



CENTUM INVESTMENT COMPANY PLC

INTERIM REPORT AND
FINANCIAL STATEMENTS

6 MONTH PERIOD ENDED 30 SEPTEMBER 2018

Table of contents	Page
Directors' report	1
Financial statements:	
- Consolidated income statement	2
- Consolidated statement of comprehensive income	3
- Company statement of comprehensive income	4
- Consolidated statement of financial position	5
- Company statement of financial position	6
- Consolidated statement of changes in equity	7 - 8
- Company statement of changes in equity	9 - 10
- Consolidated statement of cashflows	11
- Company statement of cashflows	12
Notes	13 - 32

The Directors submit their report together with the unaudited interim financial statements for the six month period ended 30 September 2018, which disclose the state of affairs of Centum Investment Company Plc ("the Company") and its subsidiaries (together, "the Group").

PRINCIPAL ACTIVITIES

The Company is an investment holding company focussing on Private Equity, Real Estate and Marketable Securities as asset classes.

RESULTS

	Six month period ended 30 September:	
	2018 Kshs'000	2017 Kshs'000
Profit before taxation	2,392,199	2,166,518
Taxation	<u>(312,290)</u>	<u>(535,102)</u>
Profit for the period transferred to retained earnings	<u><u>2,079,909</u></u>	<u><u>1,631,416</u></u>

DIVIDENDS

The directors do not recommend the payment of an interim dividend (2017: nil)

APPROVAL OF FINANCIAL STATEMENTS

The unaudited interim financial statements were approved by the Board of Directors on November 2018.

By order of the Board,

Loise Gakumo
Secretary
Nairobi

..... November 2018

Consolidated income statement

	Notes	Six month period ended 30 September:	
		2018	2017
		Kshs'000	Kshs'000
Trading business:			
Sales	3	4,818,287	4,772,045
Cost of sales	4	(3,114,153)	(3,024,083)
Gross profit		1,704,134	1,747,962
Operating and administrative expenses		(1,314,318)	(1,199,043)
Trading profit		389,816	548,919
Financial services			
- Income from provision of financial services	3	1,608,407	1,585,604
- Interest expense		(519,491)	(405,260)
- Net impairment of loans and advances		(192,249)	(261,421)
- Operating and administrative expenses		(988,500)	(1,030,404)
Operating loss from financial services		(91,833)	(111,481)
Investment operations:			
Investment income	3	4,054,847	2,203,492
Realised gains on disposal of quoted investments		19,743	11,461
Project and development management fees		38,593	27,729
Operating and administrative expenses		(683,689)	(524,585)
Finance costs		(1,230,388)	(557,253)
Share of (loss)/profit of joint ventures	12	(202,144)	373,200
Share of profits of associates	10	97,254	195,036
Profit before tax		2,392,199	2,166,518
Income tax expense	5	(312,290)	(535,102)
Profit for the period		2,079,909	1,631,416
Attributable to:			
Owners of the parent		2,264,025	1,378,645
Non-controlling interest		(184,116)	252,771
		2,079,909	1,631,416
Earnings per share	6	3.40	2.07

Consolidated statement of comprehensive income

	Notes	Six month period ended 30 September:	
		2018 Kshs'000	2017 Kshs'000
Profit for the period		2,079,909	1,631,416
Other comprehensive income for the period			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Reserves released on disposal of investments		(35,531)	(10,921)
Fair value loss in unquoted investments		(29,885)	-
Fair value (loss)/gain in quoted investments		(405,819)	324,130
Currency translation differences		(84,592)	(16,550)
		<hr/>	<hr/>
Total other comprehensive income		(555,827)	296,659
		<hr/>	<hr/>
Total comprehensive income for the period		<u>1,524,082</u>	<u>1,928,075</u>
Attributable to:			
Owners of the parent		1,708,198	1,675,305
Non-controlling interest		(184,116)	252,771
		<hr/>	<hr/>
		<u>1,524,082</u>	<u>1,928,076</u>

Company statement of comprehensive income

	Notes	Six month period ended 30 September:	
		2018 Kshs'000	2017 Kshs'000
Investment income	3	<u>2,132,751</u>	<u>1,070,007</u>
Expenses			
Administrative and operating expenses		(266,618)	(292,055)
Finance costs		<u>(874,073)</u>	<u>(929,551)</u>
		<u>(1,140,691)</u>	<u>(1,221,606)</u>
Profit/(loss) before income tax		992,060	(151,599)
Income tax expense	5	<u>(62,239)</u>	<u>-</u>
Profit/(loss) for the period		<u>929,821</u>	<u>(151,599)</u>
Other comprehensive income for the period			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Reserves released on disposal of investments		(1,244,777)	-
Fair value gain in subsidiaries		1,939,574	2,497,936
Fair value gain in associates		-	60,228
Fair value loss in unquoted investments		(426,561)	-
Fair value (loss)/gain in quoted investments		(39,803)	44,323
Deferred tax on revaluation gains		<u>(63,193)</u>	<u>(51,788)</u>
Total other comprehensive income		<u>165,240</u>	<u>2,550,699</u>
Total comprehensive income		<u><u>1,095,061</u></u>	<u><u>2,399,100</u></u>

Consolidated statement of financial position

	Notes	30 September 2018 Kshs'000	31 March 2018 Kshs'000
Assets			
Property, plant and equipment		10,869,245	9,665,461
Investment properties	7	35,523,878	32,718,667
Goodwill		2,561,522	2,561,522
Intangible assets - software		343,178	685,257
Deferred income tax assets		472,007	460,088
Prepaid operating lease rentals		44,260	44,481
Investments:			
- Associates	10	2,788,426	2,745,989
- Joint ventures	12	10,205,368	9,797,800
- Unquoted equity investments	11	4,000,549	4,362,975
- Quoted investments		1,432,771	1,738,828
- Government securities, corporate bonds & commercial paper	18	4,557,944	4,056,427
Loans and advances	14	13,074,273	11,772,121
Inventories		2,040,470	1,692,476
Finance lease receivable		3,833	4,974
Current income tax recoverable		563,765	459,008
Receivables and prepayments		5,163,513	5,877,286
Cash and cash equivalents	17	7,728,303	5,819,819
		101,373,305	94,463,179
Assets classified as held for sale		-	1,824,905
		101,373,305	96,288,084
Capital and reserves			
Share capital		332,721	332,721
Share premium		589,753	589,753
Other reserves		1,834,030	2,389,857
Retained earnings		36,623,012	34,358,987
Proposed dividends		-	798,530
Total equity attributable to equity holders of the company		39,379,516	38,469,848
Non-controlling interest		12,243,186	12,427,316
Total equity		51,622,702	50,897,164
Liabilities			
Borrowings (excluding banking subsidiary)	16	21,754,228	21,254,255
Banking subsidiary:			
- Customer deposits	15	16,107,734	12,832,395
- Borrowings	16	3,829,719	3,209,313
Payables and accruals		3,854,805	4,999,634
Dividends payable	13	952,669	154,139
Deferred income		80,990	90,239
Current income tax liabilities		181,060	25,516
Deferred income tax liabilities		2,989,399	2,622,372
		49,750,604	45,187,863
Liabilities directly associated with asset classified as held for sale		-	203,057
		101,373,306	96,288,084

