or new capital raisings; and

iii. An eligible employee must remain in the employ of the Company for the entire period unless a specific waiver is granted by the Board of Directors.

The performance hurdle rates described above were not met in the year ended 31 March 2018 and accordingly, no bonus pool has been accrued in relation to the year then ended. However, the above vesting conditions that are required to unlock bonus tranches for the previous years ended 31 March 2017 and 31 March 2016 were met. The bonus accrual set out below for the year ended 31 March 2018 relates to the vested tranches arising from those prior years.

Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an accrued expense.

	Group		Company	
	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Salaries	1,661,771	1,433,371	189,569	104,885
Performance bonus	131,443	390,468	92,381	286,323
Retirement benefit scheme contributions	69,830	60,511	10,444	9,813
National Social Security Fund contributions (NSSF)	8,665	4,587	84	54
Accrued leave	29,104	20,348	3,172	9,821
	1,900,813	1,909,285	295,650	410,896
Staff medical expenses	185,518	93,844	7,290	7,781
Other staff costs	141,799	269,887	10,995	16,937
	2,228,130	2,273,016	313,935	435,614
Average number of employees	2,759	2,654	50	42

2.4 Finance costs

Finance costs comprise interest expenses on borrowings, unwinding of the discount on provisions and net foreign exchange that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method, unless the borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets, in which case the directly attributable borrowing costs are capitalised.

2.4 Finance costs (continued)

	Group 2018 Ksh'000	Group 2017 Ksh'000	Company 2018 Ksh'000	Company 2017 Ksh'000
Financial services:				
- Interest on customer deposits	491,776	676,795	-	-
- Interest on bank and other borrowings	320,705	317,266	-	-
	812,481	994,061	-	-
Others:				
- Interest on bank and other borrowings	1,159,438	362,941	595,741	225,409
- Commitment and other fees	67,816	23,978	57,775	23,978
- Forex (gains)/ losses on borrowings	(187,918)	102,541	(121,122)	59,541
- Bond issue costs	77,750	124,352	77,750	124,352
- Interest on corporate bonds	1,036,256	1,320,281	1,036,256	1,320,281
	2,153,342	1,934,093	1,646,400	1,753,561
Less: amounts capitalised on qualifying assets (Note 5.1)	(392,141)	(885,722)	-	-
	1,761,201	1,048,371	1,646,400	1,753,561
Total finance costs	**2,573,682**	**2,042,432**	**1,646,400**	**1,753,561**
Analysed as below:				
Financial services subsidiaries	812,481	994,061	-	-
Other entities*	1,761,201	1,048,371	1,646,400	1,753,561
	2,573,682	2,042,432	1,646,400	1,753,561

*other entities refer to trading subsidiaries and investment operations companies as detailed under note 6.1

2.5 Cash generated from operations

	Group 2018 Ksh'000	Group 2017 Ksh'000	Company 2018 Ksh'000	Company 2017 Ksh'000
Reconciliation of profit before income tax to cash generated from operations:				
Profit before income tax from:				
Continuing operations	3,146,650	8,735,647	1,029,740	1,749,207
Discontinued operations	201,264	207,556	-	-
Profit before income tax including discontinued operations	3,347,913	8,943,203	1,029,740	1,749,207
Adjustments for:				
Finance costs	2,573,682	2,042,432	1,646,400	1,753,561
Depreciation on property, plant and equipment	1,444,507	1,143,699	5,869	7,871
Amortisation of intangible assets	130,904	121,136	358	775
Gains on disposal of investments	(786,219)	(1,033,362)	(8,678)	(1,062,765)
Fair value gains on investment property	(4,181,985)	(6,452,042)	-	-
Unrealised exchange gains	(228,506)	(146,062)	44,821	(146,062)
Fair value (loss)/gain on government securities through profit and loss	1,051	(2,795)	-	-
Gain on disposal of investment property	-	(13,328)	-	-
Share of profit from joint ventures	(457,920)	(814,249)	-	-
Share of profit from associates	(236,978)	(532,686)		
Changes in working capital:				
- inventories	(66,519)	(55,990)	-	-
- receivables and prepayments	(1,690,453)	(1,894,246)	1,991,396	6,051
- payables and accrued expenses	(253,628)	1,503,792	84,215	(124,771)
- biological assets	8,634	(8,634)	-	-
- finance lease receivable	2,947	(7,921)	-	-
- deferred income	(21,221)	-	-	-
- loans and advances	861,287	320,266	-	-
- customer deposits	3,033,646	(2,241,115)	-	-
	3,481,142	872,098	4,794,121	2,183,867

2.6 Earnings per share

Basic earnings per share

Earnings per share is calculated using the weighted average number of ordinary shares in issue during the period and is based on the profit after tax attributable to ordinary shareholders.

	2018	2017
Basic and diluted earnings per share	**Ksh**	**Ksh**
From continuing operations attributable to the ordinary equity holders of the company	3.81	10.78
From discontinued operations	0.15	0.16
Total basic and diluted earnings per share attributable to the ordinary equity holders of the company	3.96	10.93
Reconciliation of earnings used in calculating earnings per share		
Profit attributable to equity holders of the company used in calculating basic and diluted earnings per share:		
- From continuing operations	2,534,454	7,170,406
- From discontinued operations	99,463	103,445
	2,633,917	7,273,851
Weighted average number of ordinary shares in issue (thousands)	665,442	665,442

2.7 Gain on disposal of investments

	Group			Company		
	Carrying value	**Proceeds**	**Gain on disposal**	**Cost**	**Proceeds**	**Gain on disposal**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Year ended 31 March 2018						
Quoted investments	531,026	669,801	138,775	10,887	19,565	8,678
Associates	1,262,140	1,909,584	647,444	-	-	-
	1,793,167	2,579,385	786,219	10,887	19,565	8,678
Reserves released on disposal:						
Quoted investments			34,124			(7,399)
Associates			-			-
			34,124			(7,399)
Gains during the year			820,343			1,279
Year ended 31 March 2017						
Quoted investments	938,235	1,023,389	85,154	-	-	-
Associates	947,553	1,895,761	948,208	17,235	1,080,000	1,062,765
	1,885,788	2,919,150	1,033,362	17,235	1,080,000	1,062,765
Reserves released on disposal:						
Quoted investments			(117,008)			-
Associates			-			(720,765)
			(117,008)			(720,765)
Gains during the year			916,354			342,000

3. Taxation

3.1 Income tax expense

The tax expense for the year comprises current and deferred income tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

Current tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income, and any adjustment to tax payable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the taxbases of assets and liabilities and their carrying values in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.1 Income tax expense (continued)

	Group		Company	
a) Income tax expense	**2018**	**2017**	**2018**	**2017**
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Current income tax	369,294	602,853	27,164	167,474
Deferred income tax	121,058	(36,469)	(38,677)	10,465
	490,352	566,384	(11,513)	177,939

b) Tax rate reconciliation

The table below explains the differences between the expected tax expense at the Kenyan statutory tax rate of 30% and the Group's total tax expense.

	Group 2018	Group 2017	Company 2018	Company 2017
Accounting profit before tax	3,146,650	8,735,647	1,029,740	1,749,207
Tax at the applicable rate of 30% (2017: 30%)	943,995	2,620,694	308,922	524,762
Tax effect of:				
Income not taxable	(754,185)	(1,803,077)	(612,044)	(529,523)
Income subject to capital gains tax rate*	(486,994)	(849,767)	-	(266,051)
Expenses not deductible for tax	343,024	380,798	22,640	245,549
Unrecognised deferred tax assets	318,808	217,736	268,968	203,202
Adjustment in respect of prior periods	85,904	-	-	-
Differences in overseas tax rates	39,800	-	-	-
	490,352	566,384	(11,513)	177,939

c) Tax losses

	Group 2018	Group 2017	Company 2018	Company 2017
Unused tax losses for which no deferred tax asset has been recognised	1,062,694	725,786	896,560	677,342
Potential tax benefit at 30%	318,808	217,736	268,968	203,203

*relates to capital gains tax on fair value movements on investment property and realised gains/(losses) on disposal of investments.

3 TAXATION (CONTINUED)

3.1 Income tax expense (continued)

	Group 2018 Ksh'000	Group 2017 Ksh'000	Company 2018 Ksh'000	Company 2017 Ksh'000
d) Unrecognised temporary differences				
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:				
Foreign currency translation	46,371	131,046	-	-
Undistributed earnings	2,655,955	2,655,955	-	-
	2,702,326	2,787,001	-	-
Unrecognised deferred tax liabilities relating to the above temporary differences	270,233	278,700	-	-

Temporary differences of Kshs 46 Million (2017 – Kshs 131 Million) have arisen as a result of the translation of the financial statements of the group's subsidiaries in Mauritius, Uganda and Tanzania. However, a deferred tax liability has not been recognised as the liability will only eventuate in the event of disposal of the subsidiaries, and no such disposals are expected in the foreseeable future.

e) Taxation payable

	Group 2018 Ksh'000	Group 2017 Ksh'000	Company 2018 Ksh'000	Company 2017 Ksh'000
At start of year	(97,268)	154,298	53,597	(35,216)
Charge for the year - continuing operations	369,294	602,853	27,164	167,474
Charge for the year - discontinued operations	60,141	65,152	-	-
Payments during the year	(780,613)	(919,571)	(57,009)	(78,661)
Reclassified to liabilities held for sale	18,729	-	-	-
Prior year under/(over) provision	(3,775)	-	-	-
	(433,492)	(97,268)	23,752	53,597
Analysed as:				
Current income tax recoverable	(459,008)	(328,116)	-	-
Current income tax payable	25,516	230,848	23,752	53,596
	(433,492)	(97,268)	23,752	53,596

3.2 Deferred income tax

Deferred income tax is calculated on all temporary differences under the liability method using the currently enacted tax rate of 30% (2017: 30%) and the capital gains tax rate of 5% (2017: 5%). The movement on the deferred income tax account is as follows:

	Group		Company	
	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	2,027,254	2,289,815	1,523,490	1,176,238
Deferred income tax on acquisition of subsidiary	-	(14,474)	-	-
Charge/(credit) to profit or loss	121,058	(35,094)	(38,677)	10,465
(Credit)/charge to other comprehensive income	9,332	(212,993)	365,156	336,787
Reclassified to liabilities held for sale	4,640	-	-	-
	2,162,284	2,027,254	1,849,969	1,523,490
Deferred income tax assets and liabilities are analysed as follows:				
Deferred income tax assets	(460,088)	(237,282)	-	-
Deferred income tax liabilities	2,622,372	2,264,536	1,849,969	1,523,490
	2,162,284	2,027,254	1,849,969	1,523,490

Group

	At start of year	On acquisition/ disposal of subsidiary	Charged/ (credited) to P/L	Charged/ (credited) to OCI	At end of year
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Year ended 31 March 2018					
Property, plant and equipment:					
- on historical cost basis	482,384	710	411,224	-	894,318
- on revaluation surplus	129,210	-	-	(23,797)	105,414
Tax losses	(830,910)	-	(827,676)	-	(1,658,586)
Other deductible differences	(239,894)	3,930	(157,384)	-	(393,348)
Exchange differences	(13,081)	-	(50,612)	-	(63,693)
Fair value gains on investment property	2,613,312	-	1,035,039	-	3,648,351
Fair value gains on investments	(113,767)	-	(289,533)	33,129	(370,171)
	2,027,254	4,640	121,058	9,332	2,162,284
Year ended 31 March 2017					
Property, plant and equipment:					
- on historical cost basis	324,871	13,997	143,516	-	482,384
- on revaluation surplus	171,157	-	(41,947)	-	129,210
Tax losses	(889,314)	-	58,404	-	(830,910)
Other deductible differences	(298,058)	(28,457)	86,621	-	(239,894)
Exchange differences	(19,524)	(14)	6,457	-	(13,081)
Fair value gains on investment property	2,588,087	-	25,225	-	2,613,312
Fair value gains on investments	412,596	-	(313,371)	(212,992)	(113,767)
	2,289,815	(14,474)	(35,095)	(212,992)	2,027,254

3.2 Deferred taxes (continued)

Company

	At start of year	Charged/ (credited) to P/L	Charged/ (credited) to OCI	At end of year
Year ended 31 March 2018				
Property and equipment	1,819	(1,595)	-	224
Other deductible differences	(3,480)	(28,945)	-	(32,425)
Fair value gains on investments	1,525,151	-	365,156	1,890,307
Tax losses	-	(8,137)	-	(8,137)
	1,523,490	(38,677)	365,156	1,849,969
Year ended 31 March 2017				
Property and equipment	42	1,777	-	1,819
Other deductible differences	(12,168)	8,688	-	(3,480)
Fair value gains on investments	1,188,364	-	336,787	1,525,151
	1,176,238	10,465	336,787	1,523,490

The Group has concluded that the deferred income tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The Group is expected to continue generating taxable income.

4. Working

4.1 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by use of weighted average. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

	Group	
	2018	2017
	Ksh'000	Ksh'000
Beverage business:		
- Raw materials	681,076	420,559
- Finished products	188,610	218,392
- Bottles, crates and crowns	63,930	27,604
- Spare parts and other inventories	327,044	360,288
- Provision for obsolescence	(8,100)	(61,277)
Publishing business:		
- Educational materials	499,050	727,632
- Provision for obsolescence	(61,825)	(67,824)
Agribusiness:		
- Consumables	2,691	583
	1,692,476	1,625,957

Inventories are held in Almasi Beverages Limited, King Beverages Limited, Longhorn Publishers Limited and Greenblade Growers Limited. The cost of inventories recognised as an expense and included in 'cost of sales' amounted to Ksh. 6,586,459,000 (2017:Ksh 5,869,463,000).

No amounts of inventory have been pledged as security for any borrowings.

4.2 Receivables and prepayments

Receivables are amounts due from investments and sales in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are accounted for as current assets. If not, they are non-current assets.

Receivables are recognised initially at fair value and subsequently recognised at amortised cost, less any provision for impairment.

		Group		Company	
		2018	2017	2018	2017
		Ksh'000	Ksh'000	Ksh'000	Ksh'000
Trade receivables		2,926,501	2,127,341	-	-
Less: Provision for impairment		(549,599)	(181,300)	-	-
Net trade receivables		2,376,902	1,946,041	-	-
VAT recoverable		950,716	854,886	-	776
Other receivables*		1,470,156	659,878	300,343	260,836
Reclassification to assets held for sale		(299,059)	-	-	-
Prepayments		679,976	703,844	70,147	2,468
Due from related parties	7.2	-	-	297,786	-
Dividend receivable		31,620	80,967	242,236	73,828
		5,210,311	4,245,616	910,512	337,908
Amounts due from joint ventures		2,874,414	2,447,715	-	-
Less: Provision for impairment		(2,207,439)	(2,207,439)	-	-
		666,975	240,276	-	-
		5,877,286	**4,485,892**	**910,512**	**337,908**

The carrying amount of receivables and prepayments approximate their fair values.

*other receivables include deposits, deferred staff benefit derived from valuation of loans provided at below market rates among other receivables

4.2 Receivables and prepayments (continued)

	Group		Company	
	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Movement in provision for impairment				
At start of year	258,015	28,304	-	-
On acquisition of subsidiary	-	48,303	-	-
Charge in the year	306,837	181,408	-	-
Write back of provisions	(15,253)	-	-	-
At end of year	549,599	258,015	-	-

4.3 Cash and cash equivalents

Cash and cash equivalents includes deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

	Group		Company	
	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Banking subsidiary:				
- Bank balances	4,411,186	4,462,027	-	-
Others:				
- Call deposits (maturing within 90 days)	978,786	520,437	820,950	2,179,075
- Bank balances	632,050	656,319	256,716	267,997
	6,022,022	5,638,783	1,077,666	2,447,072
Reclassified to assets held for sale	(202,203)	-	-	-
	5,819,819	5,638,783	1,077,666	2,447,072
For the purposes of the statement of cash flows, cash and cash equivalents comprise the following:				
Call deposits and bank balances	6,022,022	5,638,783	1,077,666	2,447,072
Bank overdrafts	(1,947,576)	(982,157)	(1,947,576)	(982,157)
	4,074,446	4,656,626	(869,910)	1,464,915

At 31 March 2018 the Company had undrawn committed borrowing facilities amounting to Kshs 52,424,000 (2017: Kshs 17,843,000). The effective interest rate for the bank overdraft is 14% (2017: 14%). The overdraft facility is secured by a floating debenture over the corporate bonds and quoted shares.

4.4 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method. Other payables are recognised at their nominal value.

	Group		Company	
	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Trade payables	1,160,404	1,622,768	-	-
Amounts due to property contractors	1,321,113	562,980	-	-
Accruals	855,642	232,471	10,075	41,168
Other payables*	1,267,271	2,236,207	78,286	51,608
Leave pay accrual	49,387	42,524	14,625	14,949
Reclassified to liabilities held for sale	(183,446)	-	-	-
Dividends payable	30,015	23,473	-	-
Amounts due to related parties	72,796	-	293,798	10,000
Bonus accrual	426,451	716,285	133,900	328,744
	4,999,634	5,436,708	530,684	446,469

The carrying amounts of the payables approximate to their fair values.

