



CENTUM INVESTMENT COMPANY PLC

INTERIM REPORT AND
FINANCIAL STATEMENTS

6 MONTH PERIOD ENDED 30 SEPTEMBER 2017

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The Directors submit their report together with the unaudited interim financial statements for the six month period ended 30 September 2017, which disclose the state of affairs of Centum Investment Company Plc ("the Company") and its subsidiaries (together, "the Group").

PRINCIPAL ACTIVITIES

The principal activity of the Company is engagement in investment activities. Through its subsidiaries, the Company has invested in the fast moving consumer goods, financial services, education, agribusiness, energy and real estate sectors.

RESULTS

	Six month period ended 30 September:	
	2017	2016
	Kshs'000	Kshs'000
Profit before taxation	2,166,518	2,760,161
Taxation	<u>(535,102)</u>	<u>(702,275)</u>
Profit for the period transferred to retained earnings	<u><u>1,631,416</u></u>	<u><u>2,057,886</u></u>

DIVIDENDS

Directors do not recommend the payment of an interim dividend (2016: nil)

APPROVAL OF FINANCIAL STATEMENTS

The unaudited interim financial statements were approved by the Board of Directors on November 2017.

By order of the Board,

Loise Gakumo
Secretary
Nairobi

..... November 2017

Consolidated income statement

	Notes	Six month period ended 30 September:	
		2017 Kshs'000	2016 Kshs'000
Trading business:			
Sales	3	4,772,045	4,121,865
Cost of sales	4	<u>(3,024,083)</u>	<u>(2,651,765)</u>
Gross profit		1,747,962	1,470,100
Operating and administrative expenses		<u>(1,199,043)</u>	<u>(968,138)</u>
Trading profit		<u>548,919</u>	<u>501,962</u>
Financial services			
- Income from provision of financial services	3	1,585,604	2,422,458
- Interest expenses		(405,260)	(591,105)
- Net impairment of loans and advances		(261,421)	(176,560)
- Operating and administrative expenses		<u>(1,030,404)</u>	<u>(1,083,498)</u>
Operating (loss)/profit from financial services		<u>(111,482)</u>	<u>571,295</u>
Investment operations:			
Investment income	3	2,203,492	1,932,971
Realised gains on disposal of quoted investments		11,461	12,995
Project and development management fees		27,729	-
Operating and administrative expenses		(524,583)	(250,177)
Finance costs		(557,253)	(354,536)
Share of profits of joint ventures	12	373,200	-
Share of profits of associates	10	<u>195,036</u>	<u>345,651</u>
Profit before tax		<u>2,166,518</u>	<u>2,760,161</u>
Income tax expense	5	<u>(535,102)</u>	<u>(702,275)</u>
Profit for the period		<u>1,631,416</u>	<u>2,057,886</u>
Attributable to:			
Owners of the parent		1,378,645	1,707,330
Non-controlling interest		252,771	350,556
		<u>1,631,416</u>	<u>2,057,886</u>
Earnings per share	6	<u>2.07</u>	<u>2.57</u>

Consolidated statement of comprehensive income

	Six month period ended 30 September:	
	Notes	2017 2016
	Kshs'000	Kshs'000
Profit for the period	1,631,416	2,057,886
Other comprehensive income for the period		
<i>Items that will not be reclassified to profit or loss</i>		
Revaluation surplus on property	-	64,226
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Reserves released on disposal of investments	(10,921)	(4,815)
Fair value (loss)/gain in unquoted investments	-	(84,694)
Fair value gain /(loss) in quoted investments	324,130	(344,205)
Currency translation differences	(16,550)	113,181
	<hr/>	<hr/>
Total other comprehensive income	296,660	(256,308)
	<hr/>	<hr/>
Total comprehensive income for the period	<u>1,928,076</u>	<u>1,801,578</u>
Attributable to:		
Owners of the parent	1,675,305	1,451,022
Non-controlling interest	252,771	350,556
	<hr/>	<hr/>
	<u>1,928,076</u>	<u>1,801,578</u>

Company statement of comprehensive income

	Notes	Six month period ended 30 September:	
		2017 Kshs'000	2016 Kshs'000
Investment income	3	<u>1,070,007</u>	<u>1,453,868</u>
Expenses			
Administrative and operating expenses		(292,055)	(230,784)
Finance costs		<u>(929,551)</u>	<u>(739,530)</u>
		<u>(1,221,606)</u>	<u>(970,314)</u>
Profit before income tax		(151,599)	483,554
Income tax expense	5	<u>-</u>	<u>-</u>
Profit for the period		<u>(151,599)</u>	<u>483,554</u>
Other comprehensive income for the period			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Fair value gain in subsidiaries		2,497,936	1,680,229
Fair value gain/(loss) in associates		60,228	74,622
Fair value loss/(gain) in unquoted investments		-	(71,175)
Fair value gain/(loss) in quoted investments		44,323	(26,247)
Deferred tax on revaluation gains		<u>(51,788)</u>	<u>(120,033)</u>
Total other comprehensive income		<u>2,550,698</u>	<u>1,537,396</u>
Total comprehensive income		<u><u>2,399,100</u></u>	<u><u>2,020,950</u></u>