Company statement of financial position

	Notes	30 September 2018 Kshs'000	31 March 2018 Kshs'000
Assets			
Investments portfolio:			
Investment in subsidiaries	9	39,590,076	37,089,731
Debt investment in subsidiaries		14,329,620	13,385,790
Investment in associates	10	5,081,473	5,081,473
Investment in joint ventures	12	2,099,631	2,099,631
Commercial paper		422,925	287,442
Unquoted investments	11	3,548,075	3,886,780
Quoted investments		58,331	98,134
Total portfolio		65,130,131	61,928,981
Property and equipment		134,309	133,106
Intangible assets		-	205
Receivables and prepayments		661,237	623,070
Cash and cash equivalents	17	1,026,353	1,077,666
		66,952,030	63,763,028
Assets classified as held for sale		-	2,324,230
Total assets		66,952,030	66,087,258
Capital and reserves			
Share capital		332,721	332,721
Share premium		589,753	589,753
Other reserves		33,993,578	33,828,338
Retained earnings		14,066,560	13,136,740
Proposed dividends		-	798,530
Total equity		48,982,612	48,686,082
Liabilities			
Borrowings	16	14,769,825	14,842,631
Trade and other payables		469,668	530,684
Dividends payable	13	952,669	154,139
Current income tax		23,588	23,753
Deferred income tax		1,753,668	1,849,969
		17,969,418	17,401,176
		66,952,030	66,087,258

Consolidated statement of changes in equity

	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	Non- controlling interest Kshs'000	Total equity Kshs'000
Six month period ended 30 September 2018									
At start of period		332,721	589,753	2,389,857	34,358,987	798,530	38,469,848	12,427,302	50,897,150
Comprehensive income									
Profit for the period		-	-	-	2,264,025	-	2,264,025	(184,116)	2,079,909
Other comprehensive income:									
Reserves released on disposal of investments		-	-	(35,531)	-	-	(35,531)	-	(35,531)
Fair value loss in unquoted investments		-	-	(29,885)	-	-	(29,885)	-	(29,885)
Fair value loss in quoted investments		-	-	(405,819)	-	-	(405,819)	-	(405,819)
Currency translation differences		-	-	(84,592)	-	-	(84,592)	-	(84,592)
Deferred tax on revaluation gains		-	-	-	-	-	-	-	-
Total other comprehensive income		-	-	(555,827)	-	-	(555,827)	-	(555,827)
Total comprehensive income		-	-	(555,827)	2,264,025	-	1,708,198	(184,116)	1,524,082
2018 dividends		-	-	-	-	(798,530)	(798,530)	-	(798,530)
At end of period		332,721	589,753	1,834,030	36,623,012	-	39,379,516	12,243,186	51,622,702

Consolidated statement of changes in equity

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	Non- controlling interest Kshs'000	Total equity 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	12,177,595	49,474,190
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	-	-	(34,124)	-	-	(34,124)	-	(34,124)
Fair value loss in unquoted investments	-	-	(465,781)	-	-	(465,781)	-	(465,781)
Fair value loss in quoted investments	-	-	584,324	-	-	584,324	-	584,324
Revaluation surplus on property, plant and equipment	-	-	(404,353)	-	-	(404,353)	-	(404,353)
Currency translation differences	-	-	(84,675)	-	-	(84,675)	-	(84,675)
Deferred tax on revaluation gains	-	-	(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 2016 dividends paid	-	-	-	-	(798,530)	(798,530)	-	(798,530)
2017 dividends	-	-	-	(798,530)	798,530	-	-	-
Dividends paid to non controlling interest	-	-	-	-	-	-	(282,676)	(282,676)
Transactions with non controlling interests	-	-	-	(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	12,427,302	50,897,150

Company statement of changes in equity

	Share capital Kshs'000	Share premium Kshs'000	Other reserves Kshs'000	Retained earnings Kshs'000	Proposed dividends Kshs'000	Total equity Kshs'000
Six month period ended 30 September 2018						
At start of period	332,721	589,753	33,828,338	13,136,739	798,530	48,686,081
Comprehensive income						
Profit for the period	-	-	-	929,821	-	929,821
Other comprehensive income:						
Reserves released on disposal of investments	-	-	(1,244,777)	-	-	(1,244,777)
Fair value gain in subsidiaries	-	-	1,939,574	-	-	1,939,574
Fair value loss in associates	-	-	-	-	-	-
Fair value gain in unquoted investments	-	-	(426,561)	-	-	(426,561)
Fair value loss in quoted investments	-	-	(39,803)	-	-	(39,803)
Deferred tax on revaluation gains	-	-	(63,193)	-	-	(63,193)
Total other comprehensive income	-	-	165,240	-	-	165,240
Total comprehensive income	-	-	165,240	929,821	-	1,095,061
Transactions with owners						
2018 dividends	-	-	-	-	(798,530)	(798,530)
At end of period	332,721	589,753	33,993,578	14,066,560	-	48,982,612

Company statement of changes in equity

	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		-	-	(7,399)	-	-	(7,399)
Fair value gain in subsidiaries		-	-	3,767,153	-	-	3,767,153
Fair value loss in associates		-	-	689,661	-	-	689,661
Fair value loss in unquoted investments		-	-	(466,180)	-	-	(466,180)
Fair value loss in quoted investments		-	-	17,651	-	-	17,651
Deferred tax on revaluation gains		-	-	(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							
2017 dividends		-	-	-	(798,530)	798,530	-
First and final 2016 dividends paid		-	-	-	-	(798,530)	(798,530.00)
At end of year		332,721	589,753	33,828,338	13,136,739	798,530	48,686,081