*include deposits, statutory deductions among other payables and are non-interest bearing.

4.5 Deferred income

	Group	
	2018	2017
	Ksh'000	Ksh'000
Deferred income	90,239	111,460
The deferred income will be armotised as follows:		
Within 1 year	28,196	23,387
Within 2 to 5 years	59,073	59,677
After 5 years	2,970	28,396
	90,239	111,460
Almasi Bottlers Limited	82,579	111,460
Zohari Leasing Limited	7,660	-
	90,239	111,460

Almasi Beverages Limited

Deferred income represents unamortised portion of funds received from Coca-Cola Central East & West Africa Limited (CEWA) towards the purchase of marketing equipment (coolers). The amortisation is equivalent to the depreciation rate for marketing equipment.

Zohari Leasing Limited

Deferred income relates to income billed in advance relating to the period after year end.

5.1 Investment properties

Buildings, or part of a building, (freehold or held under a finance lease) and land (freehold or held under an operating lease) held for long term rental yields and/or capital appreciation and are not occupied by the Group are classified as investment property under non-current assets. Investment property is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are included in investment income in the profit or loss account.

Borrowing costs directly attributable to the acquisition and construction of investment properties are capitalised.

	Group	
	2018	**2017**
	Ksh'000	**Ksh'000**
At start of year	27,311,091	16,514,196
Acquisitions	-	1,465,718
Capitalised subsequent expenditure	1,098,049	3,054,953
Capitalised borrowing costs	392,141	885,722
Transfers to other assets	(96,153)	-
Transfers to property, plant and equipment	(154,451)	(790,878)
Fair value gains to profit or loss	4,181,985	6,452,042
Currency translation differences	(13,995)	(270,662)
At end of year	32,718,667	27,311,091

Capitalised borrowing costs

Capitalised borrowing costs relate to interest costs incurred during the development phase of Pearl Marina Estates Limited and Vipingo Development Limited. An average cost of debt of 12.89% (2017: 14%) was used as a basis for capitalisation.

Cashflows

For the purposes of the statement of cash flows, additions during the year are made up of:

Actual cash payments	361,238	2,305,561
Accrued invoices at year end	736,811	2,215,110
	1,098,049	4,520,671

5.2 Unquoted investments

	Group		Company	
	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	4,226,166	5,977,198	3,796,836	5,545,001
Additions	263,727	37,993	217,261	-
Reclassification from associates	294,863	-	294,863	-
Transfers from other assets	44,000	-	44,000	-
Fair value (losses)/gains to other comprehensive income	(465,781)	(1,789,025)	(466,180)	(1,748,165)
At end of year	4,362,975	4,226,166	3,886,780	3,796,836

The Group's unquoted investments relate to investments in General Motors East Africa, Nas Servair, Africa Crest Education (ACE) Holdings and Nabo Unit Trusts Fund.

Other than Africa Crest Education (ACE) Holdings, the fair value of unquoted investments is estimated using the earnings multiples method. The earning multiples are derived from comparable listed companies at the year-end, adjusted for points of difference between the comparable company and the company being valued.

Africa Crest Education (ACE) Holdings is carried at cost as the fair value cannot be reliably determined at this stage given the level of development of the asset. This is a private equity investment with no quoted market. See detailed disclosure under Note 1.5.2.

5.3 Quoted investments

	Group		Company	
	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	1,223,152	1,369,032	99,957	156,119
Additions	386,106	1,169,312	-	-
Disposals	(422,593)	(938,235)	(10,887)	-
Reserves released on disposal	(34,124)	(117,008)	(8,587)	-
Currency translation differences	1,963	-	-	-
Fair value gains/(losses) to other comprehensive income	584,324	(259,949)	17,651	(56,162)
At end of year	1,738,828	1,223,152	98,134	99,957

The fair value of all equity securities is based on the quoted closing market prices on the listed securities market at the year end date.

6 GROUP COMPOSITION

6.1 Interest in subsidiaries

The companies interest in subsidiaries is as set out below:

		Cost			Cumulative fair value gains			Fair value	
	Ownership	01-Apr-17	Additions	31-Mar-18	01-Apr-17	In the year	31-Mar-18	31-Mar-18	31-Mar-17
	%	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Athena Properties Limited	100%	114,735	-	114,735	(89,642)	(25,093)	(114,735)	-	25,093
Rasimu Limited	100%	100	-	100	755,669	(45,587)	710,082	710,182	755,769
Centum BVI Limited	100%	8	-	8	(8)	-	(8)	-	-
Two Rivers Development Limited	58.33%	1,216,458	-	1,216,458	11,099,531	41,417	11,140,948	12,357,405	12,315,989
Uhuru Heights Limited	100%	100	-	100	261,249	20,202	281,451	281,551	261,349
eTransact Limited	100%	100	-	100	(100)	-	(100)	-	-
Centum Exotics Limited	100%	100	-	100	(100)	23,366	23,266	23,366	-
Centum Development Limited	100%	91	-	91	860,805	2,676,460	3,537,265	3,537,356	860,896
Nabo Capital Limited	100%	438,000	-	438,000	(27,198)	(7,003)	(34,201)	403,799	410,802
Investpool Holdings Limited	100%	68	-	68	2,117,079	(2,117,147)	(68)	-	2,117,147
GenAfrica Investment Management Limited	73.35%	1,079,453	-	1,079,453	324,730	920,047	1,244,777	2,324,230	1,404,183
Mvuke Limited	100%	100	-	100	(100)	-	(100)	-	-
Centum Business Solutions Limited	100%	100	-	100	17,419	(17,519)	(100)	-	17,519
King Beverage Limited	100%	68,000	-	68,000	(68,000)	-	(68,000)	-	-
Almasi Beverages Limited	53.85%	3,254,023	7,020	3,261,043	4,462,449	973,333	5,435,782	8,696,825	7,716,472
Bakki Holdco Limited	100%	3,447,650	280,385	3,728,036	(215,417)	377,206	161,789	3,889,825	3,232,233
Vipingo Development Limited	100%	364	-	364	3,950,499	1,195,330	5,145,829	5,146,193	3,950,863
Vipingo Estates Limited	100%	386,209	-	386,209	703,419	(82,462)	620,957	1,007,166	1,089,628
Greenblade Growers Limited	100%	210,072	48,410	258,482	(2,968)	(195,192)	(198,160)	60,322	207,104
Mwaya Investments Company Limited	100%	1,000	-	1,000	(1,000)	-	(1,000)	-	-
Longhorn Publishers Limited	60.20%	749,866	-	749,866	(11,803)	24,602	12,799	762,665	738,063
Zohari Leasing Limited	100%	214,428	-	214,428	(6,647)	5,194	(1,453)	212,975	207,781
Tribus TSG Limited	100%	-	100	100	-	-	-	100	-
		11,181,025	335,915	11,516,940	24,129,866	3,767,153	27,897,019	39,413,960	35,310,891
Reclassification to assets held for sale:									
GenAfrica Investment Management Limited		(1,079,453)	-	(1,079,453)	(324,730)	(920,047)	(1,244,777)	(2,324,230)	(1,404,183)
		10,101,572	335,915	10,437,487	23,805,136	2,847,106	26,652,242	37,089,730	33,906,708

6 GROUP COMPOSITION (CONTINUED)

6.1 Interest in subsidiaries (continued)

The companies interest in subsidiaries is as set out below:

		Cost			Cumulative fair value gains			Fair Value	
Company	**Ownership**	**01-Apr-16**	**Additions**	**31-Mar-17**	**01-Apr-16**	**In the year**	**31-Mar-17**	**31-Mar-17**	**31-Mar-16**
	%	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Athena Properties Limited	100%	114,735	-	114,735	337,493	(427,135)	(89,642)	25,093	452,228
Rasimu Limited	100%	100	-	100	719,899	35,770	755,669	755,769	719,999
Centum BVI Limited	100%	8	-	8	(8)	-	(8)	-	-
Two Rivers Development Limited	58%	1,216,458	-	1,216,458	9,516,587	1,582,944	11,099,531	12,315,989	10,733,045
Uhuru Heights Limited	100%	100	-	100	207,023	54,226	261,249	261,349	207,123
eTransact Limited	100%	100	-	100	(100)	-	(100)	-	-
Centum Exotics Limited	100%	100	-	100	146,277	(146,377)	(100)	(0)	146,377
Centum Development Limited	100%	91	-	91	1,064,023	(203,218)	860,805	860,896	1,064,114
Nabo Capital Limited	100%	438,000	-	438,000	390,470	(417,668)	(27,198)	410,802	828,470
Kilele Holdings Limited	100%	68	-	68	2,119,142	(2,063)	2,117,079	2,117,147	2,119,210
GenAfrica Investment Management Limited	73%	1,079,453	-	1,079,453	78,120	246,610	324,730	1,404,183	1,157,573
Mvuke Limited	100%	100	-	100	(100)	-	(100)	0	-
Centum Business Solutions Limited	100%	100	-	100	-	17,419	17,419	17,519	100
King Beverage Limited	100%	68,000	-	68,000	(68,000)	-	(68,000)	-	-
Almasi Beverages Limited	52%	2,173,633	1,080,390	3,254,023	1,371,738	3,090,711	4,462,449	7,716,472	3,545,371
Bakki Holdco Limited	100%	3,447,650	-	3,447,650	520,535	(735,952)	(215,417)	3,232,233	3,968,185
Vipingo Development Limited	100%	100	264	364	-	3,950,499	3,950,499	3,950,863	100
Vipingo Estates Limited	100%	386,209	-	386,209	-	703,419	703,419	1,089,628	386,209
Greenblade Growers Limited	100%	89,059	121,013	210,072	(6,609)	3,641	(2,968)	207,104	82,450
Mwaya Investments Company Limited	100%	1,000	-	1,000	(382)	(618)	(1,000)	-	618
Longhorn Publishers limited	60%	-	749,866	749,866	-	(11,803)	(11,803)	738,063	-
Zohari Leasing Limited	100%	-	214,428	214,428	-	(6,647)	(6,647)	207,781	-
		9,015,064	2,165,961	11,181,025	16,396,108	7,733,758	24,129,866	35,310,891	25,411,172

6.1. Interest in subsidiaries (continued)

i) Incorporation and principal activity

Company	Country of incorporation	Classification	Principal activity
Athena properties Limited	Kenya	Investment operations	End-to-end project and development management services for real estate projects
Rasimu Limited	Kenya	Investment operations	Investment holding company. At 31 March 2018, the company's sole holding was a 3.65% stake in Two Rivers Development Limited
Pearl Marina Estates Limited	Uganda	Investment operations	Real estate development in Uganda
Two Rivers Development Limited	Kenya	Investment operations	Real estate development. The company is developing the Two Rivers project in Nairobi. The company holds a joint controlling stake of 50% at Two Rivers Lifestyle Center Limited and a 100% stake in Two Rivers Luxury Apartments Limited, Two Rivers Power Company Limited, Two Rivers Water and Sewerage Company Limited, Two Rivers Property Owners Limited, Two Rivers Office Suites Limited, Two Rivers Development Phase 2 Limited and Two Rivers Theme Park Limited.
Uhuru Heights Limited	Kenya	Investment operations	The company is an investment holding company . At 31 March 2018, the company's holdings were a 1.05% stake in Two Rivers Development Limited and investment property
Centum Exotics Limited	Mauritius	Investment operations	The company is engaged in investment in quoted private equity investments. At 31 March 2018, the company held 100% stake in Oleibon Investments Limited.
Centum Development Limited	Mauritius	Investment operations	The company is an investment holding company for real estate development. At 31 March 2018, the company's sole holding was in Pearl Marina Estates Limited
Nabo Capital Limited	Kenya	Financial services	The company is involved in fund management and transaction advisory services.
Investpool Holdings Limited	Mauritius	Investment operations	Investment Holding Company. At 31 March 2018, the company held 100% of Kilele Holdings Limited that is a private equity holding company and Mvuke Limited that is a special purpose vehicle to explore Geothermal opportunities in Africa.
GenAfrica Asset Managers Limited	Kenya	Financial services	Provision of fund management services. Currently carried as asset held for sale.
Centum Business Solutions Limited	Kenya	Investment operations	Provision of shared services to Centum Investment Company Plc and its subsidiaries.
King Beverages Limited	Kenya	Trading	Importation, distribution and sale of alcoholic beverages
Almasi Beverages Limited	Kenya	Trading	Investment holding company for Mount Kenya Bottlers, Kisii Bottlers and Rift Valley Bottlers Limited. The principal activity of these subsidiaries is to bottle and market soft drinks under a franchise from the Coca-Cola Company.
Bakki Holdco Limited	Kenya	Financial services	Holding company for the Group's investment in Sidian Bank Limited.
Vipingo Development Limited	Kenya	Investment operations	Real estate development
Vipingo Estates Limited	Kenya	Investment operations	Real estate development
Greenblade Growers Limited	Kenya	Trading	Agricultural production

6.1. Interest in subsidiaries (continued)

i) Incorporation and principal activity

Company	Country of incorporation	Classification	Principal activity
Shefa Holdings Limited	Mauritius	Investment operations	Private equity investments
Zohari Leasing Limited	Kenya	Financial services	Leasing services
Mvuke Limited	Kenya	Investment operations	Investment holding company for Akiira Geothermal Limited.
eTransact Limited	Kenya	Investment operations	Dormant entity
Centum BVI Limited	British Virgin Islands	Investment operations	Dormant entity
Mwaya Investment Company Limited	Mauritius	Investment operations	Private equity investments
Longhorn Publishers Limited	Kenya	Trading	Public limited liability company involved in publishing and distribution of learning materials in Kenya and East Africa.
Tribus TSG Limited	Kenya	Investment operations	Training, security and governance consultancy services.

6.1 Interest in subsidiaries (continued)

ii) Significant restrictions

No local exchange control regulations apply in relation to exporting capital in the foreign jurisdictions where the Group has incorporated subsidiaries.

iii) Non controlling interests

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	GenAfrica Asset Managers Limited		Sidian Bank Limited		Almasi Beverages Limited		Two Rivers Development Limited		Longhorn Publishers Limited	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Summarised balance sheet										
Current assets	501,261	323,072	9,969,025	9,132,090	3,782,809	3,142,448	6,475,132	862,144	1,291,622	1,340,811
Current liabilities	(202,174)	(51,161)	(17,485,705)	(13,258,526)	(2,011,450)	(1,587,328)	(1,764,236)	(1,528,066)	(440,639)	(767,974)
Net current assets	299,087	271,911	(7,516,680)	(4,126,437)	1,771,359	1,555,120	4,710,896	(665,922)	850,983	572,837
Non current assets	76,434	38,185	11,864,531	11,902,945	7,108,083	6,419,125	22,481,143	25,121,730	632,197	293,867
Non current liabilities	(883)	-	(718,503)	(3,900,043)	(1,352,756)	(1,790,476)	(8,814,081)	(5,525,329)	(574,159)	-
Net non current assets	75,551	38,185	11,146,028	8,002,903	5,755,328	4,628,649	13,667,061	19,596,401	58,038	293,867
Net assets	374,638	310,096	3,629,348	3,876,466	7,526,687	6,183,769	18,377,957	18,930,479	909,021	866,704
Accumulated non controlling interests	99,841	82,641	834,024	1,007,881	3,473,566	2,853,809	7,658,095	7,888,331	361,790	344,948
Summarised income statement										
Income	542,494	447,652	2,659,267	3,421,090	8,348,883	7,959,353	313,277	837,622	1,280,482	1,248,058
Profit for the year	134,235	141,029	(439,245)	(221,714)	920,563	765,469	(1,004,590)	1,948,984	106,756	136,482
Other comprehensive income	-	-	-	-	(394,057)	170	-	129,324	-	-
Total comprehensive income	134,235	141,029	(439,245)	(221,714)	526,505	765,639	(1,004,590)	2,078,308	106,756	136,482
Profit allocated to non controlling interests	35,774	37,584	(100,938)	(57,646)	242,982	353,342	(418,613)	812,064	42,489	54,320
Dividends paid to non controlling interests	44,985	31,980	-	-	196,301	68,131	-	-	41,389	37,951

6.2 Investment in associates and joint ventures

Associates and joint ventures are accounted for using the equity method and are recognised initially at cost. The Group's investment in associates and joint ventures includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of post acquisition accumulated profits or losses of associated companies and joint ventures in the carrying amount of the investments, which are generally determined from their latest audited annual financial statements or management accounts and the annual profit attributable to the Group is recognised in profit or loss.