Consolidated statement of financial position

	Notes	30 September 2017 Kshs'000	31 March 2017 Kshs'000
Assets			
Property, plant and equipment		10,146,247	10,072,008
Investment properties	7	29,967,217	27,311,091
Goodwill		3,528,732	3,528,732
Intangible assets - software		482,108	472,061
Deferred income tax assets		245,745	237,282
Investments:			
- Associates	10	4,332,208	4,135,409
- Joint ventures	12	9,766,565	9,384,701
- Unquoted equity investments	11	4,241,686	4,226,166
- Quoted investments		1,522,522	1,223,152
- Government securities, corporate bonds & commercial paper	18	2,954,570	3,021,498
Loans and advances	14	11,961,717	12,633,408
Inventories		1,586,809	1,625,957
Biological assets		13,318	8,634
Finance lease receivable		6,063	7,921
Current income tax recoverable		791,406	328,116
Receivables and prepayments		5,440,811	4,530,689
Cash and cash equivalents	17	4,921,293	5,638,783
		91,909,017	88,385,608
Capital and reserves			
Share capital		332,721	332,721
Share premium		589,753	589,753
Other reserves		3,100,458	2,803,798
Retained earnings		34,150,438	32,771,793
Proposed dividends		-	798,530
Total equity attributable to equity holders of the company		38,173,370	37,296,595
Non-controlling interest		12,430,380	12,177,609
Total equity		50,603,750	49,474,204
Liabilities			
Borrowings (excluding banking subsidiary)	16	18,987,997	17,416,137
Banking subsidiary:			
- Customer deposits	15	11,125,015	9,798,749
- Borrowings	16	3,452,880	3,570,241
Payables and accruals		4,082,742	5,436,708
Dividends payable	13	881,255	82,725
Deferred income		99,935	111,460
Current income tax liabilities		5,401	230,848
Deferred income tax liabilities		2,670,042	2,264,536
		41,305,267	38,911,404
		91,909,017	88,385,608

Company statement of financial position

	Notes	30 September 2017 Kshs'000	31 March 2017 Kshs'000
Assets			
Investments portfolio:			
Investment in subsidiaries	9	37,831,291	35,310,891
Debt investment in subsidiaries		12,798,339	12,722,835
Investment in associates	10	4,801,724	4,686,675
Investment in joint ventures	12	2,144,452	2,144,452
Corporate bonds		242,231	-
Unquoted investments	11	3,796,836	3,796,836
Quoted investments		144,280	99,957
Total portfolio		61,759,153	58,761,646
Property and equipment		70,427	22,845.00
Intangible assets		267	563
Current income tax recoverable		2,674	-
Receivables and prepayments		401,697	337,908
Cash and cash equivalents	17	274,055	2,447,072
Total assets		62,508,273	61,570,034
Capital and reserves			
Share capital		332,721	332,721
Share premium		589,753	589,753
Other reserves		32,743,307	30,192,608
Retained earnings		12,742,417	12,894,016
Proposed dividends		-	798,530
Total equity		46,408,198	44,807,628
Liabilities			
Borrowings	16	12,884,397	14,656,126
Trade and other payables		759,060	446,469
Dividends payable	13	881,255	82,725
Current income tax		-	53,596
Deferred income tax		1,575,363	1,523,490
		16,100,075	16,762,406
		62,508,273	61,570,034
		-	-

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 2017								
At start of period	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 period	-	-	-	1,378,645	-	1,378,645	252,771	1,631,416
Other comprehensive income:								
Reserves released on disposal of investments	-	-	(10,921)	-	-	(10,921)	-	(10,921)
Fair value gain in quoted investments	-	-	324,130	-	-	324,130	-	324,130
Currency translation differences	-	-	(16,550)	-	-	(16,550)	-	(16,550)
Total other comprehensive income	-	-	296,660	-	-	296,660	-	296,660
Total comprehensive income	-	-	296,660	1,378,645	-	1,675,305	252,771	1,928,076
2017 dividends	-	-	-	-	(798,530)	(798,530)	-	(798,530)
At end of period	332,721	589,753	3,100,458	34,150,438	-	38,173,370	12,430,380	50,603,750