Consolidated statement of cash flows

	Notes	Six month period ended 30 September:	
		2018 Kshs'000	2017 Kshs'000
Cash flows from operating activities			
Cash generated from operations		3,054,820	1,055,458
Income tax paid		(476,867)	(518,305)
Net cash generated from operating activities		2,577,953	537,153
Cash flows from investing activities			
Purchase of investment property		(117,270)	(2,575,877)
Purchase of property, plant and equipment		(947,763)	(773,451)
Purchase of intangible assets		(9,113)	(67,758)
Purchase of unquoted equity investments		(87,856)	(15,520)
Purchase of quoted equity investments		(169,357)	(39,650)
Purchase of commercial paper		(171,802)	(95,500)
Purchase of government securities at amortised cost		(270,086)	-
Proceeds from disposal of quoted investments		95,677	16,846
Proceeds on disposal of government securities at amortised cost		53,985	179,432
Dividends from unquoted investments		54,817	53,058
Net disbursement of loans and advances		(1,302,153)	671,691
Proceeds from disposal of corporate bonds at amortised cost		-	62,840
Net cash used in investing activities		(2,870,919)	(2,583,890)
Cash flows from financing activities			
Net (repayments)/ proceeds from borrowings		(689,111)	1,452,326
Interest paid on borrowings		(384,777)	(467,188)
Net change in customer deposits		3,275,339	1,326,266
Net cash generated from financing activities		2,201,451	2,311,404
Net increase in cash and cash equivalents		1,908,484	264,667
Movement in cash and cash equivalents			
At start of period		5,819,819	4,656,626
Increase/(decrease)		1,908,484	264,667
At end of period	17	7,728,303	4,921,293

Company statement of cash flows

	Notes	Period ended 30 Sept:	
		2018 Kshs'000	2017 Kshs'000
Cash flows from operating activities			
Cash generated from operations		2,227,395	1,029,883
Income tax paid		(62,239)	(57,009)
Net cash generated from operating activities		2,165,156	972,874
Cash flows from investing activities			
Purchase of property and equipment		(13,066)	(41,314)
Investment in subsidiaries		(560,770)	(22,465)
Net debt investment in subsidiaries		(725,608)	(1,894,600)
Net cash used in investing activities		(1,299,444)	(1,958,379)
Cash flows from financing activities			
Net proceeds from borrowings		(110,903)	630,253
Interest paid on borrowings		(806,122)	(835,608)
Net cash generated from/(used in) financing activities		(917,025)	(205,355)
Net increase/(decrease) in cash and cash equivalents		(51,313)	(1,190,859)
Movement in cash and cash equivalents			
At start of year		1,077,666	1,464,915
Increase/(decrease)		(51,313)	(1,190,859)
At end of year		1,026,353	274,056

Notes (continued)

1.1 Basis of preparation

This consolidated interim financial report for the period ended 30 September 2018 has been prepared in accordance with Accounting Standard IAS 34 *Interim Financial Reporting*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2018 and any public announcements made by Centum Investment Company Plc during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax (see note 5) and the adoption of new and amended standards as set out below:

a. New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period. However, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards:

- IFRS 9 *Financial Instruments*, and
- IFRS 15 *Revenue from Contracts with Customers*

The impact of the adoption of these standards and the new accounting policies are disclosed in note 1(c) below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments

b. Impact of standards issued but not applied by the group

i) IFRS 16 Leases

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.

The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of Kes 125,243,389. However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows. 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 standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The group does not intend to adopt the standard before its effective date.

Notes (continued)

1.1 Basis of preparation (continued)

c. Impact on adoption on financial statements

i) IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

IFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in the balance sheet as at 31 March 2018, but are recognised in the opening balance sheet 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 has been no change to the accounting for these assets.

The other financial assets held by the Group include equity instruments which have been elected to be classified as fair value through other comprehensive income (FVTOCI) but were previously classified as Available for Sale (AFS).

There was 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 transferred 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. As a result the Group has recorded impairment provisions of Kes 323,824,000 based on expected credit losses.

Notes (continued)

1.1 Basis of preparation (continued)

c. Impact on adoption on financial statements

ii) IFRS 15 Revenue from contracts with customers

The standard provides a single control-based 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 impact on group earnings is not significant.

1.2 Critical accounting judgements, estimates and assumptions

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 Fair Value through Other Comprehensive Income (FVTOCI).

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;

Notes (continued)

1.2 Critical accounting judgements, estimates and assumptions

Valuation of unquoted investments

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.

1.2 Critical accounting judgements, estimates and assumptions (continued)

Valuation of unquoted investments (continued)

Period ended 30 September 2018

Description	Ownership	Fair value at 30 September 2018 Ksh'000	Valuation technique	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation +/-
Unquoted investments: Group and Company							
Isuzu East Africa Limited	17.80%	2,025,525	Comparable trading multiples	EBITDA multiple Marketability discount EBITDA (Kes 'm) Net debt (Kes 'm)	7.45x 30% 2,018,778 (1,198,074)	1% 5%	18,761 (43,404)
NAS Airport Services Limited	15%	873,569	Comparable trading multiples	EBITDA multiple Marketability discount Discounted EBITDA multiple EBITDA (Kes 'm) Net debt (Kes 'm)	5.99x 30% 4.19x ND* ND*	1% 5% 10% NA	7,866 (18,341) 78,660 NA
Capital Market Challenge Fund		5,000	Cost				
Africa Crest Education (ACE) Holdings		643,981	Cost				
Total - Company		3,548,074					
Associates: Company							
Nairobi Bottlers Limited	27.62%	5,078,043	Comparable trading multiples	EBITDA multiple Marketability discount Discounted EBITDA multiple EBITDA (Kes 'm) Net debt (Kes 'm)	9.91x 30% 6.94x ND* ND*	1% 5% 10% NA	58,756 (108,815) 587,559 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.