The Group's share of any post-acquisition movement in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

The carrying amount of the Group's investments in associates and joint ventures is reduced to recognise any potential impairment in the value of individual investments. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless the Group has an obligation, issued guarantees or made payments on behalf of the associate or joint venture.

Dilution gains or losses arising on investments in associates and joint ventures are recognised in profit or loss. If the ownership interests in an associate or joint venture is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss. Profits or losses resulting from upstream and downstream transactions between the Group and its associates and joint ventures are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associates and joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Adjustments have been made where necessary to align the accounting policies of the associates and joint ventures with those of the Group.

6.2.1 Investment in associates

Set out below are the associates of the Group at 31 March 2018. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of incorporation	% of ownership interest	
		2018	2017
Nairobi Bottlers Limited	Kenya	27.62%	27.62%
UAP Financial Services Limited	Uganda	29.00%	29.00%
Platcorp Holdings Limited	Mauritius	-	27.63%
Akiira Geothermal Limited	Kenya	37.50%	37.50%
Africa Crest Education (ACE) Holdings	Dubai	-	40.00%

*The Group disposed of its entire stake in Platcorp Holdings Limited during the year.

6.2 Investment in associates and joint ventures (continued)

6.2.1 Investment in associates (continued)

Movements in investments in associates is as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
At start of year	4,135,409	4,477,705	4,686,675	5,655,429
Share of profits after taxation	236,978	532,686	-	-
Fair value gain/(loss)	-	-	689,661	(283,617)
Dividends received	(150,544)	(277,326)	-	-
Additions during the year	81,149	633,998	-	294,863
Reclassification to unquoted investments	(294,863)	-	(294,863)	-
Disposals at cost	-	-	-	(17,235)
Disposal on acquisition of control	-	(284,101)	-	(242,000)
Disposal at share of net assets	(1,262,140)	(947,553)	-	-
Reserves released on disposal	-	-	-	(720,765)
	2,745,989	4,135,409	5,081,473	4,686,675

Associates are accounted for under the equity method in the Group's financial statements. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus share of subsequent profits and other comprehensive income less any impairment in the value of individual investments.

The Group used audited financial statements for associates for the year ended 31 December 2017 to account for the Group's investment in associates using the equity method. Significant transactions (if any) in the intermediate period are adjusted.

Associates are held at fair value in the Company's separate financial statements. See note 1.5.2

Disposal of associates

Year ended 31 March 2018

On 21 March 2018, Kilele Holdings Limited (a wholly owned subsidiary) sold its entire 27.63% equity investment in Platcorp Holdings Limited for cash.

The gains on disposal are as shown below:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
Proceeds on disposal	1,909,584	1,895,760	-	1,080,000
Carrying value	(1,262,140)	(947,553)	-	(17,235)
Gain on disposal	647,444	948,207	-	1,062,765

Year ended 31 March 2017

Centum Investment Company Plc disposed off its 26.43% investment in KWAL Holdings Limited.

Kilele Holdings Limited sold 9.27% of its investment in Platcorp Holdings Limited.

6.2 Investment in associates and joint ventures (continued)

6.2.1 Investment in associates (continued)

Summarised financial information of associates

Set out below is the summarised financial information of the associates that are material to the Group. The summarised financial information is adjusted to reflect adjustments made by the Group when applying the equity method, including fair value adjustments at acquisition and modifications for differences in accounting policy. There were no modifications for differences in accounting policy in 2018 and 2017.

	Fast moving consumer goods		Financial services		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Summarised statement of financial position								
Cash and cash equivalent	145,807	154,471	-	1,443,934	-	-	145,807	1,598,405
Other current assets	4,718,817	3,277,195	-	982,404	-	-	4,718,817	4,259,599
Total current assets	**4,864,624**	**3,431,666**	**-**	**2,426,338**	**-**	**-**	**4,864,624**	**5,858,004**
Non current assets	11,697,527	10,698,639	-	8,483,580	-	-	11,697,527	19,182,219
Financial liabilities (excluding trade payables)	(2,514,787)	(1,955,624)	-	-	-	-	(2,514,787)	(1,955,624)
Other current liabilities	(5,495,149)	(4,189,571)	-	(1,145,670)	-	-	(5,495,149)	(5,335,241)
Total currrent liabilities	**(8,009,936)**	**(6,145,195)**	**-**	**(1,145,670)**	**-**	**-**	**(8,009,936)**	**(7,290,865)**
Financial liabilities	(1,756,140)	(1,866,667)	-	(7,669,834)	-	-	(1,756,140)	(9,536,501)
Other non current liabilities	(1,981,091)	(1,598,359)	-	-	-	-	(1,981,091)	(1,598,359)
Total non current liabilities	**(3,737,231)**	**(3,465,026)**	**-**	**(7,669,834)**	**-**	**-**	**(3,737,231)**	**(11,134,860)**
Net assets	**4,814,984**	**4,520,084**	**-**	**2,094,414**	**-**	**-**	**4,814,984**	**6,614,498**
Reconciliation to carrying amounts:								
Opening net assets at 1 April:	4,520,084	6,307,273	2,094,413	1,572,152	-	438,395	6,614,497	8,317,820
Profit for the year	857,993	791,551	-	872,142	-	-	857,993	1,663,693
Other comprehensive income	-	-	-	-	-	-	-	-
Derecognition of net assets on disposal*	-	(2,134,827)	(2,094,413)	-	-	(438,395)	(2,094,413)	(2,573,222)
Dividends paid	(563,093)	(443,913)	-	(349,881)	-	-	(563,093)	(793,794)
Closing net assets	**4,814,984**	**4,520,084**	**-**	**2,094,413**	**-**	**-**	**4,814,984**	**6,614,497**

6 GROUP COMPOSITION (CONTINUED)

6.2 Investment in associates and joint ventures (continued)

6.2.1 Investment in associates (continued)

Summarised financial information of associates (continued)

	Fast moving consumer goods		Financial services		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Summarised statement of comprehensive income								
Revenue	15,593,512	14,573,005	-	-	-	-	15,593,512	14,573,005
Interest income	-	-	-	4,044,279	-	-	-	4,044,279
Interest expense	(352,898)	(235,281)	-	(1,212,541)	-	-	(352,898)	(1,447,822)
Income tax expense	(454,687)	(371,676)	-	(439,754)	-	-	(454,687)	(811,430)
Profit/(loss) for the period	**857,993**	**791,551**	**-**	**872,142**	**-**	**-**	**857,993**	**1,663,693**
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	**857,993**	**791,551**	**-**	**872,142**	**-**	**-**	**857,993**	**1,663,693**
Dividends received from associates	150,544	141,545	-	135,781	-	-	150,544	277,326

For the purposes of this disclosure, the associates have been grouped by industry sector.

*The net assets derecognised on disposal relate to the net assets of Platcorp Holdings Limited that was disposed off during the year.

6.2 Investment in associates and joint ventures (continued)

6.2.2 Investment in joint ventures

Set out below are the joint ventures of the Group at 31 March 2018. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Country of incorporation	% of ownership interest	
		2018	**2017**
Two Rivers Lifestyle Centre Limited	Mauritius	50%	50%
Amu Power Company Limited	Kenya	51%	51%

Movements in joint ventures are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
At start of year	9,384,701	8,570,126	2,144,452	2,144,126
Share of profits after tax	457,920	814,249	-	-
Foreign exchange loss	(44,821)	36,859	(44,821)	36,859
Disposal	-	(36,533)	-	(36,533)
	9,797,800	9,384,701	2,099,631	2,144,452

Joint ventures are accounted for under the equity method in the Group's and company's financial statements. Under the equity method, joint ventures are carried in the consolidated and standalone statements of financial position at cost plus share of subsequent profits and other comprehensive income less any impairment in the value of individual investments.

The Group used audited financial statements of Two Rivers Lifestyle Centre Limited for the year ended 31 March 2018 to account for the Group's joint ventures using the equity method. Amu Power Company Limited is carried at cost and still in the development phase. This is a private equity investment with no quoted market. Significant transactions in the intermediate period are adjusted.

i) Summarised financial information for joint ventures

The tables below provide summarised financial information for those joint ventures that are material to the Group.
The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

6.2 Investment in associates and joint ventures (continued)

6.2.2 Investment in joint ventures (continued)

i) Summarised financial information for joint ventures (continued)

	Two Rivers Lifestyle Centre Limited	
	2018	**2017**
Summarised balance sheet	**Ksh'000**	**Ksh'000**
Current assets:		
- Cash and cash equivalent	30,394	175,042
- Other current assets	2,172,057	1,650,829
Total current assets	2,202,451	1,825,871
Non current assets	22,480,598	21,242,177
Current liabilities:		
- Financial liabilities (excluding trade payables)	(111,835)	(2,516,789)
- Other current liabilities	(1,671,216)	(1,706,817)
Total current liabilities	(1,783,051)	(4,223,606)
Non current liabilities		
- Financial liabilities (excluding trade payables)	(7,877,795)	(7,374,704)
- Other current liabilities	(2,636,626)	-
Total non current liabilities	(10,514,421)	(7,374,704)
Net assets	**12,385,577**	**11,469,738**
Reconciliation to carrying amounts:		
At start of year	11,469,738	9,841,240
Profit/loss for the year	915,839	1,628,498
Other comprehensive income	-	-
Capital contribution	-	-
Dividends paid	-	-
At end of year	12,385,577	11,469,738
Group's share in %	50%	50%
Group's share in Kes	6,192,789	5,734,869
Goodwill	**-**	**-**
Carrying amount	**6,192,789**	**5,734,869**
Summary statement of comprehensive income		
Income	871,861	600,764
Interest income	584	10,831
Depreciation and amortisation	(48,241)	(5,865)
Interest expense	(597,927)	(74,942)
Income tax credit/(expense)	1,459,356	1,396,503
Profit for the year	**915,839**	**1,628,498**
Other comprehensive income	-	-
Total comprehensive income	**915,839**	**1,628,498**

ii) Other joint ventures

In addition to the interest in joint ventures disclosed above, the Group also has interests in Amu Power Company Limited.
The carrying amount of the investment is at the historical cost and represents the Group's investments in the company's power project. The management considers the cost to be the estimate of fair values.

6.3 Discontinued operations

a) Description

On 20 March 2018 the Group announced its intention to exit the asset management business and initiated an active program to locate a buyer for its subsidiary, GenAfrica Asset Managers Limited. At 31 March 2018, a buyer had been identified and a memorandum of understanding signed between the parties. The associated assets and liabilities are consequently presented as held for sale. See note 8.6.

b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the 12 months ended 31 March 2018 and 31 March 2017.

	Note	2018 Ksh'000	2017 Ksh'000
Revenue	2.2	542,494	447,652
Operating and administrative expenses		(341,230)	(240,096)
Profit before tax		201,264	207,556
Income tax expense		(65,664)	(66,527)
Profit after income tax of discontinued operation		**135,600**	**141,029**
Other comprehensive income		-	-
Total comprehensive income of discontinued operation		135,600	141,029
Net cash inflow from operating activities		170,430	-
Net cash inflow from investing activities		(46,393)	-
Net cash ouflow from financing activities		(70,000)	-
Net increase in cash generated by the subsidiary		54,037	-

c) Assets and liabilities classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 March 2018:

	2018 Ksh'000	2017 Ksh'000
Assets classified as held for sale		
Property and equipment	18,794	-
intangible assets	57,640	-
Trade and other receivables	299,059	-
Cash and cash equilavent	202,203	-
Total assets of disposal group held for sale	577,695	-
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	(183,446)	-
Current tax liabilities	(18,729)	-
Deferred tax liablities	(883)	-
Total liabilities of disposal group held for sale	(203,058)	-

7. Other financial assets and liabilities

7.1 Loans and advances

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those classified by the bank as at fair value through profit or loss or available-for-sale.

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Origination transaction costs and origination fees received that are integral to the effective rate are capitalised to the value of the loan and amortised through interest income as part of the effective interest rate. The majority of the bank's loans and advances are included in the loans and receivables category.

	Group	
	2018	**2017**
	Ksh'000	**Ksh'000**
Term loans	11,809,445	12,631,375
Overdrafts	822,227	797,913
Gross loans and advances	12,631,672	13,429,288
Provision for impaired loans and advances	(859,551)	(795,880)
	11,772,121	12,633,408
Analysis of gross loans and advances by maturity		
Maturing within one year	1,790,219	2,435,631
Between two and three years	4,151,554	2,443,672
Over 3 years	6,689,899	8,549,985
	12,631,672	13,429,288

Loans and advances are held by Sidian Bank Limited.

The aggregate amount of non-performing advances was Ksh 2,614,882,587 (2017: Ksh 3,373,284,000) against which provisions of Ksh 859,551,000 (2017: ksh 795,880,000) in addition to the suspended interest as shown above. The weighted average effective interest rate on loans and advances as at 31 March 2018 was 14% (2017: Shs 14%).

The collateral held against these loans includes mortgages, motor vehicles, land and building, chattels, share certificates among other assets.

	Group	
	2018	**2017**
	Ksh'000	**Ksh'000**
Fair value of collateral held	27,847,691	26,577,236

7.1 Loans and advances (continued)

Impairment of loans and advances

The bank assesses at each reporting date whether there is objective evidence that a loan or group of loans is impaired. A loan or group of loans is impaired if objective evidence indicates that a loss event has occurred after initial recognition which has a negative effect on the estimated future cash flows of the loan or group of loans that can be estimated reliably.

Criteria that are used by the bank in determining whether there is objective evidence of impairment include:
- known cash flow difficulties experienced by the borrower;
- a breach of contract, such as default or delinquency in interest and/or principal payments;
- breaches of loan covenants or conditions;
- it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and
- where the bank, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the bank would not otherwise consider.

The bank first assesses whether there is objective evidence of impairment individually for loans that are individually significant, and individually or collectively for loans that are not individually significant. Non-performing loans include those loans for which the bank has identified objective evidence of default, such as a breach of a material loan covenant or condition as well as those loans for which instalments are due and unpaid for 90 days or more. The impairment of non-performing loans takes into account past loss experience adjusted for changes in economic conditions and the nature and level of risk exposure since the recording of the historic losses.

When a loan carried at amortised cost has been identified as specifically impaired, the carrying amount of the loan is reduced to an amount equal to the present value of its estimated future cash flows, including the recoverable amount of any collateral, discounted at the financial asset's original effective interest rate. The carrying amount of the loan is reduced through the use of a specific credit impairment account and the loss is recognised as a credit impairment charge in profit or loss.

The calculation of the present value of the estimated future cash flows of collateralised financial assets recognised on an amortised cost basis includes cash flows that may result from foreclosure less costs of obtaining and selling the collateral, whether or not foreclosure is probable.

If the bank determines that no objective evidence of impairment exists for an individually assessed loan, whether significant or not, it includes the loan in a group of financial loans with similar credit risk characteristics and collectively assesses for impairment. Loans that are individually assessed for impairment and for which an impairment loss is recognised are not included in a collective assessment for impairment.

Impairment of groups of loans that are assessed collectively is recognised where there is objective evidence that a loss event has occurred after the initial recognition of the group of loans but before the reporting date. In order to provide for latent losses in a group of loans that have not yet been identified as specifically impaired, a credit impairment for incurred but not reported losses is recognised based on historic loss patterns and estimated emergence periods (time period between the loss trigger events and the date on which the bank identifies the losses). Groups of loans are also impaired when adverse economic conditions develop after initial recognition, which may impact future cash flows. The carrying amount of groups of loans is reduced through the use of a portfolio credit impairment account and the loss is recognised as a credit impairment charge in profit or loss.

Increases in loan impairments and any subsequent reversals thereof, or recoveries of amounts previously impaired (including loans that have been written off), are reflected within credit impairment charges in profit or loss.
Previously impaired loans are written off once all reasonable attempts at collection have been made and there is no realistic prospect of recovering outstanding amounts. Any subsequent reductions in amounts previously impaired are reversed by adjusting the allowance account with the amount of the reversal recognised as a reduction in impairment for credit losses in profit or loss. Subsequent to impairment, the effects of discounting unwind over time as interest income.

Renegotiated loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

7.1 Loans and advances (continued)

Renegotiated loans (continued)

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
- Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
- Significant extension of the loan term when the borrower is not in financial difficulty.
- Significant change in the interest rate.
- Change in the currency the loan is denominated in.
- Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of renegotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

Collateral on loans and advances

The Group routinely obtains collateral and security to mitigate credit risk. The Group ensures that any collateral held is sufficiently liquid, legally effective, enforceable and regularly reassessed. Before attaching value to collateral, business holding approved collateral must ensure that they are legally perfected devoid of any encumbracnces. Security structures and legal covenants are subject to regular review, to ensure that they remain fit for purpose and remain consistent with accepted local market practice.

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees.

Valuation of collateral taken will be within agreed parameters and will be conservative in value. The valuation is performed only on origination or in the course of enforcement actions. Collateral for impaired loans is reviewed regularly to ensure that it is still enforceable and that the impairment allowance remains appropriate given the current valuation.