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 2017								
At start of year	332,721	589,753	4,674,957	28,245,913	665,442.00	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	-	-	(117,008)	-	-	(117,008)	-	(117,008)
Fair value loss in unquoted investments	-	-	(1,789,025)	-	-	(1,789,025)	-	(1,789,025)
Fair value loss in quoted investments	-	-	(259,949)	-	-	(259,949)	-	(259,949)
Revaluation surplus on property, plant and equipment	-	-	64,226	-	-	64,226	-	64,226
Currency translation differences	-	-	17,604	-	-	17,604	-	17,604
Deferred tax on revaluation gains	-	-	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)
2017 dividends	-	-	-	(798,530)	798,530	-	-	-
Dividends paid to non controlling interest	-	-	-	-	-	-	(138,062)	(138,062)
Transactions with non controlling interests	-	-	-	(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

	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 2017						
At start of period	332,721	589,753	30,192,608	12,894,016	798,530	44,807,628
Comprehensive income						
Profit for the period	-	-	-	(151,599)	-	(151,599)
Other comprehensive income:						
Fair value gain in subsidiaries	-	-	2,497,936	-	-	2,497,936
Fair value loss in associates	-	-	60,228	-	-	60,228
Fair value loss in quoted investments	-	-	44,323	-	-	44,323
Deferred tax on revaluation gains	-	-	(51,788)	-	-	(51,788)
Total other comprehensive income	-	-	2,550,699	-	-	2,550,699
Total comprehensive income	-	-	2,550,699	(151,599)	-	2,399,100
Transactions with owners						
2017 dividends	-	-	-	-	(798,530)	(798,530)
At end of period	332,721	589,753	32,743,307	12,742,417	-	46,408,198

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 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		-	-	(720,765)	-	-	(720,765)
Fair value gain in subsidiaries		-	-	7,733,758	-	-	7,733,758
Fair value loss in associates		-	-	(283,617)	-	-	(283,617)
Fair value loss in unquoted investments		-	-	(1,748,165)	-	-	(1,748,165)
Fair value loss in quoted investments		-	-	(56,162)	-	-	(56,162)
Deferred tax on revaluation gains		-	-	(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							
2017 dividends		-	-	-	(798,530)	798,530	-
First and final 2016 dividends paid		-	-	-	-	(665,442)	(665,442.00)
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	Six month period ended 30 September:	
		2017	2016
		Kshs'000	Kshs'000
Cash flows from operating activities			
Cash generated from operations		1,055,458	1,304,783
Income tax paid		(518,305)	(436,787)
Net cash generated from operating activities		537,153	867,996
Cash flows from investing activities			
Purchase of investment property		(2,575,877)	(4,902,567)
Purchase of property, plant and equipment		(773,451)	(2,138,028)
Purchase of intangible assets		(67,758)	(91,999)
Acquisition of additional shares in a subsidiary		-	(1,222,484)
Acquisition of subsidiary, net of cash acquired		-	(432,133)
Purchase of shares in associates		-	(294,673)
Purchase of unquoted equity investments		(15,520)	-
Purchase of quoted equity investments		(39,650)	-
Purchase of corporate bonds at amortised cost		-	(1,000)
Purchase of commercial paper		(95,500)	-
Purchase of government securities at amortised cost		-	(685,492)
Proceeds from disposal of quoted investments		16,846	-
Proceeds on disposal of government securities at fair value through profit or loss		-	322,576
Proceeds on disposal of government securities at amortised cost		179,432	624,855
Dividends from unquoted investments		53,058	44,868
Net disbursement of loans and advances		671,691	(1,032,774)
Proceeds from disposal of corporate bonds at amortised cost		62,840	130,000
Net cash used in investing activities		(2,583,890)	(9,678,851)
Cash flows from financing activities			
Net proceeds from borrowings		1,452,326	2,946,903
Interest paid on borrowings		(467,188)	(519,413)
Net change in customer deposits		1,326,266	1,100,004
Net cash generated from financing activities		2,311,404	3,527,494
Net decrease in cash and cash equivalents		264,667	(5,283,361)
Movement in cash and cash equivalents			
At start of period		4,656,626	10,197,460
Increase/(decrease)		264,667	(5,283,361)
At end of period	17	4,921,293	4,914,099

Notes (continued)

1 Basis of preparation

This consolidated interim financial report for the period ended 30 September 2017 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 2017 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.

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

i) IFRS 9 Financial instruments

IFRS 9 *Financial Instruments* 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. The standard does not need to be applied until 1 January 2018 but is available for early adoption. The group is currently assessing whether it should adopt IFRS 9 before its mandatory date.

While the group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (AfS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.

Accordingly the group does not expect the new guidance to have a significant impact on the classification and measurement of its 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 any such liabilities. The derecognition rules have been transferred from IAS 39 *Financial Instruments: Recognition and Measurement* and have not been changed.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. While the group is yet to undertake a detailed assessment, it would appear that the group's current hedge relationships would qualify as continuing hedges upon the adoption of IFRS 9. Accordingly, the group does not expect a significant impact on the accounting for its hedging relationships.