1.2 Critical accounting judgements, estimates and assumptions (continued)

Valuation of unquoted investments (continued)

Period ended 30 September 2018 (continued)

Subidiaries: Company

	Ownership	30-Sep-18 Ksh'000	31-Mar-18 Ksh'000	Valuation basis for the period ended 30 September 2018
Two Rivers Development Limited	58%	12,357,406	12,357,406	Net asset value which represents the fair value of the underlying asset. Note 9
Almasi Beverages Limited	54%	8,696,825	8,696,825	Market multiples. See below
Vipingo Development Limited	100%	7,266,636	5,146,193	Net asset value which represents the fair value of the underlying asset. Note 9
Bakki Holdco Limited	100%	3,869,020	3,889,825	Fair value of Sidian Bank Limited as at 31 March 2018 plus additional capital of Kes 560 million injected in the period.
Investpool Holdings Limited	100%	-	-	
Centum Development Limited	100%	3,537,356	3,537,356	Net asset value which represents the fair value of the underlying property. Note 9
Longhorn Publishers Limited	60%	811,870	762,665	Market prices. The entity is listed on the Nairobi Securities Exchange.
Rasimu Limited	100%	704,475	710,182	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%	583,998	403,799	Net asset value. Note 9
Vipingo Estates Limited	100%	1,223,023	1,007,166	Net asset value which represents the fair value of the underlying asset. Note 9
Uhuru Heights Limited	100%	280,965	281,551	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%	219,834	212,975	Net asset value. Note 9
Greenblade Growers Limited	100%	38,667	60,322	Net asset value. Note 9
Athena Properties Limited	100%	-	-	Net asset value. Note 9
Centum Business Solutions Limited	100%	-	-	Net asset value. Note 9
Centum Exotics Limited	100%	-	23,466	Net asset value. Note 9
Mwaya Investments Company Limited	100%	-	-	Net asset value. Note 9
		<u>39,590,076</u>	<u>37,089,731</u>	

Valuation:	Ownership	Valuation technique	Ksh'000	Unobservable inputs	Weighted average input	Reasonable possible shift +/- (absolute value)	Change in valuation +/-
Almasi Beverages Limited	53.88%	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
Sidian Bank Limited	77.02%	Adjusted book value	3,869,020	Book value	3,308,250		
				Rights issue	560,770		

Notes (continued)

2 Segment information

Centum Investment Company Plc is a diversified group which derives its revenues and profits from a variety of sources. The Group's portfolio is divided into sectors. This categorisation is defined by the Group's reportable segments under IFRS 8, Operating segments.

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance. 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 reportable segments are:

1. Growth - These consists of all the mature businesses, i.e. Almasi Beverages Limited, Longhorn Publishers Limited, Sidian Bank Limited, Nairobi Bottlers Limited and Nabo Capital Limited;
2. Real Estate - These consists of all the Group companies involved in real estate development.
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.

Performance is reviewed from a total return perspective.

The segment information provided to the executive management committee for the reportable segments for the period ended 30 September 2018 is as overleaf.

Notes (continued)

2 Segment information (continued)

Group

Period ended 30 September 2018

	Growth Kshs '000	Development Kshs '000	Real estate Kshs '000	Marketable securities Kshs '000	Total Kshs '000
Dividend income	84,136	-	-	59,404	143,540
Interest income	948,541	-	-	40,955	989,496
Fund management income	105,573	-	-	-	105,573
Sales income	4,624,297	159,647	34,344	-	4,818,288
Other income	15,656	-	-	-	15,656
Leasing income	40,185	-	-	-	40,185
Realised gains	1,155,132	-	-	19,743	1,174,875
Fee, commission and forex trading income	510,586	-	-	-	510,586
Project and development management fees	-	-	38,593	-	38,593
Share of profit from associates and joint ventures	97,254	-	(202,144)	-	(104,891)
Fair value gains	-	-	2,705,651	(2,564)	2,703,087
Unrealised value movements	(52,335)	-	-	(503,494)	(555,829)
Gross Return	7,529,024	159,647	2,576,444	(385,956)	9,879,160
Finance costs	(365,566)	(172,563)	(692,259)	-	(1,230,388)
Operating and administrative expenses	(5,997,817)	(470,984)	(339,847)	(3,752)	(6,812,400)
Net return	1,165,641	(483,901)	1,544,338	(389,707)	1,836,372
Tax	(199,556)	(3,922)	(108,812)	-	(312,290)
Total return	966,085	(487,823)	1,435,527	(389,707)	1,524,082
Gross Return (%)	47%	-4%	11%	-15%	26%
Return on opening shareholder funds (%)	6%	12%	6%	-15%	4%
Opening net asset value					
Total assets	44,578,672	1,743,994	47,294,509	2,670,909	96,288,084
Borrowings	(7,268,482)	(3,431,042)	(13,764,044)	-	(24,463,568)
Other liabilities	(16,426,016)	(2,318,459)	(2,083,837)	(99,039)	(20,927,351)
Non-controlling interest	(4,769,684)	-	(7,657,632)	-	(12,427,316)
Net asset value attributable to equity holders	16,114,490	(4,005,507)	23,788,996	2,571,870	38,469,849
Closing net asset value					
Total assets	47,612,383	2,026,813	48,868,791	2,865,318	101,373,305
Borrowings	(6,729,868)	(3,760,570)	(15,093,509)	-	(25,583,947)
Other liabilities	(16,474,481)	(4,195,175)	(3,402,044)	(94,956)	(24,166,657)
Non-controlling interest	(4,670,799)	-	(7,572,387)	-	(12,243,186)
Net asset value attributable to equity holders	19,737,235	(5,928,932)	22,800,850	2,770,362	39,379,515

Notes (continued)