The Group will consider all relevant factors, including local market conditions and practices, before any collateral is realized.

7.1 Loans and advances (continued)

	Group	
	2018	**2017**
Charge to profit or loss:	**Ksh'000**	**Ksh'000**
Provision in the year	463,544	326,645
Recoveries on amounts previously provided for	(14,373)	(12,693)
	449,171	313,952

Statement of financial position:

	Individually assessed	**Collectively assessed**	**Total**
Year ended 31 March 2018	**Ksh'000**	**Ksh'000**	**Ksh'000**
At start of year	691,267	104,613	795,880
Provision for impairment losses	456,210	7,334	463,544
Loans written off in the year	(399,873)	-	(399,873)
	56,337	7,334	63,671
At end of year	747,604	111,947	859,551
Year ended 31 March 2017			
At start of year	588,282	106,082	694,364
Provision for impairment losses	337,535	(10,890)	326,645
Loans written off in the year	(234,550)	9,421	(225,129)
	102,985	(1,469)	101,516
At end of year	691,267	104,613	795,880

The directors believe that the net recoverable amounts are reasonable based on past experience.

7.2 Government securities and corporate bonds:

		Group		Company	
		2018	2017	2018	2017
	Notes	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Government securities at fair value through profit or loss	7.2.1	401,555	51,662	-	-
Government securities at amortised cost	7.2.2	3,151,297	2,225,716	-	-
Corporate bonds at amortised cost	7.2.3	143,694	744,120	-	-
Commercial papers at amortised cost	7.2.4	359,881	-	297,786	-
		4,056,427	3,021,498	297,786	-

7.2.1 Government securities at fair value through profit or loss

At start of year	51,662	584,739	-	-
Additions	398,739	199,705	-	-
Disposals	(50,922)	(736,317)	-	-
Accrued interest	3,127	740	-	-
Fair value gains/(losses)	(1,051)	2,795	-	-
At end of year	401,555	51,662	-	-

Changes in fair values of government securities at fair value through profit and loss are recorded in 'investment income' in the profit or loss account.

	Group		Company	
	2018	2017	2018	2017
7.2.2 Government securities at amortised cost	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	2,225,716	2,502,497	-	-
Additions	1,886,843	10,400	-	-
Disposals	(1,202,244)	(363,815)	-	-
Accrued interest	240,981	76,634	-	-
At end of year	3,151,296	2,225,716	-	-

7.2.3 Corporate bonds at amortised cost

At start of year	744,120	903,593	-	-
Additions	-	157,460	-	-
Impairment of Chase Bank Bond	(200,000)	-	-	-
Accrued interest	5,990	(747)	-	-
Maturities	(406,415)	(316,186)	-	-
At end of year	143,695	744,120	-	-

7.2.4 Commercial papers at amortised cost

	Group		Company	
	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	-	-	-	-
Additions	340,942	-	287,442	-
Accrued interest	18,939	-	10,344	-
At end of year	359,881	-	297,786	-

The maturity profile of government securities and corporate bonds is set out below:

Year ended 31 March 2018

	0 - 180 days	181 days - 1 year	1 - 5 years	Over 5 years	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Government securities at fair value through profit and loss	-	-	-	401,555	401,555
Government securities at amortised cost	-	3,151,296	-	-	3,151,296
Corporate bonds at amortised cost	-	-	143,695	-	143,695
Commercial papers at amortised cost		359,881			359,881
	-	3,511,178	143,695	401,555	4,056,427

Year ended 31 March 2017

	0 - 180 days	181 days - 1 year	1 - 5 years	Over 5 years	Total
Government securities at fair value through profit and loss	-	-	-	51,662	51,662
Government securities at amortised cost	653,186	10,400	-	1,562,130	2,225,716
Corporate bonds at amortised cost	-	62,986	681,134	-	744,120
	653,186	73,386	681,134	1,613,792	3,021,498

Customer deposits

	Group	
	2018	2017
	Ksh'000	Ksh'000
Call and fixed deposits	5,971,952	4,341,785
Current and demand accounts	4,595,765	3,537,076
Savings accounts:		
- micro savers	1,175,773	1,401,649
- others	1,088,905	518,239
	12,832,395	9,798,749
Analysis of customer deposits by maturity:		
Payable within one year	12,558,952	6,051,961
Between one year and three years	273,443	3,746,788
	12,832,395	9,798,749

Customer deposits are held in Sidian Bank Limited

8 NON FINANCIAL ASSETS

8.1 Property, plant and equipment

All categories of property, plant and equipment excluding land and buildings are initially recorded at cost and subsequently depreciated. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown under other reserves in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve, all other decreases are charged to profit or loss.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	40 - 50 years
Factory plant and machinery	8 years
Motor vehicles, lorries and trucks	4 - 5 years
Computers	3 - 4 years
Furniture, fittings and equipment	8 - 10 years

Depreciation charged on factory plant, buildings, machinery and motor vehicles used in distribution of raw materials and finished goods is included in cost of sales while depreciation on all the other assets is included in operating and administrative expenses in the statement of profit or loss.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

8.1 Property, plant and equipment (continued)

Impairment

An impairment loss is recognised in profit or loss if the carrying amount of an asset or a cash-generating unit exceeds its estimated recoverable amount. For the purpose of impairment testing, assets are grouped together into cash-generating units. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Goodwill arising from business combinations is allocated to CGUs or the group of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is subsequently reversed only to the extent that the asset or cash-generating unit's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

The Group annually reviews the carrying amounts of its property, plant and equipment in order to determine whether there is any indication of impairment. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent, if any, of the impairment loss.

8 NON FINANCIAL ASSETS (CONTINUED)

8.1 Property, plant and equipment (continued)

Group

	Land and buildings	Factory, plant and equipment	Office furniture and fittings	Motor vehicles	Computers	Bottles, coolers, crates	Work in progress*	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 April 2017								
Cost or valuation	2,394,628	3,478,588	1,208,331	416,748	473,595	1,657,991	2,762,077	12,391,958
Accumulated depreciation	(91,218)	(558,588)	(439,430)	(156,540)	(229,629)	(844,545)	-	(2,319,950)
Net book amount	**2,303,410**	**2,920,000**	**768,901**	**260,208**	**243,966**	**813,446**	**2,762,077**	**10,072,008**
Year ended 31 March 2018								
Opening net book amount	2,303,410	2,920,000	768,901	260,208	243,966	813,446	2,762,077	10,072,008
Additions	29,552	733,135	163,836	324,183	43,149	288,549	169,653	1,752,058
Transfers**	-	2,157,247	-	-	-	-	(2,157,247)	-
Disposals	(370)	153,996	(5,089)	(114,331)	(187)	(30,072)	(251,365)	(247,418)
Reclassification to assets classified as held for sale	(280,000)	(746)	(628)	(3,153)	(14,267)	-	-	(298,794)
Revaluation deficit	(404,353)	-	-	-	-	-	-	(404,353)
Depreciation released on revaluation	126,441	-	-	-	-	-	-	126,441
Depreciation released on disposal	-	43,876	4,939	61,180	32	-	-	110,027
Depreciation charge	(49,239)	(493,945)	(84,759)	(112,177)	(41,160)	(663,226)	-	(1,444,507)
Closing net book amount	**1,725,441**	**5,513,562**	**847,200**	**415,910**	**231,533**	**408,697**	**523,118**	**9,665,461**
At 31 March 2018								
Cost or valuation	1,739,457	6,513,597	1,348,240	620,913	495,232	1,916,468	523,118	13,157,025
Accumulated depreciation	(14,016)	(1,000,035)	(501,040)	(205,003)	(263,699)	(1,507,771)	-	(3,491,564)
Net book amount	**1,725,441**	**5,513,562**	**847,200**	**415,910**	**231,533**	**408,697**	**523,118**	**9,665,461**

The revaluation surplus relates to land and buildings of Almasi Beverages Limited and Longhorn Publishers Limited. They were valued by an independent valuer.

*relates to installation works at Two Rivers Theme Park Limited and Almasi Bottlers Limited.

** relates to capitalisation of costs for assets that are ready for use from work in progress to the various classes.

8.1 **Property, plant and equipment (continued)**

Group

	Land and buildings	Factory, plant and equipment	Office furniture and fittings	Motor vehicles	Computers	Bottle coolers	Work in progress	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 April 2016								
Cost or valuation	1,097,857	2,352,360	861,897	263,626	329,369	1,024,132	2,216,925	8,146,166
Accumulated depreciation	(27,661)	(261,385)	(313,132)	(48,616)	(112,660)	(378,838)	-	(1,142,292)
Net book amount	**1,070,196**	**2,090,975**	**548,765**	**215,010**	**216,709**	**645,294**	**2,216,925**	**7,003,874**
Year ended 31 March 2017								
Opening net book amount	1,070,196	2,090,975	548,765	215,010	216,709	645,294	2,216,925	7,003,874
Additions	36,426	1,098,708	330,676	153,493	112,050	652,808	1,454,284	3,838,444
Transfers	725,662	17,317	-	12,339	-	25,065	(909,132)	(128,750)
Disposals	(5,226)	-	(6)	(43,140)	-	(44,014)	-	(92,386)
Revaluation surplus	64,226	-	-	-	-	-	-	64,226
Recognition on acquisition of subsidiary	450,000	2,886	6,272	5,427	7,734	-	-	472,319
Depreciation released on disposal	423	-	-	13,544	-	44,014	-	57,981
Depreciation charge	(38,296)	(289,886)	(116,806)	(96,464)	(92,526)	(509,721)	-	(1,143,699)
Closing net book amount	**2,303,410**	**2,920,000**	**768,901**	**260,208**	**243,966**	**813,446**	**2,762,077**	**10,072,008**
At 31 March 2017								
Cost or valuation	2,394,628	3,478,588	1,208,331	416,748	473,595	1,657,991	2,762,077	12,391,958
Accumulated depreciation	(91,218)	(558,588)	(439,430)	(156,540)	(229,629)	(844,545)	-	(2,319,950)
Net book amount	**2,303,410**	**2,920,000**	**768,901**	**260,208**	**243,966**	**813,446**	**2,762,077**	**10,072,008**

8.1 Property, plant and equipment (continued)

Group

There are no assets within property, plant and equipment where the Group is a lessee under a finance lease. Information on non-current assets pledged as security by the Group is set out under Note 9.1.

If freehold land and buildings carried at fair value were stated on the historical cost basis, the amounts would be as follows:

	2018	2017
	Ksh'000	Ksh'000
Land and buildings:		
Cost	1,633,181	1,787,159
Accumulated depreciation	(90,064)	(93,913)
Net book amount	1,543,117	1,693,246

Fair value hierarchy

Details of the fair value hierarchy for the Group's property plant and equipment held at fair value as at 31 March 2018 are as follows. An explanation of each level is provided in Note 10.1(d)

	Level 1	Level 2	Level 3	Total
31 March 2018	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Land and buildings	-	-	1,725,441	1,725,441
31 March 2017				
Land and buildings	-	-	2,303,410	2,303,410

The following table presents the changes in level 3 items for the year ended 31 March 2018 and 31 March 2017 for recurring fair value measurements:

	2018	2017
	Ksh'000	Ksh'000
At start of year	2,303,410	1,070,196
Additions	29,552	762,088
Disposals	(370)	(4,803)
Revaluation surplus	(404,353)	64,226
Reclassification to assets classified as held for sale	(280,000)	-
Depreciation released on revaluation	126,441	-
Recognition on acquisition of subsidiary	-	450,000
Depreciation charge	(49,239)	(38,296)
At end of year	1,725,441	2,303,410

8.1 Property, plant and equipment (continued)

Company

Property and equipment	**Motor Vehicles**	**Computers**	**Furniture & Fittings**	**Total**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
At 1 April 2017				
Cost	27,536	-	-	27,536
Accumulated amortisation	(4,691)	-	-	(4,691)
Net book amount	22,845	-	-	22,845
Year ended 31 March 2018				
Opening net book amount	22,845	-	-	22,845
Additions	-	3,722	112,338	116,060
Depreciation charge	(5,633)	(166)	-	(5,799)
Closing net book amount	17,212	3,556	112,338	133,106
At 31 March 2018				
Cost	27,536	3,722	112,338	143,596
Accumulated amortisation	(10,324)	(166)	-	(10,490)
Net book amount	17,212	3,556	112,338	133,106
At 1 April 2016				
Cost	-		-	-
Accumulated amortisation	-		-	-
Net book amount	-		-	-
Year ended 31 March 2017				
Opening net book amount	-		-	-
Additions	27,536		-	27,536
Depreciation charge	(4,691)		-	(4,691)
Closing net book amount	22,845		-	22,845
At 31 March 2017				
Cost	27,536		-	27,536
Accumulated amortisation	(4,691)		-	(4,691)
Net book amount	22,845		-	22,845

8.2 Intangible assets and goodwill

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of associates is included in investments in associates. Goodwill on subsidiaries is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

Computer software

Expenditure incurred on computer software are initially accounted for at cost and subsequently at cost less any accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight line basis over the estimated useful lives for a period of 3 to 5 years.

An impairment loss is recognised in profit or loss if the carrying amount of an asset or a cash-generating unit exceeds its estimated recoverable amount. For the purpose of impairment testing, assets are grouped together into cash-generating units. The recoverable amount of an asset or cash-generating unit is the higher of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is subsequently reversed only to the extent that the asset or cash-generating unit's carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised. A reversal of an impairment loss is recognised immediately in profit or loss. An impairment loss in respect of goodwill is not reversed.

	Group			Company
	Goodwill	Computer Software	Total	Computer Software
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 April 2017:				
Cost	3,528,732	785,120	4,313,852	2,327
Accumulated amortisation and impairment	-	(313,059)	(313,059)	(1,764)
Net book amount	3,528,732	472,061	4,000,793	563
Year ended 31 March 2018				
Opening net book amount	3,528,732	472,061	4,000,793	563
Additions	-	410,263	410,263	-
Reclassification to assets held for sale	(967,210)	(57,640)	(1,024,850)	-
Disposals	-	(8,523)	(8,523)	-
Amortisation charge	-	(130,904)	(130,904)	(358)
Closing net book amount	2,561,522	685,257	3,246,779	205
At 31 March 2018				
Cost	2,561,522	1,125,993	3,687,515	2,327
Accumulated amortisation and impairment	-	(440,736)	(440,736)	(2,122)
Net book amount	2,561,522	685,257	3,246,779	205

8.2 Intangible assets and goodwill (continued)

	Group			Company
	Goodwill	Computer software	Total	Computer software
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 1 April 2016:				
Cost	3,167,397	812,287	3,979,684	2,327
Accumulated amortisation and impairment	-	(368,320)	(368,320)	(989)
Net book amount	3,167,397	443,967	3,611,364	1,338
Year ended 31 March 2017				
Opening net book amount	3,167,397	443,967	3,611,364	1,338
Additions - acquisitions	361,335	176,803	538,138	-
Recognition on acquisition of subsidiary	-	9,025	9,025	-
Disposals	-	(212,995)	(212,995)	-
Amortisation released on disposal	-	176,397	176,397	-
Amortisation charge	-	(121,136)	(121,136)	(775)
Closing net book amount	3,528,732	472,061	4,000,793	563
At 31 March 2017				
Cost	3,528,732	785,120	4,313,852	2,327
Accumulated amortisation and impairment	-	(313,059)	(313,059)	(1,764)
Net book amount	3,528,732	472,061	4,000,793	563

Goodwill on acquisition

Goodwill represents the excess of the cost of acquisition over the fair value of the share of net identifiable assets of the subsidiary at the date of acquisition. Goodwill on acquisition of associates in included in the carrying amount of the investments in associates. Goodwill is monitored by the directors at the level of the related cash generating unit (CGU) as follows:

	2018	2017
	Ksh'000	Ksh'000
Almasi Beverages Limited	1,351,539	1,351,539
Sidian Bank Limited	848,648	848,648
GenAfrica Investment Management Limited*	-	967,210
Longhorn Publishers Limited	361,335	361,335
	2,561,522	3,528,732

Goodwill is monitored by management at the group level and management considers the whole business to be one cash generating unit for the purposes of testing the impairment of goodwill.
The computation of the recoverable amounts for the purposes of Goodwill testing is done on fair value less cost to sell basis or value in use calcuations using discounted cashflows as follows:

*GenAfrica goodwill has been reclassified to assets held for sale.