Notes (continued)

1 Basis of preparation (continued)

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

i) IFRS 9 Financial instruments (continued)

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. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. While the group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

ii) IFRS 15 Revenue from contracts with customers

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of 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. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018, and will allow early adoption.

Management is currently assessing the effects of applying the new standard on the group's financial statements.

At this stage, the group is not able to estimate the effect of the new rules on the group's financial statements. The group will make more detailed assessments of the effect over the next twelve months. The group does not expect to adopt the new standard before 1 January 2018.

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 chief operating decision maker is the executive management committee. The Group's portfolio is divided into sectors. This categorisation is defined by the Group's reportable segments under IFRS 8, Operating segments.

The sectors are; Growth, Real Estate, Development and Marketable 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 2017 is as overleaf.

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	4,529,925	88,455	153,665	-	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	6,424,928	88,455	2,571,279	380,564	9,465,226
Finance costs	(390,818)	(556)	(165,879)	-	(557,253)
Operating and administrative expenses	(5,799,550)	(258,666)	(381,726)	(4,853)	(6,444,795)
Net return	234,560	(170,768)	2,023,675	375,712	2,463,178
Tax	(143,980)	(4,058)	(383,298)	(3,766)	(535,102)
Total return	90,579	(174,826)	1,640,377	371,946	1,928,076
Gross Return (%)	133%	7%	9%	13%	25%
Return on opening shareholder funds (%)	2%	-13%	6%	12%	5%
Opening net asset value					
Total assets	39,426,544	1,802,610	44,067,380	3,089,073	88,385,607
Borrowings	(14,718,367)	(20,947)	(6,247,065)	-	(20,986,379)
Other liabilities	(15,597,259)	(485,780)	(1,778,569)	(63,416)	(17,925,024)
Non-controlling interest	(4,289,278)	-	(7,888,331)	-	(12,177,609)
Net asset value attributable to equity holders	4,821,640	1,295,883	28,153,415	3,025,657	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	(17,783,332)	(17,631)	(4,639,914)	-	(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	1,455,564	1,564,975	31,670,813	3,482,018	38,173,370

Notes (continued)

2 Segment information (continued)

Group

Period ended 30 September 2016

	Growth Kshs '000	Development Kshs '000	Real estate Kshs '000	Marketable securities Kshs '000	Total Kshs '000
Dividend income	152,144	-	-	38,810	190,954
Interest income	1,723,728	-	-	202,733	1,926,461
Fund management income	349,414	-	-	-	349,414
Sales income	4,037,954	83,911	-	-	4,121,865
Other income	25,452	-	-	-	25,452
Leasing income	10,524	-	-	-	10,524
Realised gains	-	-	-	12,995	12,995
Fee, commission and forex trading income	332,726	-	-	-	332,726
Share of profits from associates	345,651	-	-	-	345,651
Unrealised gains	-	-	1,519,899	-	1,519,899
Unrealised value movements	64,226	-	113,181	(433,715)	(256,308)
Gross Return	7,041,817	83,911	1,633,080	(179,177)	8,579,632
Finance costs	(264,026)	(24,132)	(47,487)	(18,891)	(354,536)
Operating and administrative expenses	(5,655,016)	(52,853)	-	(13,373)	(5,721,242)
Net Return	1,122,775	6,926	1,585,593	(211,440)	2,503,853
Tax	(279,170)	-	(178,989)	(244,116)	(702,275)
Total Return	843,605	6,926	1,406,604	(455,556)	1,801,578
Gross Return (%)	52%	4%	12%	-4%	25%
Return on opening shareholder funds (%)	6%	0%	10%	-9%	5%
Opening net asset value					
Total assets	43,354,759	3,113,924	25,867,542	5,717,310	78,053,535
Borrowings	(12,180,629)	(1,113,315)	(2,190,776)	(871,500)	(16,356,220)
Other liabilities	(14,587,659)	-	(3,844,314)	(7,094)	(18,439,067)
Non-controlling interest	(3,097,025)	-	(5,652,438)	-	(8,749,463)
Net asset value attributable to equity holders	13,489,446	2,000,609	14,180,015	4,838,716	34,508,786
Closing net asset value					
Total assets	45,896,605	5,390,909	31,500,999	3,111,528	85,900,041
Borrowings	(8,847,903)	(1,876,954)	(5,649,791)	(2,952,322)	(19,326,971)
Other liabilities	(15,521,358)	(94)	(3,740,686)	(28,832)	(19,290,969)
Non-controlling interest	(4,271,732)	-	(8,336,757)	-	(12,608,489)
Net asset value attributable to equity holders	17,255,612	3,513,861	13,773,765	130,374	34,673,612