2 Segment information (continued)

Group

Period ended 30 September 2017

	Growth Kshs '000	Development Kshs '000	Real estate Kshs '000	Marketable securities Kshs '000	Total Kshs '000
Dividend income	52,494	-	-	33,656	86,150
Interest income	952,342	-	-	60,840	1,013,182
Fund management income	292,890	-	-	-	292,890
Sales income	4,639,401	88,455	44,189	-	4,772,045
Other income	25,227	-	-	-	25,227
Leasing income	33,761	-	-	-	33,761
Realised gains	-	-	-	11,461	11,461
Fee, commission and forex trading income	298,930	-	-	-	298,930
Project and development management fees	-	-	27,729	-	27,729
Share of profit from associates and joint ventures	195,036	-	373,200	-	568,236
Fair value gains	-	-	2,033,236	5,721	2,038,957
Unrealised value movements	44,323	-	(16,550)	268,887	296,660
Gross Return	6,534,403	88,455	2,461,804	380,564	9,465,226
Finance costs	(332,800)	(22,295)	(165,879)	(36,279)	(557,253)
Operating and administrative expenses	(5,893,528)	(258,666)	(287,748)	(4,853)	(6,444,795)
Net Return	308,076	(192,507)	2,008,176	339,433	2,463,178
Tax	(143,980)	(4,058)	(383,298)	(3,766)	(535,102)
Total Return	164,096	(196,565)	1,624,879	335,667	1,928,076
Gross Return (%)	93%	19%	9%	23%	25%
Return on opening shareholder funds (%)	2%	-41%	6%	20%	5%
Opening net asset value					
Total assets	39,426,544	1,802,610	44,067,380	3,089,073	88,385,607
Borrowings	(12,533,378)	(839,642)	(6,247,065)	(1,366,294)	(20,986,378)
Other liabilities	(15,597,259)	(485,780)	(1,778,569)	(63,417)	(17,925,025)
Non-controlling interest	(4,289,278)	-	(7,888,331)	-	(12,177,609)
Net asset value attributable to equity holders	7,006,629	477,188	28,153,415	1,659,362	37,296,595
Closing net asset value					
Total assets	40,140,496	1,877,480	46,299,447	3,591,594	91,909,017
Borrowings	(9,703,346)	(913,743)	(10,501,641)	(1,322,147)	(22,440,877)
Other liabilities	(16,440,409)	(294,874)	(2,019,530)	(109,576)	(18,864,389)
Non-controlling interest	(4,461,190)	-	(7,969,191)	-	(12,430,380)
Net asset value attributable to equity holders	9,535,551	668,863	25,809,086	2,159,871	38,173,370

Notes (continued)

2 Segment information (continued)

Company

Period ended 30 September 2018:

	Growth Kshs '000	Development Kshs '000	Real estate Kshs '000	Marketable securities Kshs '000	Total Kshs '000
Dividend income	266,760	-	-	-	266,760
Interest income	24,918	7,045	391,411	198,184	621,558
Realised gains on disposal	1,244,776	-	-	-	1,244,776
Other income	(344)	-	-	-	(344)
Unrealised value movements	(1,964,525)	(20,573)	2,213,508	(63,169)	165,241
Gross Return	(428,415)	(13,528)	2,604,919	135,015	2,297,991
Finance costs	(331,845)	(70,115)	(400,779)	(71,334)	(874,073)
Portfolio costs	(101,222)	(21,387)	(122,249)	(21,759)	(266,618)
Income tax	(62,239)				(62,239)
Total Return	(923,721)	(105,030)	2,081,891	41,922	1,095,061
Gross Return (%)	-2%	-1%	13%	3%	5%
Return on opening shareholder funds (%)	-4%	-6%	11%	1%	2%
Opening portfolio value					
Total assets	25,090,254	5,301,266	30,302,259	5,393,477	66,087,257
Borrowings	(2,225,361)	(3,431,050)	(9,186,220)	-	(14,842,631)
Other liabilities	(961,438)	(42,773)	(1,311,142)	(243,190)	(2,558,543)
Net asset value	21,903,455	1,827,443	19,804,897	5,150,287	48,686,082
Closing Net Asset Value					
Total assets	23,492,748	5,309,461	33,434,532	4,715,289	66,952,030
Borrowings	(1,304,096)	(3,760,570)	(9,705,159)	-	(14,769,825)
Other liabilities	(1,258,634)	(111,320)	(1,727,806)	(101,833)	(3,199,593)
Net asset value	20,930,018	1,437,572	22,001,566	4,613,456	48,982,612
Value movement in the period/(total return)					296,530
				2018 dividends	798,530
				Total return for the period	1,095,061

Notes (continued)

2 Segment information (continued)

Company

Period ended 30 September 2017:

	Growth Kshs '000	Development Kshs '000	Real estate Kshs '000	Marketable securities Kshs '000	Total Kshs '000
Dividend income	300,742	-	-	841	301,583
Interest income	9,300	4,488	508,316	228,774	750,878
Other income	17,396	-	151	-	17,547
Unrealised value movements	126,471	(40,747)	2,413,814	51,161	2,550,699
Gross Return	453,909	(36,259)	2,922,281	280,776	3,620,707
Finance costs	(384,937)	(65,363)	(423,544)	(55,707)	(929,551)
Portfolio costs	(98,903)	(161,671)	(31,482)	-	(292,056)
Total Return	(29,931)	(263,293)	2,467,255	225,069	2,399,100

Gross Return (%)	2%	-1%	15%	7%	8%
Return on opening shareholder funds (%)	0%	-10%	13%	5%	5%

Opening portfolio value

Total assets	26,450,295	3,491,164	25,947,637	5,680,939	61,570,035
Borrowings	(6,203,126)	(839,642)	(6,247,065)	(1,366,294)	(14,656,126)
Other liabilities	(1,278,146)	(329)	(827,272)	(535)	(2,106,281)
Net asset value	18,969,024	2,651,193	18,873,300	4,314,111	44,807,628

Closing Net Asset Value

Total assets	25,066,268	4,417,448	28,338,252	4,686,306	62,508,274
Borrowings	(4,786,781)	(913,743)	(5,861,727)	(1,322,147)	(12,884,398)
Other liabilities	(1,571,377)	(129,922)	(1,404,590)	(109,789)	(3,215,678)
Net asset value	18,708,110	3,373,783	21,071,935	3,254,370	46,408,198

Value movement in the period/(total return)					1,600,570
				2017 dividends	798,530
				Total retrun for the period	2,399,100

Notes (continued)