8.2 Intangible assets and goodwill (continued)

Cash generating unit	Method used and assumptions
Almasi Beverages Limited	Method Used to determine recoverable amount: Fair value less cost to sell The Fair value of the entiy was determined using multiples as described in note 1.5.2 Assumptions: 1. Comparative multiples 2. Illiquidity discount *Significant estimate: Impact of possible changes in key assumptions:* 1. Comparative multiples If the comparative multiple applied in the valuation had been 5% lower than management have estimated and all other assumptions in the table above unchanged, the headroom would Ksh 428 million lower. If the comparative multiple applied in the valuation had been 5% higher than management have estimated and all other assumptions in the table above unchanged, the headroom would Ksh 428 million higher. 2. Illiquidity discount The maximum illiquidity discount has been used for purposes for determining the fair value. If the discount used was 5% lower, the headroom would have been Ksh 186 million higher.
GenAfrica Asset Managers Limited	Method Used: Fair value less cost to sell Assumptions: There were no assumptions used in detemining the fair value. The recoverable amount was based on the recent price offered for the purchase of interest in GenAfrica as descibed in note 1.5.2

8.2 Intangible assets and goodwill (continued)

Cash generating unit	Method used and assumptions
Sidian Bank Limited	Method Used to determine recoverable amount: Fair value less cost to sell The Fair value of the entiy was determined using recent transactions adjusted for control premium as described in note 1.5.2 Assumptions: 1. Comparative multiples 2. Control premium 1. Comparative multiples If the comparative multiple applied in the valuation had been 5% lower than management have estimated and all other assumptions in the table above unchanged, the headroom would have been Ksh 194 million lower. If the comparative multiple applied in the valuation had been 5% higher than management have estimated and all other assumptions in the table above unchanged, the headroom would have been Ksh 194 million higher. 2. Control premium If the premium used was 5% higher, the headroom would have been Ksh 32 million higher. If the premium used was 5% lower, the headroom would have been Ksh 32 million lower.
Longhorn Publishers Limited	Method Used to determine recoverable amount: Value in use Assumptions: 1. Sales volume - Average annual growth rate over the five-year forecast period; based on past performance and management expectations of market development. 2. Sales price - Average annual growth rate over the five-year forecast period; based on current industry trends and including long term country inflation forecast. 3. Budgeted average gross margin - Based on past performance and management expectations of the future. 4. Annual capital expenditure - Expected cash costs in the CGUs. This is based on the historical experience of management, the planned refurbishment, or sustaining expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure. 5. Long term growth rate - This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rate is based on long term growth rate forecasts for the industry.

8.2 Intangible assets and goodwill (continued)

Based on the above assumptions, the recoverable value exceeded the carrying net asset amount (including the goodwill) of alll the CGU's as analysed below:

Cash generating unit	Carrying amount + goodwill	Recoverable amount (Fair value)	Carrying value	Headroom
	Kes'000	Kes'000	Kes'000	Kes'000
Almasi Beverages Limited	5,404,659	8,696,825	8,696,825	3,292,165
Sidian Bank Limited	3,643,972	3,891,091	3,891,091	247,119
GenAfrica Investment Management Limited	1,242,006	2,324,230	2,324,230	1,082,224
Longhorn Publishers Limited	908,269	1,023,397	762,665	115,127
	11,198,907	15,935,542	15,674,811	4,736,636

The directors are satisfied that there is no impairment of goodwill based on a comparison of the recoverable amounts and the carrying amount (including goodwill) of the subsidiaries, taking into account all possible ranges of estimates of the fair values of the investments.

The directors have considered and assessed reasonably possible changes for the key assumptions in relation to the other investments and have not identified any instances that could cause the carrying amount (including the related goodwill) to exceed the recoverable amount of the respective subsidiaries.

8.3 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments, the right to use an asset for an agreed period of time. When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income.

	Group	
	2018	**2017**
	Ksh'000	**Ksh'000**
Finance lease receivable	4,974	7,921

The finance lease receivables relate to Zohari Leasing Limited which is the Lessor.
The maturity of the lease receivable is as below:

Non current:		
Gross finance lease receivable	3,697	7,774
Unearned finance income	(655)	(1,708)
	3,042	6,066
Current:		
Gross finance lease receivable	2,984	3,379
Unearned finance income	(1,052)	(1,525)
	1,932	1,855
	4,974	7,921
Gross receivable from finance lease:		
- No later than 1 year	2,984	3,379
- Later than 1 year no later than 5 years	3,697	7,774
- Later than 5 years	-	-
	6,681	11,153
Unearned future finance income on finance lease	(1,707)	(3,232)
	4,974	7,921

8.4 Prepaid operating lease rentals

Payments to acquire leasehold interests in land used by Mount Kenya Bottlers Limited are treated as prepaid operating lease rentals and amortised over the period of the lease.

	Group	
	2018	**2017**
	Ksh'000	**Ksh'000**
At Cost:		
At start of year	47,118	11,309
	-	35,809
At end of year	47,118	47,118
Amortisation:		
At start of year	(2,321)	(2,148)
Charge for the year	(316)	(173)
At end of year	(2,637)	(2,321)
Net book amount	44,481	44,797

8.5 Biological assets

Biological assets comprise growing produce on herb bushes and are held at Greenblade Growers Limited.

Biological assets are measured on initial recognition and at each reporting date at fair value less costs to sell. Any gains or losses arising on initial recognition of biological assets and from subsequent changes in fair value less costs to sell are recognised in the profit or loss in the year in which they arise.

The Group's biological assets have maturities of less than 12 months and management has assessed the fair value of growing produce on herb bushes and concluded that it approximates the cost.

	Group	
	2018	**2017**
	Ksh'000	**Ksh'000**
At start of year	8,634	-
Additions	-	8,634
Disposals	(8,634)	-
At end of year	-	8,634

8.6 Assets classified as held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

8.6 Assets classified as held for sale (continued)

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.
The results of discontinued operations are presented separately in the statement of profit or loss.

	2018	2017
Group	**Ksh'000**	**Ksh'000**
Non current assets held for sale:		
- Land and buildings	280,000	-
- Investment in subsidiaries:		
GenAfrica Asset Managers Limited		
- Total assets	1,544,905	-
- Total liabilities	(203,057)	-
Net assets	1,341,848	-
	1,621,848	-
Company		
Investment in subsidiary:		
- GenAfrica Asset Managers Limited	2,324,230	
	2,324,230	-

8.6 Assets classified as held for sale (continued)

(i) Land and buildings

In November 2017, the directors of Longhorn Publishers Limited proposed to sell a parcel of land together with the office building. The directors were authorised by the shareholders to execute the sale during the annual general meeting held on 8 December 2017. There are several interested parties and the sale is expected to be completed before the end of July 2018.

(ii) GenAfrica Asset Manager Limited

On 20 March 2018, the group announced its intention to partially exit the asset management business and initiated an active program to locate a buyer for its subsidiary. The following assets and liabilities have been reclassified as held for sale:

	2018	2017
	Ksh'000	Ksh'000
Intangible assets	57,640	-
Intangible assets (goodwill)	967,210	-
Equipment	18,794	-
Receivables, prepayments and other assets	299,059	-
Cash and cash equivalent	202,203	-
Total assets	**1,544,905**	**-**
Payables and accrued expenses	(183,446)	-
Current income tax payable	(18,729)	-
Deferred tax liabilities	(883)	-
Total liabilities	**(203,057)**	**-**
Net assets	**1,341,848**	**-**

9.1 Borrowings

Borrowings are accounted for as financial liabilities in accordance with the accounting policy disclosed in note 10.1.

Fees paid on the establishment of loan facilities are recognised as transaction costs and capitalised to the extent that it is probable that some or all of the facility will be drawn down. When the draw down is made, the transaction costs are amortised to profit or loss using the effective interest method. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is expensed as incurred.

	Group		Company	
	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Unsecured:				
Term loans	1,375,748	618,101	-	-
Corporate bonds	6,405,286	10,555,710	6,405,286	10,555,710
Total unsecured borrowings	**7,781,034**	**11,173,811**	**6,405,286**	**10,555,710**
Secured:				
Bank borrowings	13,904,351	6,750,970	8,437,345	4,100,416
Short term borrowings	2,778,183	3,061,597	-	-
Total secured borrowings	**16,682,534**	**9,812,567**	**8,437,345**	**4,100,416**
Total borrowings	**24,463,568**	**20,986,378**	**14,842,631**	**14,656,126**
Analysed as below:				
Banking subsidiary	3,209,313	3,570,241	-	-
Other	21,254,255	17,416,137	14,842,631	14,656,126
	24,463,568	**20,986,378**	**14,842,631**	**14,656,126**
The classification of the Group's borrowings is as follows:				
Current	5,959,928	12,452,772	1,947,576	8,572,095
Non current	18,503,640	8,533,606	12,895,055	6,084,031
	24,463,568	**20,986,378**	**14,842,631**	**14,656,126**

The carrying amounts of the Group's borrowings are denominated in the following currencies:

Kenya shillings	15,705,973	15,832,804	9,043,917	11,537,867
United States dollar	8,498,491	5,153,574	5,798,714	3,118,259
Euro	259,104	-	-	-
	24,463,568	**20,986,378**	**14,842,631**	**14,656,126**

The group has the following undrawn committed facilities:

Oiko Credit	-	300,000	-	-
Kenya Commercial Bank Limited	-	240,690	-	-
The Co-Operative Bank of Kenya Limited	28,955	17,843	28,955	17,843
Stanbic Bank Limited - Kenya	23,469	-	-	-
	52,424	**558,533**	**28,955**	**17,843**

9.1 Borrowings (continued)

a) Term loans

	Group		Company	
	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
European Investment Bank	-	90,194	-	-
Oiko Credit	235,022	418,450	-	-
Commercial paper and Guaranteed loan notes	930,689	109,458	-	-
Pamiga Finance SA	210,038	-	-	-
	1,375,749	618,102	-	-
Movement in term loans was as follows:				
At start of year	618,102	659,325	-	-
Received during the year	974,980	402,401	-	-
Revaluation gain	4,700	-	-	-
Accrued interest	234,792	62,588	-	-
Repayments during the year	(456,825)	(506,212)	-	-
At end of year	1,375,749	618,102	-	-

Oiko Credit

The loan accrues interest based on the 182 day Treasury bill plus a margin of 1.25% subject to a minimum rate of 10% pa. Interest is repayable semi annually with four equal annual instalments. The loan is held by Sidian Bank Limited.

Pamiga Finance SA

The loan is a USD 2 million facility that was received on 30 July 2017 at a rate of 4.25% p.a. The first principal instalment is payable after a grace period of two years over a period of three years. Interest is payable semi annually. The loan is held by Sidian Bank Limited.

Commercial Papers and Guaranteed loan notes

These are short term facilities issued by Two Rivers Development Limited. The papers are priced at 14.5% and 19% respectively.

b) Bank borrowings	Group		Company	
	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Kenya Commercial Bank Limited	128,551	440,677	-	-
The Co-operative Bank of Kenya Limited	1,471,045	982,157	1,471,045	982,157
FirstRand Bank Limited (through its Rand Merchant Bank Division)	5,086,563	3,118,259	5,086,563	3,118,259
Coca Cola Export Corporation	1,341,167	1,477,055	-	-
Stanbic Bank Kenya Limited	4,808,929	-	1,879,737	-
Chase Bank Kenya Limited	513,396	573,490	-	-
Commercial Bank of Africa Limited	259,104	-	-	-
Standard Chartered Bank Kenya Limited	97,983	159,332	-	-
NIC Capital Limited	197,095	-	-	-
Barclays Bank of Kenya	517	-	-	-
	13,904,350	6,750,970	8,437,345	4,100,416

9.1 Borrowings (continued)

b) Bank borrowings (continued)

	Group		Company	
	2018	2017	2018	2017
Movement in bank borrowings is as follows:	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	6,750,970	2,549,113	4,100,416	-
On acquisition of subsidiary	-	222,741	-	-
Received during the year	11,000,155	4,162,648	7,537,497	3,998,797
Revaluation gain/(loss)	(275,121)	76,926	(231,991)	53,510
Accrued interest	139,504	87,711	114,823	48,108
Repayments during the year	(3,711,158)	(348,169)	(3,083,400)	-
At end of year	13,904,350	6,750,970	8,437,345	4,100,416

Kenya Commercial Bank Limited
The Kenya Commercial Bank Limited loan was advanced to Mount Kenya Bottlers Limited to acquire machinery and is fully secured by a fixed and floating debenture over all the company's assets. The loan attracts interest at the 12 months rolling average rate of the Bank's base rate less 3% per annum.

The Co-operative Bank of Kenya Limited
Centum Investment Company Plc secured an overdraft/guarantee line facility to be used in financing working capital requirements. The facility is secured by floating debentures over the Group's corporate bonds and quoted shares. The facility attracts interest at 14% and is renewable after every 12 months.

Coca Cola Export Corporation
The loan from Coca Cola Export Corporation was availed to Almasi Bottlers Limited to buy crates and bottles. The total loan availed was US$ 2,300,000. The loan is unsecured and interest determined based on LIBOR plus 3% per annum. The effective interest rate as at 31 March 2018 was 3.69%.

Chase Bank Kenya Limited
1. Two Rivers Development Limited
The loan was advanced for infrastructure development. The US Dollar denominated loan attracts interest at 8.5%. The Loan matures in 2027 and has a two year moratorium on principal.

2. Longhorn Publishers Limited
The company has an asset financing facility for acquisition of vehicles. The loan is secured by the Company vehicles and attracts interest at 15.75%. The loan tenor is 60 months.

First Rand Bank Limited
Centum Investment Company Plc retired its 18 month loan facility of USD 30,000,000 facility in September 2017 and subsequently obtained a USD 50,000,000 facility that matures over 4 years. The facility has an interest rate of 6.3% plus US LIBOR per annum. The facility was secured by a charge over the company's shares in Nairobi Bottlers Limited, Almasi Beverages Limited and Zohari Leasing Limited.

Standard Chartered Bank Kenya Limited
The loan was advanced to Longhorn Publishers Limited for working capital financing and is secured by the company's buildings. The loan attacts interest at 14% and matures in 12 months.

Commercial Bank of Africa Limited
The facility is a EUR 2,181,991 loan advanced to Two Rivers Power Company Limited to finance the installation of solar equipment. The loan is priced at 3% plus 6 months Euribor and has a tenor of 120 months inclusive of 24 month moratorium on principal.

NIC Capital Limited
The facility was advanced to Longhorn Publishers Limited to finance working capital requirements. It is priced at 17% pa for a tenor of 1 year.

9.1 **Borrowings (continued)**

b) Bank borrowings (continued)

Stanbic Bank Kenya Limited
1. Centum Investment Company Plc
Stanbic Bank Kenya Limited advanced an overdraft facility of USD 5,000,000 and a revolving credit facility of USD 15,000,000 to Centum Investment Company Plc. Both facilities are equally split between Kenya Shillings (KES) and United States Dollars (USD). The KES facilities are priced at Cetral Bank Rate (CBR) plus 3.65% while the USD facilities are priced at 3 months LIBOR plus 5.5%. The facility was secured by a charge over the company's shares in Isuzu East Africa Limited, Vipingo Development Limited and NAS Servair Limited.

2. Two Rivers Development Limited
Stanbic Bank Kenya Limited advanced a term loan facility of USD 29,000,000 equally split between Kenya Shillings (KES) and United States Dollars (USD). The KES facilities are priced at Cetral Bank Rate (CBR) plus 4% while the USD facilities are priced at 3 months LIBOR plus 5.53%. The facility was secured by a charge over the company's shares in Two Rivers Lifestyle Center and vacant land owned by the Company.

c) Corporate bond

	Group and Company	
	2018	**2017**
	Ksh'000	**Ksh'000**
At start of year	10,555,710	10,474,987
Accrued interest	227,687	45,707
Amortisation of bond issue costs	(64,606)	(44,523)
Additional accrued interest on Equity linked note	42,015	79,539
Repayments during the year	(4,355,520)	-
	6,405,286	10,555,710

On 18 September 2017, Centum Investment Company Plc redeemed the 5 year Ksh 4,167,900,000 bond issued in 2012 which comprised of fixed rate notes of Ksh 2,917,530,000 at an interest rate of 13.5% and equity linked notes of Ksh 1,250,370,000 at 12.75%. The investors in the equity linked notes were paid an additional Ksh 191,000,000 representing a total equity upside of 15% of the par value in line with the terms of the issue.

The outstanding bond was issued in 2015. The bond is a 5 year, Ksh 6,000,000,000 bond. It comprises of fixed rate notes of Ksh 3,899,226,700 at an interest rate of 13% and a variable component of Ksh 2,100,773,300 at a 12.5% fixed rate and an additional amount payable at redemption date based on the movement in the Company's Net Asset Value. The maximum upside is 10% of the face value of the bond.