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%
<u>Opening portfolio value</u>					
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
<u>Closing Net Asset Value</u>					
Total assets	25,066,268	4,417,448	28,338,252	4,686,306	62,508,274
Borrowings	(5,336,781)	(913,743)	(5,861,727)	(772,147)	(12,884,398)
Other liabilities	(1,571,377)	(129,922)	(1,404,590)	(109,789)	(3,215,678)
Net asset value	18,158,110	3,373,783	21,071,935	3,804,370	46,408,198
Value movement in the period/(total return)					<u>1,600,570</u>

Notes (continued)

2 Segment information (continued)

Company

Period ended 30 September 2016:

	Growth Kshs '000	Development Kshs '000	Real estate Kshs '000	Marketable securities Kshs '000	Total Kshs '000
Dividend income	372,850	-	360,000	3,170	736,020
Interest income	183,802	-	309,766	219,934	713,503
Other income	4,345	-	-	-	4,345
Unrealised value movements	851,916	50,260	807,844	(172,624)	1,537,396
Gross Return	1,412,913	50,260	1,477,610	50,480	2,991,264
Finance costs	(366,112)	(51,230)	(254,454)	(67,734)	(739,530)
Portfolio costs	(99,496)	(111,690)	(17,666)	(1,931)	(230,784)
Total Return	947,305	(112,660)	1,205,491	(19,185)	2,020,950
Gross Return (%)	7%	3%	12%	1%	8%
Return on opening shareholder funds (%)	4%	-7%	10%	0%	5%
<u>Opening portfolio value</u>					
Total assets	25,202,587	3,113,924	17,099,649	6,126,621	51,542,781
Borrowings	(2,997,565)	(1,410,676)	(3,847,848)	(2,218,898)	(10,474,987)
Other liabilities	(1,038,109)	-	(719,884)	3,739	(1,754,254)
Net asset value	21,166,913	1,703,248	12,531,917	3,911,462	39,313,540
<u>Closing Net Asset Value</u>					
Total assets	27,281,775	4,303,945	19,195,183	5,918,868	56,699,771
Borrowings	(6,914,652)	(967,193)	(4,805,580)	(1,279,216)	(13,966,640)
Other liabilities	(1,521,158)	-	(546,628)	3,701	(2,064,085)
Net asset value	18,845,966	3,336,751	13,842,976	4,643,353	40,669,046
Value movement in the period/(total return)					1,355,506

Notes (continued)

3 Income

	Group		Company	
	2017 Ksh'000	2016 Ksh'000	2017 Ksh'000	2016 Ksh'000
Sale of goods and services:				
- Beverage business	4,043,524	3,740,899	-	-
- Publishing business	535,317	379,847	-	-
- Agribusiness	28,295	1,119	-	-
- Electricity and water sales	164,909	-	-	-
	<u>4,772,045</u>	<u>4,121,865</u>	<u>-</u>	<u>-</u>
Financial services:				
- Banking subsidiary:				
- Interest income	923,551	1,642,546	-	-
- Fees, commission and forex trading income	298,930	332,726	-	-
- Other income	7,681	6,067	-	-
- Asset management subsidiaries:				
- Fund management income	292,890	349,414	-	-
- Interest income	28,791	81,182	-	-
- Leasing:				
- Lease rentals	33,761	10,524	-	-
	<u>1,585,604</u>	<u>2,422,458</u>	<u>-</u>	<u>-</u>
Investment income				
- Dividend income	86,150	190,954	301,583	736,020
- Interest income from investing and financing activities	60,840	202,733	750,878	713,503
- Unrealised gains on investment property	2,033,236	1,519,899	-	-
- Unrealised gains/(loss) on government securities	5,721	-	-	-
- Other income	17,545	19,385	17,546	4,345
	<u>2,203,492</u>	<u>1,932,971</u>	<u>1,070,007</u>	<u>1,453,868</u>
Dividend income				
- Subsidiaries	-	-	195,191	527,744
- Associates	-	-	53,058	52,963
- Unquoted investments	52,494	152,144	52,494	152,144
- Quoted investments	33,656	38,810	841	3,170
	<u>86,150</u>	<u>190,954</u>	<u>301,584</u>	<u>736,020</u>

Notes (continued)

4 Cost of sales

	Group	
	Period ended 30 September:	
	2017	2016
	Ksh'000	Ksh'000
Beverage business	2,618,591	2,534,373
Publishing business	247,936	116,722
Agribusiness	14,222	670
Power and water	143,333	-
	<u>3,024,083</u>	<u>2,651,765</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 2017 is 30% (2016: 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:	
	2017	2016
	Ksh'000	Ksh'000
Profit attributable to equity holders of the Company (Kshs '000)	1,378,645	1,707,330
Weighted average number of ordinary shares in issue (thousands)	665,442	665,442
Basic earnings per share (Kshs)	<u>2.07</u>	<u>2.57</u>

7 Investment properties

	Group	
	30 September	31 March
	2017	2017
	Ksh'000	Ksh'000
At start of period/year	27,311,091	16,514,196
Additions	-	1,465,718
Capitalised subsequent expenditure	163,341	3,054,953
Capitalised borrowing costs	602,276	885,722
Transfers to property, plant and equipment	(132,807)	(790,878)
Gain from fair value adjustment	2,033,236	6,452,042
Translation differences	(9,920)	(270,662)
At end of period/year	<u>29,967,217</u>	<u>27,311,091</u>

Capitalised borrowing costs relate to interest costs incurred during the development phase of Two Rivers Development Limited, Vipingo Development Limited and Pearl Marina Estates Limited. An average cost of debt of 10% (2016: 10%) was used as a basis for capitalisation.