3 Income

	Group		Company	
	Period ended 30 September		Period ended 30 September	
	2018	2017	2018	2017
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Sale of goods and services:				
- Beverage business	3,423,224	4,043,524	-	-
- Publishing business	1,057,989	535,317	-	-
- Agribusiness	23,264	28,295	-	-
- Electricity and water sales	313,810	164,909	-	-
	<u>4,818,287</u>	<u>4,772,045</u>	-	-
Financial services:				
- Banking subsidiary:				
- Interest income	941,425	923,551	-	-
- Fees, commission and forex trading income	510,586	298,930	-	-
- Other income	3,522	7,681	-	-
- Asset management subsidiaries:				
- Fund management income	105,573	292,890	-	-
- Interest income	7,116	28,791	-	-
- Leasing:				
- Lease rentals	40,185	33,761	-	-
	<u>1,608,407</u>	<u>1,585,604</u>		
Investment income				
- Dividend income	143,540	86,150	266,760	301,583
- Interest income from investing and financing activities	40,955	60,840	621,558	750,878
- Realised gains on disposal of investments	1,155,132		1,244,777	
- Unrealised gains on investment property	2,705,651	2,033,236	-	-
- Unrealised gains/(loss) on government securities	(2,564)	5,721	-	-
- Other income	12,133	17,545	(344)	17,546
	<u>4,054,847</u>	<u>2,203,492</u>	<u>2,132,751</u>	<u>1,070,007</u>
Dividend income				
- Subsidiaries	-	-	127,807	195,191
- Associates	-	-	54,817	53,058
- Unquoted investments	84,136	52,494	84,136	52,494
- Quoted investments	59,404	33,656	-	840
	<u>143,540</u>	<u>86,150</u>	<u>266,760</u>	<u>301,583</u>

Notes (continued)

4 Cost of sales

	Group	
	Period ended 30 September:	
	2018	2017
	Ksh'000	Ksh'000
Beverage business	2,274,003	2,618,591
Publishing business	538,929	247,936
Agribusiness	30,468	14,222
Power and water	270,753	143,334
	<u>3,114,153</u>	<u>3,024,083</u>

5 Income tax expense

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the period to 30 September 2018 is 30% (2017: 30%) with the capital gains taxed at the rate of 5%.

6 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in outstanding during the period.

	Period ended 30 September:	
	2018	2017
	Ksh'000	Ksh'000
Profit attributable to equity holders of the Company (Kshs '000)	2,264,025	1,378,645
Weighted average number of ordinary shares in issue (thousands)	665,442	665,442
Basic earnings per share (Kshs)	<u>3.40</u>	<u>2.07</u>

7 Investment properties

	Group	
	30 September	31 March
	2018	2018
	Ksh'000	Ksh'000
At start of period/year	32,718,667	27,311,091
Capitalised subsequent expenditure	117,270	1,098,049
Capitalised borrowing costs	-	392,141
Transfers to other assets	-	(96,153)
Transfers to property, plant and equipment	-	(154,451)
Fair value gains to profit and loss	2,705,651	4,181,985
Translation differences	(17,710)	(13,995)
At end of period/year	<u>35,523,878</u>	<u>32,718,667</u>

Capitalised borrowing costs relate to interest costs incurred during the development phase of Vipingo Development Limited and Pearl Marina Estates Limited. An average cost of debt of 0% (2017: 10%) was used as a basis for capitalisation.

8 Business combinations

Current period

No business combinations have occurred in the current period.

Notes (continued)

9 Interest in subsidiaries

7,266,636

The company's interest in its subsidiaries is set out below.

Company	Ownership %	Cost			Cumulative fair value gains			Fair Value	
		1.04.18 Ksh	Additions Ksh	30.09.18 Ksh	1.04.18 Ksh	In the year Ksh	30.09.18 Ksh	30.09.18 Ksh	01.04.18 Ksh
Two Rivers Development Ltd	58%	1,216,458	-	1,216,458	11,140,948	0	11,140,948	12,357,406	12,357,406
Vipingo Development Limited	100%	364	-	364	5,145,829	2,120,444	7,266,273	7,266,636	5,146,193
Centum Development Ltd	100%	91	-	91	3,537,265	0	3,537,265	3,537,356	3,537,356
Athena Properties Ltd	100%	114,735	-	114,735	(114,735)	0	(114,735)	0	-
Rasimu Ltd	100%	100	-	100	710,082	(5,707)	704,375	704,475	710,182
Uhuru Heights Limited	100%	100	-	100	281,451	(586)	280,865	280,965	281,551
Vipingo Estate Limited	100%	386,209	-	386,209	620,957	215,857	836,814	1,223,023	1,007,166
Centum Exotics Ltd	100%	100	-	100	23,266	(23,366)	(100)	-	23,366
Bakki Holdco Limited	75%	3,728,036	560,770	4,288,806	161,789	(581,575)	(419,786)	3,869,020	3,889,825
GenAfrica Investments Management Limited	73%	1,079,453	(1,079,453)	0	1,244,777	(1,244,777)	-	-	2,324,230
Nabo Capital Ltd	100%	438,000	-	438,000	(34,201)	180,199	145,998	583,998	403,799
Zohari Leasing Limited	100%	214,428	-	214,428	(1,453)	6,859	5,406	219,834	212,975
Investpool Holdings Limited	100%	68	-	68	(68)	(0)	(68)	-	0
Almasi Beverages Limited	54%	3,261,043	-	3,261,043	5,435,782	(0)	5,435,782	8,696,825	8,696,825
King Beverage Limited	100%	68,000	-	68,000	(68,000)	-	(68,000)	-	-
Greenblade Growers Limited	100%	258,482	-	258,482	(198,160)	(21,655)	(219,815)	38,667	60,322
Mvuke Limited	100%	100	-	100	(100)	-	(100)	-	0
Mwaya Investments Limited	100%	1,000	-	1,000	(1,000)	-	(1,000)	-	(0)
Longhorn Kenya Ltd	78%	749,866	-	749,866	12,799	49,205	62,004	811,870	762,665
Centum Business Solutions Limited	100%	100	-	100	(100)	-	(100)	-	0
Centum BV1 Limited	100%	8	-	8	(8)	-	(8)	-	-
Tribus TSG Limited	100%	100	-	100	-	(100)	(100)	-	100
e Transact Limited	100%	100	-	100	(100)	-	(100)	-	-
		11,516,941	(518,683)	10,998,258	27,897,020	694,797	28,591,818	39,590,076	39,413,962
Reclassification to assets held for sale:									
GenAfrica Investments Management Ltd	73.35%	1,079,453	(1,079,453)	-	1,244,777	(1,244,777)	-	-	2,324,230
		10,437,488	560,770	10,998,258	26,652,243	1,939,574	28,591,818	39,590,076	37,089,731