The carrying amounts of borrowings approximate to their fair value.

d) Net debt reconciliation
This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Group		Company	
	2018	**2017**	**2018**	**2017**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
Cash and cash equivalent	6,022,022	5,638,783	1,077,666	2,447,072
Liquid investments*	1,738,828	1,223,152	98,134	99,957
Borrowings - repayable within one year (including overdraft)	(5,959,928)	(12,452,772)	(1,947,576)	(8,572,095)
Borrowings - repayable after one year	(18,503,640)	(8,533,606)	(12,895,055)	(6,084,031)
Net debt	(16,702,718)	(14,124,443)	(13,666,831)	(12,109,097)

Group	**Cash and cash equivalent**	**Liquid investments***	**Borrowings due within 1 year**	**Borrowings due after 1 year**	**Total**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Net debt at 1 April 2017	5,638,783	1,223,152	(12,452,772)	(8,533,606)	(14,124,443)
Cashflows	383,111	(36,487)	6,492,845	(9,665,636)	(2,826,167)
Foreign exchange adjustments	-	1,963	-	275,121	277,084
Other non cash movements	-	550,200	-	(579,392)	(29,192)
Net debt at 31 March 2018	6,021,894	1,738,828	(5,959,927)	(18,503,513)	(16,702,718)

*Liquid investments comprise current investments that are traded in an active market, being the Group's financial assets held at fair value through profit or loss.

9.1 Borrowings (continued)

d) Net debt reconciliation (continued)

	Cash and cash equivalent Ksh'000	Liquid investments* Ksh'000	Borrowings due within 1 year Ksh'000	Borrowings due after 1 year Ksh'000	Total Ksh'000
Net debt at 1 April 2016	10,197,460	1,369,032	(2,867,048)	(13,489,172)	(4,789,728)
Cashflows	(4,558,677)	231,077	-	(3,710,668)	(8,038,268)
Foreign exchange adjustments	-	-	-	(76,926)	(76,926)
Other non cash movements	-	(376,957)	(9,585,724)	8,743,160	(1,219,521)
Net debt at 31 March 2017	**5,638,783**	**1,223,152**	**(12,452,772)**	**(8,533,606)**	**(14,124,443)**

Company	Cash and cash equivalent Ksh'000	Liquid investments* Ksh'000	Borrowings due within 1 year Ksh'000	Borrowings due after 1 year Ksh'000	Total Ksh'000
Net debt at 1 April 2017	2,447,072	99,957	(8,572,095)	(6,084,031)	(12,109,097)
Cashflows	(1,369,406)	19,565	7,438,920	(7,537,497)	(1,448,418)
Foreign exchange adjustments				(231,991)	(231,991)
Other non cash movements		(21,388)	(814,402)	958,464	122,674
Net debt at 31 March 2018	1,077,666	98,134	(1,947,577)	(12,895,054)	(13,666,831)
Net debt at 1 April 2016	3,916,200	156,119	-	(10,474,987)	(6,402,668)
Cashflows	(1,469,128)	-	-	-	(1,469,128)
Foreign exchange adjustments	-	-	-	53,510	53,510
Other non cash movements	-	(56,162)	(8,572,095)	4,337,446	(4,290,811)
Net debt at 31 March 2017	2,447,072	99,957	(8,572,095)	(6,084,031)	(12,109,097)

9.2 Capital commitments

Capital expenditure contracted for at the reporting date but not recognised in the financial statements is as follows:

	Group		Company	
	2018 Ksh'000	2017 Ksh'000	2018 Ksh'000	2017 Ksh'000
Authorised and contracted for	-	123,039	-	-
Authorised but not contracted for	-	717,810	-	-
	-	840,849	-	-

9.3 Contingent liabilities

The Group does not recognise contingent liabilities in the statement of financial position until future events indicate that it is probable that an outflow of resources will take place and a reliable estimate can be made.

a) Litigations

The Company has investments in four of the six bottling companies in Kenya. On 26 October 2012, the bottling companies lost a case against the Kenya Revenue Authority (KRA) for contested demand for tax arrears, penalties and interest for the period 2006 to 2009 relating to excise tax on returnable containers.

The bottling companies lodged an appeal against the ruling and have in the meantime obtained conservatory orders from the court maintaining the status quo/staying any adverse action as the notice of appeal is filed. The Directors' assessment is that the matter will be resolved amicably with minimal impact to the business of the bottling companies.

9.3 Contingent liabilities (continued)

b) Letters of credit and performance bonds

In the ordinary course of business, Sidian Bank conducts business involving letters of credit, performance bonds and guarantees. Letters of guarantee and performance bonds are issued by the Bank, on behalf of customers, to guarantee performance by a customer to third parties. The Bank holds cash collateral to the extent of the guarantee that is realised in the events of default by customers.

	Group	
	2018	2017
	Ksh'000	Ksh'000
Letters of credit and performance bonds	6,667,984	1,065,581

10 Financial risk

10.1 Financial risk management and financial instruments

Financial assets

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

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are accounted for as current assets, except for maturities greater than 12 months after the end of the reporting period. These are non-current assets and are carried at amortised cost.

ii) Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the directors may have positive intention and ability to hold to maturity, other than:

(a) those that the Group upon initial recognition designates as at fair value through profit or loss;

(b) those that the Group designates as available for sale; and

(c) those that meet the definition of loans and receivables.

Held to maturity investments are initially recognised at fair value including direct and incremental transaction costs and measured subsequently at amortised cost, using the effective interest method.

iii) Available for sale

Available-for-sale financial assets are non-derivative financial assets and are accounted in non-current assets unless the investment matures or the directors intend to dispose of the investments within 12 months of the end of the reporting period.

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

This category comprises two sub-categories: financial assets classified as held for trading, and financial assets designated by the Group as at fair value through profit or loss upon initial recognition. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

The Group designates certain financial assets upon initial recognition as at fair value through profit or loss (fair value option). This designation cannot subsequently be changed and can only be applied when the following conditions are met:

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise or
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or
- the financial assets consists of debt host and an embedded derivatives that must be separated.

Financial liabilities

The Group's holding in financial liabilities represents mainly deposits from banks and customers and other liabilities. Such financial liabilities are initially recognised at fair value and subsequently measured at amortised costs.

10.1 Financial risk management and financial instruments (continued)

Financial instruments by category

a) Financial assets

	Group				Company			
	At fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale	At fair value through profit or loss	Held to maturity	Loans and receivables	Available for sale
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At 31 March 2018								
Government securities	401,555	3,151,296	-	-	-	-	-	-
Corporate bonds and commercial papers	-	503,576	-	-	-	-	-	-
Loans and advances	-	-	11,772,121	-	-	-	-	-
Finance lease receivables	-	-	4,974	-	-	-	-	-
Call deposits	-	-	978,786	-	-	-	820,950	-
Bank balances	-	-	5,043,236	-	-	-	256,716	-
Trade and other receivables	-	-	5,197,310	-	-	-	542,579	-
Shareholder loans advanced to subsidiaries	-	-	-	-	-	-	13,385,790	-
Quoted investments	-	-	-	1,738,828	-	-	-	98,134
Unquoted investments	-	-	-	4,362,975	-	-	-	3,886,780
Non financial assets								
Investment in subsidiaries	-	-	-	-	-	-	-	39,413,960
Investment in associates	-	-	-	-	-	-	-	5,081,473
Investment in joint ventures	-	-	-	-	-	-	-	2,099,631
	401,555	3,654,872	22,996,427	6,101,803	-	-	15,006,035	50,579,978
At 31 March 2017								
Government securities	51,662	2,225,716	-	-	-	-	-	-
Corporate bonds	-	744,119	-	-	-	-	-	-
Loans and advances	-	-	12,633,408	-	-	-	-	-
Finance lease receivables	-	-	7,921	-	-	-	-	-
Call deposits	-	-	520,437	-	-	-	2,179,075.091	-
Bank balances	-	-	5,118,346	-	-	-	267,997	-
Trade and other receivables	-	-	3,782,048	-	-	-	334,665	-
Shareholder loans advanced to subsidiaries	-	-	-	-	-	-	12,722,835	-
Unquoted investments	-	-	-	4,226,166	-	-	-	3,796,836
Quoted investments	-	-	-	1,223,152	-	-	-	99,957
Non financial assets								
Investment in subsidiaries	-	-	-	-	-	-	-	35,310,891
Investment in associates	-	-	-	-	-	-	-	4,686,675
Investment in joint ventures	-	-	-	-	-	-	-	2,144,452
	51,662	2,969,835	22,062,160	5,449,318	-	-	15,504,572	46,038,811

b) Financial liabilities

All the Group's financial liabilities are measured at amortised cost. The carrying value of the Group's and the Company's financial liabilities at the end of 2018 and 2017 are shown under respective notes.

10.1 Financial risk management and financial instruments (continued)

Risk management framework

Introduction
The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Group's business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on its financial performance.
The key types of risk include:

a) Market risk - currency risk, interest rate risk and price risk;
b) Credit risk; and
c) Liquidity risk.

The Group's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

The Group recognises that in order to pursue its objectives and take advantage of opportunities, it cannot avoid taking risks, and that no risk management programme can aim to eliminate risk fully.

The Group's general risk management approach is to increase the likelihood of success in its strategic activities, that is, to raise the potential reward of its activities relative to the risks undertaken.

Accordingly, the Group's approach to risk management is intended to increase risk awareness and understanding, and thus support taking risks where appropriate, in a structured and controlled manner. The Group recognises that in pursuit of its mission and investment objectives it may choose to accept a lower level of reward in order to mitigate the potential hazard of the risks involved.

To assist in implementing its risk management policy, the Group has:
- identified, analysed and produced a risk management strategy for those risks which might inhibit it from achieving its strategic objectives and which would threaten its ongoing survival as a leading investment Company;
- raised awareness of and integrated risk management into its management policies.
Promoted an understanding of the importance and value of risk management, particularly associated with investment opportunities; and
- established risk management roles responsibilities for its board of directors, audit risk committee and the risk department.

The risk management function is supervised by the Board Audit Committee. Management identifies, evaluates and manages financial risks under policies approved by the Board of Directors. The board provides written principles for overall risk management, as well as written policies covering specific areas such as price risk, foreign exchange risk, interest rate risk, credit risk. and investing excess liquidity.

The Board has put in place a Group Risk and Internal Audit function to assist it in assessing the risk faced by the Group on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

10 FINANCIAL RISK (CONTINUED)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

a) Market risk

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices, and foreign exchange rates which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Interest rate risk

The Group is exposed to interest rate risk as it borrows funds at both floating and fixed interest rates and also holds cash deposits with financial institutions. The interest rates on the cash deposits are fixed and agreed upon in advance. Interest rates on overdrafts are pegged to the bank's base lending rate or prevailing Treasury Bills rates.

Management closely monitors the interest rate trends to minimise the potential adverse impact of interest rate changes. Deposits are placed at fixed interest rates and management is therefore able to plan for the resulting income. For facilities with variable rates, the Group is in regular contact with the lenders in a bid to obtain the best available rates. The Group may also review the level of holding of such facilities downwards in order to mitigate the attaching cash flow interest rate risk.

As at 31 March 2018, Group and Company held deposits of Kshs 6,015,894,000 and Kshs 1,077,666,000 respectively (2017: Kshs 5,638,782,000 and Kshs 2,447,072,000 respectively) and the Company had unutilised bank credit facilities of Kshs 52,424,000 (2017: Kshs 17,843,000).

As at 31 March 2018, a 5% increase/decrease of the annual interest rate would have resulted in an increase/decrease in pre-tax profit and equity of Kshs 117 million (2017: Kshs 64 million) for Group and Ksh 82 million (2017: Ksh 87 million) for Company respectively as a result of exposures in bank deposits and borrowings.

The Group has invested in corporate bonds and Government securities with fixed interest rate which is not affected by interest rate fluctuations.

ii) Price risk

The Group's private equity holdings are valued in accordance with International Private Equity and Venture Capital guidelines, which set out the valuation methodology for fair valuation. Valuation is relatively subjective and may change from time to time. In addition the valuation is also affected by the volatility of the stock prices since the Group uses the earnings multiple method which entails the use of the share prices of similar/comparable quoted companies among other components. Valuation risks are mitigated by comprehensive quarterly reviews of the underlying investments by management every quarter. The appropriateness of the investment valuations are then considered by the Board Audit Committee.

Quoted equity are valued at their market prices. These values are subject to frequent variations and adverse market movements. This risk is mitigated by choice of defensive stocks with low price volatility, and weekly monitoring of the value changes.

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

a) Market risk (continued)

ii) Price risk (continued)

At 31 March 2018, if the prices at the Nairobi Securities Exchange and other exchanges had appreciated/depreciated by 5% with all other variables held constant, the impact on the Group and Company comprehensive income and equity would have been Kshs 86,938,806 (2017: Kshs 61,157,600) and Kshs 4,906,759 (2017: Kshs 4,997,880) higher/lower respectively.

iii) Investment holding period risk

91% and 99% (2017: 94% and 98%) of the Group and Company's investments respectively are not traded on any formal exchange. Disposal of these investments is constrained in many instances by pre-emptive rights, shareholder agreements and the absence of willing trade buyers or an active secondary market. The timing of realised proceeds on disposal may pose a risk to the Group.

The Group/Company mitigates this risk by seeking influence in the investee company's operations through large shareholding or board representation. The Group/Company also seeks compensation for this risk through high return hurdles during the investment appraisal and laying emphasis on dividend generating potential. However, the Group/Company has no fixed time horizon for its investments, and does not enforce exit options on investments as it believes current practice makes it easier to acquire attractive investments.

iv) Concentration risk

82% (2017: 87%) of the Group's assets are located in Kenya with 16% (2017: 12%) in the wider East African Region and 2% (2017: 1%) outside East Africa.

Investment portfolio sectoral allocation

The allocation of Centum's investments to the different sectors is as disclosed in note 2.
Each investment asset is considered independently by the Board's Investment Committee and the Board of Directors according to a structured process that includes extensive due diligence, industry analysis, consideration of existing assets and future capital commitments. Whereas sector limits are in place, concentration in the financial, beverages and industrial and allied sectors have mainly been brought about by organic growth and appreciation of market value. To reduce exposure to country risk the Group is actively looking for regional investment opportunities.

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

a) Market risk (continued)

v) Foreign exchange risk

Currency risk is the exposure to exchange rate fluctuations that have an impact on cash flows and financing activities.

The Group operates internationally and is exposed to currency risk arising from various currency exposures. Refer to the table below for the Group's exposure to foreign currency risk based on notional amounts. Currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is also exposed to translation risk as holding companies do not report in the same currencies as operating entities.

The Group has foreign subsidiaries whose assets are exposed to foreign currency translation risk, which is managed primarily through borrowings denominated in the relevant foreign currencies to the extent that such funding is available on reasonable terms in the local capital markets.

The Group's exposure to fluctuations in the foreign currency rates relate to conversion rates for valuation of overseas holdings.

The mean exchange rates ruling at 31 March 2018 and 31 March 2017 were:

	2018	2017
	Ksh'000	Ksh'000
1 US dollar (USD)	100.85	103.35
1 Euro (Eur)	124.74	115.69
1 British pound (GBP)	142.31	134.25
1 Ugandan shilling (UGX)	0.03	0.03
1 Tanzania shilling (Tshs)	0.04	0.05
1 Ghana cedi (Ghc)	22.69	23.86
1 Morocco dirham (Mad)	10.94	10.59

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

a) Market risk (continued)

v) Foreign exchange risk (continued)

Below is a summary of the financial assets and liabilities denominated in foreign currencies at their carrying amounts:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
Financial assets				
Balances due from banks (Usd)	2,564,275	702,339	-	-
Balances due from banks (Eur)	531,370	255,295	-	-
Balances due from banks (Gbp)	6,019	276,831	-	-
Balances due from banks (Zar)	688	-	-	-
Balances due from banks (UgX)	514	-	-	-
Balances due from banks (Tzs)	68	-	-	-
Investment in Funds (Usd)	-	-	-	-
Cash and equivalents (Usd)	209,024	265,355	158,318	67,138
Cash and equivalents (Eur)	35,831	15,839	-	-
Cash and equivalents (Gbp)	6,398	11,018	-	-
Cash and equivalents (UgX)	-	-	-	-
	3,354,188	1,526,677	158,318	67,138
Financial liabilities				
Customer deposits (Usd)	1,341,127	94,364	-	-
Customer deposits (Eur)	65,219	2,438	-	-
Customer deposits (Gbp)	561	65,884	-	-
Borrowings (Usd)	8,498,491	5,153,574	-	3,118,259
Borrowings (Eur)	-	-	-	-
	9,905,398	5,316,260	-	3,118,259

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

v) Foreign exchange risk (continued)

If all other variables were held constant, at 31 March 2018, the impact on profit and equity of the Shilling weakening or strengthening by 5% against the above currencies would have been as below:

	Group		Company	
	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
1 US dollar (USD)	(353,316)	(214,012)	7,916	(152,556)
1 Euro (Eur)	25,099	13,435	-	-
1 British pound (GBP)	593	11,098	-	-
1 Ugandan shilling (UGX)	-	-	-	-
1 Egyptian pound (EGP)	31,216	14,605	-	-
1 Ghana cedi (Ghc)	26,825	8,638	-	-
1 Morocco dirham (Mad)	-	-	-	-
	(269,583)	(166,236)	7,916	(152,556)

b) Liquidity risk

This is the risk that the Group will encounter difficulties in meeting its financial commitments from its financial liabilities, including off balance sheet items. Prudent liquidity risk management includes maintaining sufficient cash to meet its obligations. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements.