8 Business combinations

Current period

No business combinations have occurred in the current period.

Prior period

On 28 May 2016 Centum Investment Company Plc obtained control of Longhorn Publishers Limited through acquisition of an additional 31% of the issued shares, thereby increasing Centum Investment Company Plc shareholding to 60.2%. Details of this business combination were disclosed in note 6.3 of the groups financial statements for the year ended 31 March 2017.

Notes (continued)

9 Interest in subsidiaries

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

Company	Ownership %	Cost			Cumulative fair value gains			Fair Value	
		1.04.17 Ksh	Additions Ksh	30.09.17 Ksh	1.04.17 Ksh	In the year Ksh	30.09.17 Ksh	30.09.17 Ksh	01.04.17 Ksh
Two Rivers Development Ltd	58%	1,216,458	-	1,216,458	11,099,531	84,158	11,183,689	12,400,147	12,315,989
Vipingo Development Limited	100%	364	-	364	3,950,499	885,996	4,836,495	4,836,859	3,950,863
Centum Development Ltd	100%	91	-	91	860,805	1,789,036	2,649,842	2,649,932	860,896
Athena Properties Ltd	100%	114,735	-	114,735	(89,642)	18,451	(71,190)	43,544	25,093
Rasimu Ltd	100%	100	-	100	755,669	3,216	758,885	758,985	755,769
Uhuru Heights Limited	100%	100	-	100	261,249	(1,008)	260,241	260,341	261,349
Vipingo Estate Limited	100%	386,209	-	386,209	703,419	(391,704)	311,715	697,924	1,089,628
Centum Exotics Ltd	100%	100	-	100	(100)	-	(100)	-	-
Bakki Holdco Limited	75%	3,447,650	-	3,447,650	(215,417)	(211,756)	(427,173)	3,020,477	3,232,233
GenAfrica Investments Management Limited	73%	1,079,453	-	1,079,453	324,730	-	324,730	1,404,183	1,404,183
Nabo Capital Ltd	100%	438,000	-	438,000	(27,198)	12,641	(14,558)	423,443	410,802
Zohari Leasing Limited	100%	214,428	-	214,428	(6,647)	7,262	615	215,043	207,781
Investpool Holdings Limited	100%	68	-	68	2,117,079	(268,333)	1,848,746	1,848,814	2,117,147
Almasi Beverages Limited	54%	3,254,023	5,939	3,259,962	4,462,449	507,375	4,969,824	8,229,786	7,716,472
King Beverage Limited	100%	68,000	-	68,000	(68,000)	-	(68,000)	-	-
Greenblade Growers Limited	100%	210,072	16,525	226,597	(2,968)	(42,891)	(45,859)	180,738	207,104
Mvuke Limited	100%	100	-	100	(100)	-	(100)	-	-
Mwaya Investments Limited	100%	1,000	-	1,000	(1,000)	-	(1,000)	-	-
Longhorn Kenya Ltd	78%	749,866	-	749,866	(11,803)	123,011	111,208	861,074	738,063
Centum Business Solutions Limited	100%	100	-	100	17,419	(17,519)	(100)	-	17,519
Centum BV1 Limited	100%	8	-	8	(8)	-	(8)	-	-
e Transact Limited	100%	100	-	100	(100)	-	(100)	-	-
		11,181,025	22,465	11,203,489	24,129,866	2,497,936	26,627,802	37,831,291	35,310,891

Notes (continued)

10 Investment in associates

Movements in investment in associates are as follows:

	Group		Company	
	30 September 2017 KSh'000	31 March 2017 KSh'000	30 September 2017 KSh'000	31 March 2017 KSh'000
At start of period	4,135,409	4,477,705	4,686,675	5,655,429
Share of profits after taxation	195,036	532,686	-	-
Fair value gain/(loss)	-	-	60,228	(283,617)
Dividends received	(53,058)	(277,326)	-	-
Additions during the year	54,821	633,998	54,821	294,863
Disposals at cost	-	-	-	(17,235)
Disposal on acquisition of control	-	(284,101)	-	(242,000)
Disposal at share of net assets	-	(947,553)	-	-
Reserves released on disposal	-	-	-	(720,765)
	<u>4,332,208</u>	<u>4,135,409</u>	<u>4,801,724</u>	<u>4,686,675</u>