Notes (continued)

10 Investment in associates

Movements in investment in associates are as follows:

	Group		Company	
	30 September 2018 KSh'000	31 March 2018 KSh'000	30 September 2018 KSh'000	31 March 2018 KSh'000
At start of period	2,745,989	4,135,409	5,081,473	4,686,675
Share of profits after taxation	97,254	236,978	-	-
Fair value gain	-	-	-	689,661
Dividends received	(54,817)	(150,544)	-	-
Additions during the year	-	81,149	-	-
Disposals at cost	-	-	-	-
Reclassification to unquoted investments	-	(294,863)	-	(294,863)
Disposal on acquisition of control	-	-	-	-
Disposal at share of net assets	-	(1,262,140)	-	-
	<u>2,788,426</u>	<u>2,745,989</u>	<u>5,081,473</u>	<u>5,081,473</u>

The carrying amount of investments in associates are as follows:

Nairobi Bottlers Limited	1,358,382	1,315,945	5,078,044	5,078,043
UAP Financial Services (U) Limited	3,429	3,429	3,429	3,429
Akiira Geothermal Limited	1,426,615	1,426,615	-	-
	<u>2,788,426</u>	<u>2,745,989</u>	<u>5,081,473</u>	<u>5,081,473</u>

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.

Associates are held at fair value in the Company's separate financial statements

The composition, ownership structure and valuation methodology for the associates has not changed since 31 March 2018. Details were disclosed under note 1.5.2 in the financial statements for the year ended 31 March 2018.

11 Unquoted investments

	Group		Company	
	30 September 2018 Ksh'000	31 March 2018 Ksh'000	30 September 2018 Ksh'000	31 March 2018 Ksh'000
Opening valuation	4,362,975	4,226,166	3,886,780	3,796,836
Movements in the period:				
Additions	87,856	263,727	87,856	217,261
Reclassification from associates	-	294,863	-	294,863
Transfers from other assets	-	44,000	-	44,000
Fair value losses	(450,282)	(465,781)	(426,561)	(466,180)
	<u>(362,427)</u>	<u>136,809</u>	<u>(338,705)</u>	<u>89,944</u>
	<u>4,000,549</u>	<u>4,362,975</u>	<u>3,548,075</u>	<u>3,886,780</u>

Notes (continued)

11 Unquoted investments (continued)

The carrying amount of unquoted investments is as follows:

	Group		Company	
	30 September	31 March	30 September	31 March
	2018	2018	2018	2018
	Ksh'000	Ksh'000	Ksh'000	Ksh'000
Capital Market Challenge Fund	5,000	5,000	5,000	5,000
Isuzu (E.A) Ltd (Formerly General Motors (E.A.) Ltd)	2,025,525	2,469,724	2,025,525	2,469,724
NAS Airport Services Limited	873,569	855,930	873,569	855,930
Africa Crest Education (Holdings) Ltd	643,981	556,125	643,981	556,125
Nabo mutual funds	452,474	476,195	-	-
	<u>4,000,549</u>	<u>4,362,975</u>	<u>3,548,074</u>	<u>3,886,780</u>

The fair value of unquoted investments is determined by using the earnings multiples method using multiples as derived from comparable companies at the year-end date, adjusted for points of difference between the comparable company and the company being valued. Unquoted investments are non-current assets.

The composition, ownership structure and valuation methodology for the unquoted investments has not changed since 31 March 2018. Details were disclosed under note 5.2 in the financial statements for the year ended 31 March 2018.

12 Investment in joint ventures

Movements in investment in joint ventures are as follows:

	Group		Company	
	30 September	31 March	30 September	31 March
	2018	2018	2017	2017
	KSh'000	KSh'000	KSh'000	KSh'000
At start of year	9,797,800	9,384,701	2,099,305	2,144,126
Additions during the year	609,712	-	-	-
Share of profits after tax	(202,144)	457,920	-	-
Foreign exchange gains	-	(44,821)	-	(44,821)
	<u>10,205,368</u>	<u>9,797,800</u>	<u>2,099,305</u>	<u>2,099,305</u>

The carrying amount of investments in joint ventures is as follows:

Amu Power	2,099,631	2,099,631	2,099,631	2,099,631
Two Rivers Lifestyle Centre Limited	8,105,737	7,698,169	-	-
	<u>10,205,368</u>	<u>9,797,800</u>	<u>2,099,631</u>	<u>2,099,631</u>

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 composition, ownership structure and valuation methodology for the joint ventures has not changed since 31 March 2018. Details were disclosed under note 6.2.2 in the financial statements for the year ended 31 March 2018.

13 Dividends payable

	Group		Company	
	30 September	31 March	30 September	31 March
	2018	2018	2018	2018
Unclaimed dividends	154,139	82,725	154,139	82,725
Dividends provided for	798,530	87,797	798,530	87,797
Dividends paid	-	(16,383)	-	(16,383)
	<u>952,669</u>	<u>154,139</u>	<u>952,669</u>	<u>154,139</u>

Notes (continued)

14 Loan and advances

	Group	
	30 September 2018 Kshs'000	31 March 2018 Kshs'000
Term loans	13,865,977	11,809,445
Overdrafts	496,576	822,227
Gross loans and advances	<u>14,362,553</u>	<u>12,631,672</u>
Provision for impaired loans and advances	<u>(1,288,280)</u>	<u>(859,551)</u>
	<u>13,074,273</u>	<u>11,772,121</u>
Analysis of gross loans and advances by maturity		
Maturing within one year	2,852,256	1,790,219
Between two and three years	4,397,133	4,151,554
Over 3 years	<u>7,113,164</u>	<u>6,689,899</u>
	<u>14,362,553</u>	<u>12,631,672</u>

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

Fair value of collateral held	<u>28,850,459</u>	<u>27,847,691</u>
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The movement in provisions for impairment of loans and advances are as follows:

Profit and Loss:

Provision in the period	199,917	463,544
Recoveries on amounts previously provided for	(7,668)	(14,373)
	<u>192,248</u>	<u>449,171</u>

Statement of financial position (Group)

At start of period	838,473	795,880
Provision for loan impairment	199,917	463,544
Loans written off	(73,934)	(399,873)
IFRS 9 provision adjustment	<u>323,824</u>	<u>-</u>
	<u>1,288,280</u>	<u>859,551</u>

Notes (continued)

15 Customer deposits

	Group	
	30 September 2018 Kshs'000	31 March 2018 Kshs'000
Call and fixed deposits	8,084,738	5,971,952
Current and demand accounts	4,819,772	4,595,765
Savings accounts - Micro savers	2,707,693	1,175,773
- Other	495,531	1,088,905
	<u>16,107,734</u>	<u>12,832,395</u>
Analysis of customer deposits by maturity:		
Payable within one year	16,080,342	12,558,952
Between one year and three years	27,392	273,443
	<u>16,107,734</u>	<u>12,832,395</u>

Customer deposits are held by Sidian Bank Limited.