The Group manages liquidity risk by:

- maintaining adequate cash reserves and banking facilities on the Parent company and operating subsidiaries' balance sheets;
- holding cash, near cash assets and other fixed income marketable securities in two special purpose liquidity vehicles (Centum Exotics Limited and Oleibon Investments Limited); and
- continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk also relates to the risk that the Group would miss out attractive investment opportunities due to lack of funding. This risk is mitigated by the fact that the available for sale quoted investments can be converted to cash when funds are required. The risk is also minimised by use of annually renewable credit facilities.

The Group has developed internal control processes and contingency plans for managing liquidity risk including maturity gaps that incorporates an assessment of expected cash flows. The Group maintains a portfolio of highly marketable and diverse assets that are assumed to be easily liquidated in the event of an unforeseen interruption in cash flow.

As at 31 March 2018, over 12% (2017: over 11%) of the Group's assets were held in quoted securities which are quickly convertible to cash. The Group also had Kshs 52,424,300 (2017: Kshs 17,843,000) unutilised credit facility (Note 9.1).

The table below summarises the maturity profile of the undiscounted cash flows of the Group's financial assets and liabilities.

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

b) Liquidity risk (continued)

Group

At 31 March 2018	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-3 years**	**3- 5 years**	**Over 5 years**	**Total**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Financial assets							
Loans and advances	509,172	459,126	657,781	4,329,624	3,741,389	2,075,029	11,772,121
Finance lease receivable	-	-	2,984	1,990	-	-	4,974
Government securities at fair value through profit and loss	-	296,230	-	-	-	105,325	401,555
Government securities at amortised cost	-	-	1,459,609	-	-	1,691,688	3,151,297
Corporate bonds at amortised cost	-	-	-	37,704	105,990	-	143,694
Receivables and prepayments	-	1,164,894	3,341,672	700,394	-	666,975	5,873,935
Cash and cash equivalent	4,305,176	978,786	373,778	162,079	-	-	5,819,819
	4,814,348	2,899,036	5,835,825	5,231,791	3,847,379	4,539,017	27,167,396
Financial liabilities							
Customer deposits	3,647,736	8,245,109	939,550	-	-	-	12,832,395
Borrowings	2,390,091	372,273	4,973,059	16,518,107	210,038	-	24,463,568
Other liabilities and accrued expenses	1,160,404	855,642	2,667,786	315,802	-	-	4,999,634
Unclaimed dividends	-	154,139	-	-	-	-	154,139
	7,198,231	9,627,163	8,580,396	16,833,909	210,038	-	42,449,737
Financial guarantees	-	1,142,797	1,955,630	3,566,217	3,340	-	6,667,984
Net liquidity	(2,383,883)	(7,870,924)	(4,700,201)	(15,168,335)	3,634,001	4,539,017	(21,950,325)

At 31 March 2017	**Up to 1 month**	**1-3 months**	**3-12 months**	**1-3 years**	**3-5 years**	**Over 5 years**	**Total**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Financial assets							
Loans and advances	1,220,329	128,407	969,354	3,755,703	3,741,889	2,817,725	12,633,408
Finance lease receivables	-	-	3,379	4,541	-	-	7,921
Government securities at fair value through profit and loss	-	-	-	-	-	51,662	51,662
Government securities at amortised cost	-	321,302	342,284	-	-	1,562,130	2,225,716
Corporate bonds at amortised cost	-	-	62,986	381,134	300,000	-	744,120
Receivables and prepayments	601,706	634,447	1,498,476	1,510,987	-	240,276	4,485,891
Cash and cash equivalent	5,118,346	520,437	-	-	-	-	5,638,783
	6,940,381	1,604,593	2,876,480	5,652,366	4,041,889	4,671,793	25,787,501
Financial liabilities							
Customer deposits	2,597,758	2,691,735	762,468	3,746,788	-	-	9,798,749
Borrowings	3,171,744	60,693	9,195,416	8,435,652	122,874	-	20,986,379
Other liabilities and accrued expenses	1,622,768	232,471	2,865,183	716,286	-	-	5,436,708
Unclaimed dividends	-	82,725	-	-	-	-	82,725
	7,392,270	3,067,624	12,823,066	12,898,726	122,874	-	36,304,562
Financial guarantees	64,921	73	421,140	579,447	-	-	1,065,581
Net liquidity	(516,810)	(1,463,104)	(10,367,727)	(7,825,807)	3,919,015	4,671,793	(11,582,641)

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

b) Liquidity risk (continued)

Company

At 31 March 2018	Up to 1 month	1-3 months	3-12 months	1-3 years	3-5 years	Over 5years	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Financial assets							
Due from subsidiary companies	-	-	-	13,385,790	-	-	13,385,790
Receivables and prepayments	312,383	-	300,343	-	-	-	612,726
Cash and cash equivalent	256,716	820,950	-	-	-	-	1,077,666
	569,099	820,950	300,343	13,385,790	-	-	15,076,182
Financial liabilities							
Payables and accruals	88,361	14,625	-	133,900	-	-	236,886
Due to subsidiary companies	-	293,798	-	-	-	-	293,798
Borrowings	-	-	1,947,576	12,895,055	-	-	14,842,631
Unclaimed dividends	-	154,139	-	-	-	-	154,139
	88,361	462,562	1,947,576	13,028,955	-	-	15,527,454
Net liquidity	480,738	358,388	(1,647,233)	356,835	-	-	(451,272)

At 31 March 2017	Up to 1 month	1-3 months	3-12 months	1-3 years	3-5 years	Over 5years	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Financial assets							
Due from subsidiary companies	-	-	-	12,722,835	-	-	12,722,835
Receivables and prepayments	77,072	-	260,836	-	-	-	337,908
Cash and cash equivalent	267,997	2,179,075	-	-	-	-	2,447,072
	345,069	2,179,075	260,836	12,722,835	-	-	15,507,815
Financial liabilities							
Payables and accruals	92,776	14,949	-	328,744	-	-	436,469
Due to subsidiary companies	-	10,000	-	-	-	-	10,000
Borrowings	-	-	8,572,095	6,084,031	-	-	14,656,126
Unclaimed dividends	-	82,725	-	-	-	-	82,725
	92,776	107,674	8,572,095	6,412,775	-	-	15,185,320
Net liquidity	252,293	2,071,401	(8,311,259)	6,310,060	-	-	322,495

c) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with credit worthy counterparties.

The credit risk exposures are classified in three categories:
- Neither past due nor impaired;
- Past due; and
- Impaired.

Credit risk arises from cash and cash equivalents, deposits with banks, corporate bonds, loans advanced as well as trade and other receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by the banking regulatory authority. The Group has adopted a policy of only dealing with creditworthy counterparties and only investing in reputable corporates.

Included under receivables and other assets are deposits due from a local bank that is currently under receivership by the Kenya Deposit Insurance Corporation (KDIC). Because of the receivership, the deposits with the bank are not earning any interest income.

At year end, there was uncertainty on the timing and quantum of the amounts that could be recovered by the depositors of the bank.

The directors have used the best available information on the financial status of the bank to make judgements and estimate of the potential losses on the receivables from the bank. The potential losses have been estimated through discounting the financial assets for a period of 12 months using the original effective interest rates.

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

c) Credit risk (continued)

i) Receivables and other assets

The amount that best represents the Group and Company's maximum exposure to credit risks at 31 March 2018 and 31 March 2017 is made up as follows:

	Group		Company	
	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Cash and cash equivalent	6,022,022	5,638,783	1,077,666	2,447,072
Amounts due from related parties	-	-	13,385,790	12,722,835
Trade receivables	2,376,902	1,946,041	-	-
Loans and advances to customers	11,772,121	12,633,408	-	-
Other receivables	2,452,492	1,595,731	542,579	334,665
	22,623,537	21,813,963	15,006,035	15,504,572
Items not recognised in the statement of financial position:				
Letters of credit, guarantees and performance bonds	6,616,884	896,748		
	28,877,625	**23,511,875**		

ii) Loans and advances

The Group's internal risk ratings scale is as follows:

Grade 1 - Normal
Grade 2 - Watch
Grade 3 - Substandard
Grade 4 - Doubtful
Grade 5 - Loss

Impairment and provisioning policies
The Group establishes an allowance for impairment losses that represents its estimate of incurred losses in its loans and advances portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures. The second component is in respect of losses that have been incurred but have not been identified in relation to the loans and advances portfolio that is not specifically impaired. The impairment provision shown in the statement of financial position at year-end is derived from each of the five internal rating grades. However, the impairment provision is composed largely of the bottom three grades.

The table below summarise the Group's loans and advances and the associated impairment provision for each internal rating category:

	Group	
	2018	2017
	Ksh'000	Ksh'000
Grade 1 - Normal	9,195,750	11,070,736
Grade 2 - Watch	821,040	377,548
Grade 3 - Substandard	409,376	178,450
Grade 4 - Doubtful	2,009,623	1,792,825
Grade 5 - Loss	195,884	438,652
	12,631,672	13,858,211
Less: Allowance for impairment	(859,551)	(1,224,803)
Net	11,772,121	12,633,408

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

c) Credit risk (continued)

ii) Loans and advances (continued)

Grade 1 - Normal
All loans are performing in accordance with the contractual terms and are expected to continue doing so. Loans in this category are fully protected by the current sound net worth and paying capacity of the borrower.

Grade 2 - Watch
Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. The gross amounts of loans and advances that were past due but not impaired were as follows:

	2018 Ksh'000	2017 Ksh'000
Past due upto 30 days	682,237	199,429
Past due 31 - 60 days	134,841	94,874
Past due 61 - 90 days	686,199	88,304
Renegotiated 1 - 90 days	-	594,370
	1,503,277	976,978

Grade 3, 4 and 5 - Substandard, Doubtful and Loss

	2018 Ksh'000	2016 Ksh'000
Grade 3 - Substandard	409,376	178,450
Grade 4 - Doubtful	2,009,623	1,792,825
Grade 5 - Loss	195,884	425,032
	2,614,883	2,396,307
Individually assessed impaired loans and advances:		
Micro	419,004	340,456
SME	2,195,878	2,055,851
	2,614,883	2,396,307
Fair value of collateral held	3,171,556	3,200,943

Collateral on loans and advances

The Group holds collateral against loans and advances to customers in the form of mortgage interests over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired or when a borrower has cleared a loan and would like to obtain another facility at the time when the validity of the valuation has since expired.

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

c) Credit risk (continued)

ii) Loans and advances (continued)

Analysis of gross loans and advances by performance

	2018	2017
	Ksh'000	Ksh'000
Current	8,691,610	10,471,307
1 - 30 days	682,237	599,429
31 - 60 days	134,841	192,059
61 - 90 days	686,199	151,870
91 - 180 days	409,376	178,450
181 - 360 days	1,009,623	1,232,106
over 360 days	195,884	425,032
Sub total	11,809,769	13,250,253
Renegotiated/rescheduled loans		
1 - 90 days	234,301	33,619
Over 90 days	587,602	560,719
Sub total	821,903	594,338
Grand total	12,631,672	13,844,591

According to Central Bank of Kenya prudential guidelines, loans and advances overdue by above 90 days are considered non-performing. The provisions made amount to 7% of gross advances. These provisions are considered adequate in view of the realisable value of securities held.

Renegotiated/rescheduled loans are tracked and monitored the same way classified loans are, whether they are performing normally or not.

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

d) Fair value hierarchy

The Group specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1
Quoted prices in active markets for identical assets or liabilities. This level includes equity securities and debt instruments listed on the Nairobi Securities Exchange.

Level 2
Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly as derived from prices.

Level 3
Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible. The following table shows an analysis of financial instruments reflected at fair value by level of the fair value hierarchy.

Group	**Level 1**	**Level 2**	**Level 3**	**Total**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
31 March 2018				
Financial assets:				
Unquoted equity instruments	-	-	4,362,975	4,362,975
Quoted equity instruments	1,738,828	-	-	1,738,828
Government securities at fair value through profit and loss	-	401,555	-	401,555
31 March 2017				
Financial assets:				
Unquoted equity instruments	-	-	4,226,166	4,226,166
Quoted equity instruments	1,223,152	-	-	1,223,152
Government securities at fair value through profit and loss	-	51,662	-	51,662

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

d) Fair value hierarchy (continued)

The following summarises the carrying amount of those assets and liabilities not held at fair value. Except for held-to-maturity investment securities, the carrying amount of assets and liabilities held at amortised cost is considered to approximate their fair value where they have short tenor or, for long term facilities, earn/accrue interest at market rate.

31 March 2018	**Carrying amount**	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial assets	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**	**Ksh'000**
Loans and advances	11,772,121	11,772,121	-	-	11,772,121
Finance lease receivable	4,974	4,974	-	-	4,974
Cash and cash equivalent	5,819,819	5,819,819	-	-	5,819,819
Other assets	6,336,294	6,336,294	-	-	6,336,294
	23,933,208	**23,933,208**	**-**	**-**	**23,933,208**
Financial liabilities					
Customer deposits	12,832,395	12,832,395	-	-	12,832,395
Borrowings	24,463,568	24,463,568	-	-	24,463,568
Dividend payable	154,139	154,139	-	-	154,139
Other liabilities	5,115,389	5,115,389	-	-	5,115,389
	42,565,491	**42,565,491**	**-**	**-**	**42,565,491**
31 March 2017					
Financial assets					
Loans and advances	12,633,408	12,633,408	-	-	12,633,408
Finance lease receivable	7,921	7,921	-	-	7,921
Cash and cash equivalent	5,638,783	5,638,783	-	-	5,638,783
Other assets	4,814,008	4,814,008	-	-	4,814,008
	23,094,120	**23,094,120**	**-**	**-**	**23,094,120**
Financial liabilities					
Customer deposits	9,798,749	9,798,749	-	-	9,798,749
Borrowings	20,986,378	20,986,378	-	-	20,986,378
Dividend payable	82,725	82,725	-	-	82,725
Other liabilities	5,667,556	5,667,556	-	-	5,667,556
	36,535,408	**36,535,408**	**-**	**-**	**36,535,408**

Reconciliation of level 3

	Note
Loans and advances	7.1
Finance lease receivable	8.3
Cash and cash equivalent	4.3

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

d) Fair value hierarchy (continued)

Company

	Level 1	Level 2	Level 3	Total
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
31 March 2018				
Financial assets:				
Investment in subsidiaries	-	-	39,413,960	39,413,960
Investment in associates	-	-	5,081,473	5,081,473
Unquoted equity instruments	-	-	3,886,780	3,886,780
Quoted equity instruments	98,134	-	-	98,134
31 March 2017				
Financial assets:				
Investment in subsidiaries	-	-	35,310,891	35,310,891
Investment in associates	-	-	4,686,675	4,686,675
Unquoted equity instruments	-	-	3,796,836	3,796,836
Quoted equity instruments	99,957	-	-	99,957

There were no transfers into or out of level 3 in 2018 and 2017. The following is a movement of financial assets classified under level 3.

	Group		Company	
	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
At start of year	4,226,166	5,977,198	43,793,862	36,611,062
Additions	263,727	37,993	335,915	2,460,498
Disposals	-	-	-	(17,235)
Disposals on acquisition of control	-	-	-	(242,000)
Translation differences	-	-	(44,821)	36,859
Reserves released on disposal	-	-	-	(720,765)
Reclassification	-	-	-	(36,533)
Fair value gains/(losses)	(465,781)	(1,789,025)	3,990,634	5,701,976
At end of year	4,024,112	4,226,166	48,075,590	43,793,862
Total (losses)/gains on level 3 financial assetsheld at the end of the year as recognised in other comprehensive income	(465,781)	(1,789,025)	3,990,634	5,701,976

Financial assets under level 3 are valued using earnings multiples that are based on the market prices of comparable entities. If the market prices of the comparable entities listed on the Nairobi Securities Exchange appreciated/(depreciated) by 5%, the fair values of the financial assets under level 3 would change by the following:

	Group		Company	
	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
5% change in market value	7,866	7,230	191,187	294,811

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

e) Capital management

The Group's objectives when managing capital are:
- To safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for the shareholders and benefits for the other stakeholders; and
- To maintain a strong capital base to support the current and future development needs of the business.

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is important and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by equity. Net debt is calculated as total borrowings less cash and cash equivalents.