The carrying amount of investments in associates are as follows:

Nairobi Bottlers Limited	1,280,128	1,229,512	4,448,611	4,388,383
Ace Nairobi One	349,684	294,863	349,684	294,863
UAP Financial Services (U) Limited	3,429	3,429	3,429	3,429
Platcorp Holdings Limited	1,353,501	1,262,140	-	-
Akiira Geothermal Limited	1,345,466	1,345,466	-	-
	<u>4,332,208</u>	<u>4,135,410</u>	<u>4,801,724</u>	<u>4,686,675</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 2017. Details were disclosed under note 1.5.2 in the financial statements for the year ended 31 March 2017.

11 Unquoted investments

	Group		Company	
	30 September 2017 Ksh'000	31 March 2017 Ksh'000	30 September 2017 Ksh'000	31 March 2017 Ksh'000
Opening valuation	4,226,166	5,977,198	3,796,836	5,545,001
Movements in the period:				
Additions	15,520	37,993	-	-
Fair value losses	-	(1,789,025)	-	(1,748,165)
	<u>15,520</u>	<u>(1,751,032)</u>	<u>-</u>	<u>(1,748,165)</u>
	<u>4,241,686</u>	<u>4,226,166</u>	<u>3,796,836</u>	<u>3,796,836</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
	2017	2017	2017	2017
	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)	3,026,769	3,026,769	3,026,769	3,026,769
NAS Airport Services Limited	765,066	765,066	765,066	765,066
Nabo mutual funds	444,851	429,331	-	-
	<u>4,241,686</u>	<u>4,226,166</u>	<u>3,796,835</u>	<u>3,796,835</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 2017. Details were disclosed under note 5.2 in the financial statements for the year ended 31 March 2017.

12 Investment in joint ventures

Movements in investment in joint ventures are as follows:

	Group		Company	
	30 September	31 March	30 September	31 March
	2017	2017	2017	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
Additions during the year	-	-	-	-
Share of profits after tax	373,200	814,249	-	-
Foreign exchange gains	-	36,859	-	36,859
Reclassification of joint venture assets	-	(36,533)	-	(36,533)
Other movements	8,664	-	-	-
	<u>9,766,565</u>	<u>9,384,701</u>	<u>2,144,452</u>	<u>2,144,452</u>

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

Amu Power	2,144,452	2,144,452	2,144,452	2,144,452
Two Rivers Lifestyle Centre Limited	7,622,113	7,240,249	-	-
	<u>9,766,565</u>	<u>9,384,701</u>	<u>2,144,452</u>	<u>2,144,452</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 2017. Details were disclosed under note 6.2.2 in the financial statements for the year ended 31 March 2017.

13 Dividends payable

	Group		Company	
	30 September	31 March	30 September	31 March
	2017	2017	2017	2017
Unclaimed dividends	82,725	6,777	82,725	6,777
Dividends provided for	798,530	75,948	798,530	75,948
Dividends paid	-	-	-	-
	<u>881,255</u>	<u>82,725</u>	<u>881,255</u>	<u>82,725</u>

Notes (continued)

14 Loan and advances

	Group	
	30 September 2017 Kshs'000	31 March 2017 Kshs'000
Term loans	12,334,403	13,060,298
Overdrafts	640,657	797,913
Interest in suspense	(320,533)	(428,923)
Gross loans and advances	<u>12,654,527</u>	<u>13,429,288</u>
Provision for impaired loans and advances	<u>(692,810)</u>	<u>(795,880)</u>
	<u>11,961,717</u>	<u>12,633,408</u>
Analysis of gross loans and advances by maturity		
Maturing within one year	2,352,624	2,435,631
Between two and three years	2,342,760	2,443,672
Over 3 years	7,959,143	8,549,985
	<u>12,654,527</u>	<u>13,429,288</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>25,980,158</u>	<u>26,577,236</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	261,421	326,645
Recoveries on amounts previously provided for	(5,592)	(12,693)
	<u>255,829</u>	<u>313,952</u>

Statement of financial position (Group)

At start of period	795,880	694,364
Provision for loan impairment	255,830	326,645
Loans written off	(358,900)	(225,129)
	<u>692,810</u>	<u>795,880</u>

Notes (continued)

15 Customer deposits

	Group	
	30 September 2017 Kshs'000	31 March 2017 Kshs'000
Call and fixed deposits	5,261,556	4,341,785
Current and demand accounts	4,240,453	3,537,076
Savings accounts - Micro savers	1,493,090	1,401,649
- Other	109,578	495,641
Accrued interest	20,338	22,598
	11,125,015	9,798,749
Analysis of customer deposits by maturity:		
Payable within one year	11,046,881	6,051,961
Between one year and three years	78,134	3,746,788
	11,125,015	9,798,749

Customer deposits are held in Sidian Bank Limited.