16 Borrowings

	Group		Company	
	30 September 2018	31 March 2018	30 September 2018	31 March 2018
Unsecured:				
Term loans	2,035,818	1,375,748	-	-
Corporate bonds	6,295,058	6,405,286	6,295,058	6,405,286
Total unsecured borrowings	<u>8,330,876</u>	<u>7,781,034</u>	<u>6,295,058</u>	<u>6,405,286</u>
Bank borrowings	13,868,131	13,904,351	8,474,767	8,437,345
Overnight borrowings	3,384,940	2,778,183	-	-
	<u>25,583,947</u>	<u>24,463,568</u>	<u>14,769,825</u>	<u>14,842,631</u>
Analysed as below:				
Banking subsidiary	3,829,719	3,209,313	-	-
Other	21,754,228	21,254,255	14,769,825	14,842,631
	<u>25,583,947</u>	<u>24,463,568</u>	<u>14,769,825</u>	<u>14,842,631</u>

(a) Term loans

European Investment Bank	234,838	-	-	-
Oiko Credit	-	235,022	-	-
Commercial paper	1,591,040	930,689	-	-
Pamiga loan	209,940	210,038	-	-
	<u>2,035,818</u>	<u>1,375,749</u>	<u>-</u>	<u>-</u>

(b) Bank borrowings

Kenya Commercial Bank Limited	1,210,878	128,551	-	-
Cooperative Bank of Kenya Limited	-	1,471,045	-	1,471,045
FirstRand Bank Limited (through its Rand Merchant Bank Division)	5,603,746	5,086,563	5,603,746	5,086,563
Coca Cola Export Corporation	-	1,341,167	-	-
Chase Bank Kenya Limited	42,431	513,396	-	-
Stanbic Bank Kenya Limited	6,664,117	4,808,929	2,871,021	1,879,737
Standard Chartered Bank Kenya Limited	110,681	97,983	-	-
Commercial Bank of Africa	236,278	259,104	-	-
NIC Capital Limited	-	197,095	-	-
Barclays Bank of Kenya	-	517	-	-
	<u>13,868,131</u>	<u>13,904,350</u>	<u>8,474,767</u>	<u>8,437,345</u>

Notes (continued)

16 Borrowings (continued)

(b) Bank borrowings (continued)

	Group		Company	
	30 September 2018 Kshs'000	31 March 2018 Kshs'000	30 September 2018 Kshs'000	31 March 2018 Kshs'000
Movement in bank borrowings was as follows:				
At start of period	13,904,350	6,750,970	8,437,345	4,100,416
Received during the period	2,563,714	11,000,155	1,503,000	7,537,497
Revaluation loss/(gain)	(152,272)	(275,121)	(156,144)	(231,991)
Accrued interest	518,773	139,504	304,469	114,823
Repayments during the period	(2,966,434)	(3,711,158)	(1,613,903)	(3,083,400)
At end of period	13,868,131	13,904,350	8,474,767	8,437,345

(c) Corporate bond

	Group and Company	
	30 September 2018 Kshs'000	31 March 2018 Kshs'000
At start of period	6,405,286	10,555,710
Additions	-	-
Accrued interest	228,741	227,687
Interest paid	(384,777)	(64,606)
Amortisation of bond related expenses	45,808	42,015
Repayments during the period	-	(4,355,520)
	6,295,058	6,405,286

17 Cash and cash equivalents

	Group		Company	
	30 September 2018 Kshs'000	31 March 2018 Kshs'000	30 September 2018 Kshs'000	31 March 2018 Kshs'000
Banking subsidiary				
- Bank balances	5,655,975	4,411,186	-	-
Others:				
- Call deposits (maturing withing 90 days)	397,481	978,786	154,850	820,950
- Bank balances	1,674,847	632,050	871,503	256,716
	7,728,303	6,022,022	1,026,353	1,077,666
Reclassified to assets held for sale	-	(202,203)		
	7,728,303	5,819,819		
Bank overdraft	(333,673)	(1,947,576)	(333,673)	(1,947,576)
	7,394,630	3,872,243	692,680	(869,910)

18 Government securities, corporate bonds and commercial paper

	Group	
	Sep-18	Mar-18
	Ksh'000	Ksh'000
Government securities at fair value through profit or loss	514,984	401,555
Government securities at amortised cost	3,372,100	3,151,297
Corporate bonds at amortised cost	139,177	143,694
Commercial paper at amortised cost	531,683	359,881
	4,557,944	4,056,427
	4,557,944	4,056,427

Government securities at fair value through profit or loss

Opening valuation	401,555	51,662
Movements in the year:		
Additions	104,641	398,739
Disposals	-	(50,922)
Accrued interest	4,564	3,127
Fair value gains/(losses)	4,224	(1,051)
	113,429	349,893
Closing valuation	514,984	401,555

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

Government securities at amortised cost

At start of year	3,151,296	2,225,716
Movements in the year:		
Additions	270,086	1,886,843
On acquisition of subsidiary	-	-
Disposals	(53,985)	(1,202,244)
Interest receivable	4,703	240,981
	220,804	925,580
At end of year	3,372,100	3,151,296

Corporate bonds at amortised cost

At start of year	143,695	744,120
Movements in the year:		
Additions	-	-
Accrued interest	1,842	-
Interest receipts	(6,360)	5,990
Impairment of Chase Bank Bond	-	(200,000)
Disposals	-	(406,415)
	(4,518)	(600,425)
At end of year	139,177	143,695