During 2018, the Group's strategy, which was unchanged from 2017, was to maintain a gearing ratio within 20% to 50%. The gearing ratios at 31 March 2018 and 31 March 2017 were as follows:

	Group		Company	
	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Share capital	332,721	332,721	332,721	332,721
Share premium	589,753	589,753	589,753	589,753
Investment revaluation reserve	2,389,857	2,803,798	33,828,338	30,192,608
Retained earnings	34,358,987	32,771,793	13,136,740	12,894,016
Dividends proposed	798,530	798,530	798,530	798,530
Non controlling interest	12,427,316	12,177,609	-	-
Equity	50,897,164	49,474,204	48,686,082	44,807,628
Total borrowings	24,463,568	20,986,378	14,842,631	14,656,126
Less: cash and bank balances	(6,022,022)	(5,638,783)	(1,077,666)	(2,447,072)
Net borrowings	18,441,546	15,347,595	13,764,965	12,209,054
Gearing (%)	36.23%	31.02%	28.27%	27.25%

10.1 Financial risk management and financial instruments (continued)

Risk management framework (continued)

e) Capital management (continued)

Loan covenants

Group

Sidian Bank Limited

The loans financial covenants relating to the non-performing loans and operational self- sufficiency ratios were not met as at 31 December 2017. The two lenders, Pamiga and Oiko, have not recalled the loans.
All the other subsidiaries have complied with their debt covenants.

Company

Under the terms of the major borrowing facilities, the company is required to comply with the following financial covenants:

a) interest cover: the ratio of internally generated funds to finance charges is equal to or more than 1.5:1; and
b) Net debt to equity cover: the ratio of consolidated total net debt to equity shall not exceed 1:2.

The Company was in compliance with the debt covenants.

11.1 Ordinary share capital and share premium

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

	Number of shares (in thousands)	Ordinary shares Ksh'000	Share premium Ksh'000
At 1 April 2016, 31 March 2017 and 31 March 2018	665,442	332,721	589,753

The total authorised number of ordinary shares is 800,000,000 with a par value of Ksh 0.50 per share. 665,441,714 shares were issued and fully paid up as at 31 March 2018 and 2017.

11.2 Other reserves

	Group			Company
	Investment revaluation Ksh'000	Currency translation Ksh'000	Total other reserves Ksh'000	Investment revaluation Ksh'000
At 1 April 2016	4,561,515	113,442	4,674,957	25,604,346
Reserves released on disposal	(117,008)	-	(117,008)	(720,765)
Revaluation surplus on property and equipment	64,226	-	64,226	-
Fair value losses in associates	-	-	-	(283,617)
Fair value gains in subsidiaries	-	-	-	7,733,758
Fair value losses in unquoted investments	(1,789,025)	-	(1,789,025)	(1,748,165)
Fair value gains in quoted investments	(259,949)	-	(259,949)	(56,162)
Currency translation differences	-	17,604	17,604	-
Deferred tax on revaluation gains	212,993	-	212,993	(336,787)
At 31 March 2017	**2,672,752**	**131,046**	**2,803,798**	**30,192,608**
Reserves released on disposal	(34,124)	-	(34,124)	(7,399)
Revaluation surplus on property and equipment	(404,353)	-	(404,353)	-
Fair value losses in associates	-	-	-	689,661
Fair value gains in subsidiaries	-	-	-	3,767,153
Fair value losses in unquoted investments	(465,781)	-	(465,781)	(466,180)
Fair value gains in quoted investments	584,324	-	584,324	17,651
Currency translation differences	-	(84,675)	(84,675)	-
Deferred tax on revaluation gains	(9,332)	-	(9,332)	(365,156)
At 31 March 2018	**2,343,486**	**46,371**	**2,389,857**	**33,828,338**

Investment revaluation reserve

The investment revaluation reserve arises on the revaluation of available-for-sale financial assets and are distributable upon realisation. Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, which is effectively realised, is reduced from the investment revaluation reserve and is recognised in profit or loss. Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in profit or loss.

Currency translation reserve

The currency translation reserve comprises all foreign currency differences arising from the translation of foreign operations and are distributable upon realisation.

11 Equity structure (continued)

11.3 Dividends

Dividends payable to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders. Proposed dividends are shown as a separate component of equity until declared.

	2018	2017
i) Dividends paid	**Ksh'000**	**Ksh'000**
Final dividend in respect of the prior year	710,733	605,442
ii) Dividends proposed		
The directors have recommended the payment of a final dividend of Sh.1.2 per fully paid ordinary share (2017: Sh. 1.2) in respect of the year ended 31 March 2018. The aggregate amount of the proposed dividend expected to be paid out in December 2018 out of retained earnings at 31 March 2018, but not recognised as a liability at year end, is	798,530	798,530

iii) Unclaimed dividend	Group		Company	
	2018	**2017**	**2018**	**2017**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
At start of year	82,725	6,777	82,725	6,777
Dividend - 2018	87,797	75,948	87,797	75,948
Dividend paid	(16,383)	-	(16,383)	-
At end of year	154,139	82,725	154,139	82,725

12.1 Related party transactions

Related party transactions constitute the transfer of resources, services or obligations between the Group and a party related to the Group, regardless of whether a price is charged. For the purposes of defining related party transactions with key management, key management has been defined as directors and the Group's executive committee and includes close members of their families and entities controlled or jointly controlled by these individuals. Related party transactions are done at an armslength.

Centum Investment Company Plc is the ultimate parent of the Group. The Group transacts with companies related to it by virtue of common shareholding and also by virtue of common directors.

The following transactions were carried out with related parties:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
i) Purchase of goods and services				
Office rent (paid to entity controlled by a director)	15,524	17,427	16,283	7,119
Management fees paid to a subsidiary	-	-	49,418	111,886
	15,524	17,427	65,701	119,005

	Company	
	2018	**2017**
ii) Interest and dividend income	**Ksh'000**	**Ksh'000**
Interest income earned on advances and deposits placed with a subsidiaries	1,323,666	1,265,723
Dividend income earned from subsidiaries and associate	1,864,724	1,542,415

iii) Key management compensation

Key management includes executive directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
Salaries	203,131	223,289	98,687	102,164
Performance bonus	306,325	380,735	223,521	267,149
Retirement benefit scheme contribution	11,499	10,952	6,567	7,271
	520,955	614,976	328,776	376,584

12 RELATED PARTIES (CONTINUED)

12.1 Related party transactions (continued)

iv) Directors remuneration	**Group**		**Company**	
	2018	**2017**	**2018**	**2017**
	Ksh'000	**Ksh'000**	**Ksh'000**	**Ksh'000**
Fees and expenses for services as a non-executive director	98,493	71,038	23,990	22,090
Other included in key management compensation above	258,201	375,627	177,558	219,169
	356,695	446,666	201,548	241,259

The amount described as 'Other included in key management compensation above' at Company level relates to the Group CEO and is analysed under Directors Remuneration Report on page 86. The same amount under Group consolidated column includes the remuneration of the Group CEO together with the remuneration of subsidiary companies' Managing Directors who serve as Board of Directors members in their respective subsidiaries.

v) Outstanding related party balances

Amounts due to subsidiaries	-	-	-	10,000
Amounts due from related parties	666,975	240,276	13,385,790	12,722,835

vi) Shareholder loans advanced to related parties

Two Rivers Development Limited	-	-	-	2,146,245
Two Rivers Lifestyle Centre Limited	666,975	240,276	-	-
Uhuru Heights Limited	-	-	574,074	574,051
eTransact Limited	-	-	7,157	7,157
Centum Exotics Limited	-	-	3,565,550	3,133,910
Centum Development Limited	-	-	3,926,414	3,317,069
Nabo Capital Limited	-	-	90,005	354,309
Centum Business Solutions Limited	-	-	399,320	201,356
Mvuke Limited	-	-	1,490,777	1,346,710
King Beverage Limited	-	-	471,203	310,391
Vipingo Development Limited	-	-	2,500,062	672,263
Rasimu Limited	-	-	32,047	27,776
Investpool Holdings Limited	-	-	-	533,722
Shefa Holdings Limited	-	-	6,734	3,816
Mwaya Investments Company Limited	-	-	3,612	1,625
Greenblade Growers Limited	-	-	124,952	61,938
Bakki Holdco Limited	-	-	1,266	858
Vipingo Estates Limited	-	-	5,470	5,470
Athena Properties Limited	-	-	150,256	2,678
Two Rivers Luxury Apartments Limited	-	-	36,890	21,491
	666,975	240,276	13,385,790	12,722,835

I/We: ____

Share A/C no. ________________________________

of [address] ________________________________

Being a member(s) of Centum Investment Company PLC hereby appoint________________________________

or failing him/her the duly appointed Chairman of the meeting to be my/our proxy, to vote for me/us and on my/our behalf at the 51st Annual General Meeting of the Company, to be held on Friday, 14 September 2018 at Two Rivers, Limuru Road, Nairobi at 11:00 a.m. and at any adjournment thereof.

I/we direct the proxy to vote for/against the resolution(s) as indicated on the Voting Form.

As witness I/We lay my/our hands this ________________

day of ________________________ 2018

Signature (s): ________________________________

NOTES:

1. This proxy form is to be delivered to the Secretary's office not later than 10:00 a.m. on Wednesday 12 September 2018.

2. In the case of a Corporation, the proxy must be under the Common Seal or under the hand of an officer or Attorney duly authorized.

3. There is a form provided to each shareholder to be used for voting for or against or to withhold your vote on the resolutions.
   If neither for nor against is struck out or your vote is not withheld you will be deemed to have authorized the Proxy to vote as they think fit.

4. Please note that voting will only take place if a poll is demanded at the meeting in accordance with section 295 and 303 of the Companies Act (No. 17 of 2015).

Mimi/Sisi: ________________________________

Nambari ya akaunti ya hisa ________________________

Anwani ________________________________

Kwa kuwa Mwanachama/Wanachama wa Centum Investment Company PLC namteua/tunamteua

____

Na akikosa, nateua/tunamteua Mwenyekiti wa Mkutano kama mwakilishi wangu/wetu, kupiga kura kwa niaba yangu/yetu kwenye Mkutano Mkuu wa Mwaka Makala ya 51 utakaofanyika Ijumaa, 14 Septemba 2018 katika sehemu ya Two Rivers, Limuru Road, Nairobi 11:00 a.m. ama siku yoyote ile endapo mkutano huo utahairishwa.

Mimi/sisi ninamuagiza/tunamuagiza mwakilishi kupiga kura kuunga mkono/kupinga dhidi ya maazimio jinsi ilivyoelekezwa katika fomu ya upigaji kura.

Kama shahidi,mim nimetia kidole /sisi tumetia kidole

________________ Tarehe ________ ya ____________ 2018

Sahihi: ________________________________

MAELEZO:

1. Ni lazima fomu hii ya uwakilishi ijazwe kikamilifu na kuwasilishwa kwa katibu wa Kampuni kabla ya saa nne asubuhi Jumatano, 12 Septemba, 2018.

2. Iwapo mteuaji ni shirika, fomu hii ya uwakilishi ni lazima ipigwe muhuri wa kampuni hiyo na afisa au mwanasheria aliyeidhinishwa.

3. Kuna fomu ambayo inafaa kutumika kuunga mkono, kupinga au ya kutoshiriki dhidi ya maazimio yatakayopendekezwa.
   Iwapo kura yako ya kuunga mkono au kupinga haitakataliwa au kura yako kukosa kuzuiliwa basi itaeleweka kwamba umemuidhinisha mwakilishi wako kupiga kura jinsi atakavyotaka.

4. Upigaji kura utafanyika iwapo kura itaitishwa katika mkutano kuambatana na kifungu 295 na 303 cha Sheria za Kampuni (Nambari 17 ya 2015).

The Company Secretary

Centum Investment Company Plc

9th Floor South Tower Two Rivers, Limuru Road

P.O.Box 10518, 00100 Nairobi, Kenya

CUSTODY AND REGISTRARS SERVICES LIMITED
(C&R GROUP)

CHANGE OF ADDRESS AND PAYMENT MANDATE FORM
FOR CENTUM INVESTMENT COMPANY PLC

Completed dividend mandate forms should be posted to
Custody and Registrars Services Limited,

P O Box 10518, 00100 GPO, Nairobi, Kenya or delivered by hand to
9th Floor, South Tower, Two Rivers, Limuru Road, Nairobi, Kenya.

Email Address: info@candrgroup.co.ke
Telephone: 2230518, 2230493, 2230488,
0791 086964, 0726 971599, 0737 095124

1/We, the undersigned, hereby authorise and instruct CENTUM INVESTMENT COMPANY PLC and Custody and Registrars Services Limited to maintain or update our details for payment of all dividends that may hereafter and from time to time, become due and payable to me/us by the Issuer with the payment details below. I/We, the undersigned, note that M-Pesa dividend mandates are maintained by the Registrar but that postal and bank mandate details for CDSC accounts can only be done through my/our brokers and not the Registrar. I/We understand that if our mandate details on CDSC accounts not related to M-Pesa require an update through our broker we will be notified by the Registrar.

TICK PREFFERED METHOD OF PAYMENT:

☐ Depositing the same at any branch of the bank mentioned below for the credit of my/our account detailed below

☐ By cheque to the new address stated below

☐ By Mpesa though Shareholder Safariom Mobile Phone number (Maximum amount of 70,000 KES)

1/We understand and agree that any such deposit shall constitute a full and sufficient discharge of the Issuer's and Custody and Registrars Services Limited's obligations to make such payments to me/us and neither the Issuer nor Custody and Registrars Services Limited shall be responsible in anyway for any loss which I/we may suffer consequent to such deposits being made pursuant to this authority and instruction.
1/We confirm that the details set out below are true and correct. In the event that the details set out below change in any way, I/we agree to cancel this authority and instruction forthwith and notify the Registrar and/or my/our broker as necessary.

SHAREHOLDER'S FULL NAME/(S): IDENTIFICATION NO (ID /Passport/ Company registration no.			
SHARES OR CDSC A/C No			
CURRENT POSTAL ADDRESS		Telephone No: (Compulsory)	SIGNATURE**
(Include postal code and post office name)		Email Address:	DATE

**** For joint account holders, all holders to sign. For Corporate shareholder provide introductory letter of two directors to sign, introduced by the Company Secretary or another director who is not signing.**

**BANK ACCOUNT NAME: ______________________
**Name of Bank and Branch ______________________
**Bank & Branch Postal Address ______________________

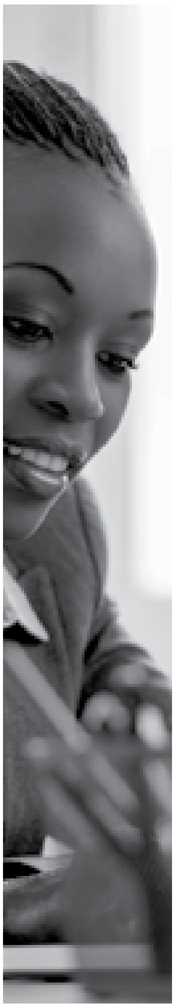
****Verification by the bank official:** ____________ **Name** ____________ **Signature** ____________ **Stamp** ____________

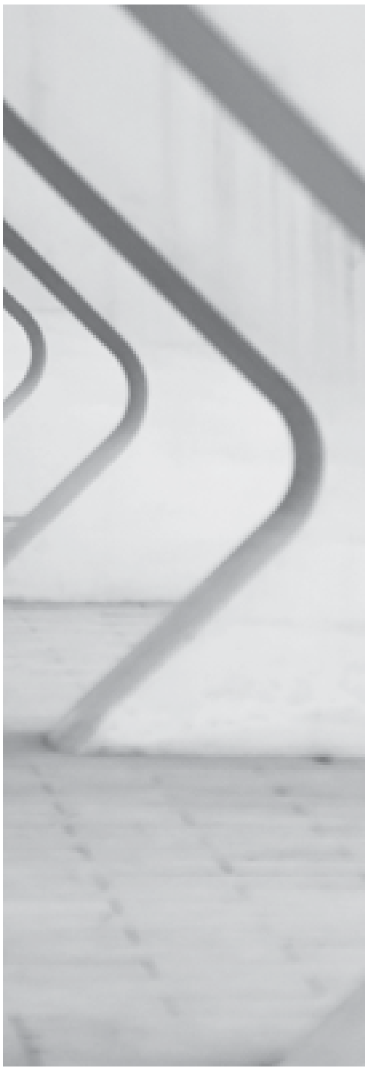
**Account number:														
**Bank Code:														
**Branch Code:														
**SWIFT Code														

All normal charges by banks for processing Electronic Funds Transfers are applicable. Please enquire with your bank.
Important: For verification please attach:
1. A certified copy of your identification document/(s) (Kenya ID or Valid passport as per account) (for all individual or joint holders)
2. An original CR12 dated and stamped within past 6 months by the Companies Registry (for Corporate shareholders)
3. A certified copy of either a dividend notice OR CDSC statement OR shares certificate
4. A copy of your bank statement, which must be certified by the bank.

All the above copies should be certified by a magistrate, lawyer or at our offices upon presentation of originals. Any copies certified outside of Kenya must be done by a Notary Public. These instructions will supersede any previous instructions.

MAP TO AGM VENUE





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