16 Borrowings

	Group		Company	
	30 September 2017	31 March 2017	30 September 2017	31 March 2017
Unsecured:				
Term loans	1,525,999	618,101	-	-
Corporate bonds	6,224,661	10,555,710	6,224,660	10,555,710
Total unsecured borrowings	7,750,660	11,173,811	6,224,660	10,555,710
Bank borrowings	11,929,531	6,750,970	6,659,737	4,100,416
Overnight borrowings	2,760,686	3,061,597	-	-
	22,440,877	20,986,378	12,884,397	14,656,126
Analysed as below:				
Banking subsidiary	3,452,880	3,570,241	-	-
Other	18,987,997	17,416,137	12,884,397	14,656,126
	22,440,877	20,986,378	12,884,397	14,656,126
(a) Term loans				
European Investment Bank	67,942	90,194	-	-
Oiko Credit	420,237	418,450	-	-
Commercial paper	833,805	109,458	-	-
Pamiga loan	204,015	-	-	-
	1,525,999	618,102	-	-
(b) Bank borrowings				
Kenya Commercial Bank Limited	-	440,677	-	-
Cooperative Bank of Kenya Limited	1,516,272	982,157	1,516,272	982,157
FirstRand Bank Limited (through its Rand Merchant Bank Division)	5,143,462	3,118,259	5,143,462	3,118,259
Coca Cola Export Corporation	1,637,758	1,477,055	-	-
Chase Bank Kenya Limited	444,386	573,490	-	-
Stanbic Bank	2,944,706	-	-	-
Standard Chartered Bank Kenya Limited	-	159,332	-	-
Commercial Bank of Africa	242,947	-	-	-
	11,929,531	6,750,970	6,659,734	4,100,416

Notes (continued)

16 Borrowings (continued)

(b) Bank borrowings (continued)

	Group		Company	
	30 September 2017 Kshs'000	31 March 2017 Kshs'000	30 September 2017 Kshs'000	31 March 2017 Kshs'000
Movement in bank borrowings was as follows:				
At start of period	6,750,970	2,549,113	4,100,416	-
On acquisition of subsidiary	-	222,741	-	-
Received during the period	8,506,647	4,162,648	5,592,494	3,998,797
Revaluation loss/(gain)	103,774	76,926	-	53,510
Accrued interest	61,548	87,711	51,157	48,109
Repayments during the period	(3,493,408)	(348,169)	(3,084,330)	-
At end of period	11,929,531	6,750,970	6,659,737	4,100,416

(c) Corporate bond

	Group and Company	
	30 September 2017 Kshs'000	31 March 2017 Kshs'000
At start of period	10,555,710	10,474,987
Additions	-	-
Accrued interest	390,852	45,707
Interest paid	(467,188)	-
Amortisation of bond related expenses	(86,813)	(44,523)
Repayments during the period	(4,167,900)	-
Additional accrued interest on Equity-linked note	-	79,539
	6,224,661	10,555,710

17 Cash and cash equivalents

	Group		Company	
	30 September 2017 Kshs'000	31 March 2017 Kshs'000	30 September 2017 Kshs'000	31 March 2017 Kshs'000
Banking subsidiary				
- Bank balances	2,752,794	4,462,027	-	-
Others:				
- Call deposits (maturing withing 90 days)	166,452	520,437	166,452	2,179,075
- Bank balances	2,002,047	656,319	107,603	267,997
	4,921,293	5,638,783	274,055	2,447,072

18 Government securities, corporate bonds and commercial paper

	Group	
	Sep-17	Mar-17
	Ksh'000	Ksh'000
Government securities at fair value through profit or loss	59,424	51,662
Government securities at amortised cost	2,114,442	2,225,716
Corporate bonds at amortised cost	685,202	744,120
Commercial paper	95,500	-
	2,954,568	3,021,498
	2,954,568	3,021,498

Government securities at fair value through profit or loss

Opening valuation	51,662	584,739
Movements in the year:		
Additions	-	199,705
Disposals	-	(736,317)
Accrued interest	3,366	740
Fair value gains/(losses)	4,396	2,795
	7,762	(533,077)
Closing valuation	59,424	51,662

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	2,225,716	2,502,497
Movements in the year:		
Additions	-	10,400
Disposals	(179,432)	(363,815)
Interest receivable	68,158	76,634
	(111,274)	(276,781)
At end of year	2,114,442	2,225,716

Corporate bonds at amortised cost

At start of year	744,120	903,593
Movements in the year:		
Additions	242,232	157,460
Accrued interest	120	(7,860)
Interest receipts	3,802	7,114
Disposals	(305,072)	(316,187)
	(58,918)	(159,473)
At end of year	685,202	744,120