



CENTUM INVESTMENT COMPANY LIMITED

INTERIM REPORT AND  
FINANCIAL STATEMENTS

6 MONTH PERIOD ENDED 30 SEPTEMBER 2016

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The Directors submit their report together with the unaudited interim financial statements for the six month period ended 30 September 2016, which disclose the state of affairs of Centum Investment Company Limited ("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 FMCG, financial services, education, agribusiness, energy and real estate sectors.

## RESULTS

	Six month period ended 30 September:	
	2016	2015
	Kshs'000	Kshs'000
Profit before taxation	2,760,161	2,246,961
Taxation	<u>(702,275)</u>	<u>(339,370)</u>
Profit for the period transferred to retained earnings	<u><u>2,057,886</u></u>	<u><u>1,907,591</u></u>

## DIVIDENDS

Directors do not recommend the payment of an interim dividend (2015: nil)

## APPROVAL OF FINANCIAL STATEMENTS

The unaudited interim financial statements were approved by the Board of Directors on ..... November 2016.

By order of the Board,

Loise Gakumo  
Secretary  
Nairobi

..... November 2016

**Consolidated income statement**

	Notes	Period ended 30 September:	
		2016 Kshs'000	2015 Kshs'000
<b>Income</b>	3	<b>8,490,289</b>	<b>8,384,441</b>
<b>Expenses</b>			
Cost of sales	4	(2,651,765)	(2,812,075)
Administrative and operating expenses		(2,478,373)	(2,256,902)
Finance costs		(945,641)	(1,260,767)
		<b>(6,075,779)</b>	<b>(6,329,744)</b>
Share of profits of associates		345,651	192,264
<b>Profit before tax</b>		<b>2,760,161</b>	<b>2,246,961</b>
Income tax expense	5	(702,275)	(339,370)
<b>Profit for the period</b>		<b>2,057,886</b>	<b>1,907,591</b>
<b>Attributable to:</b>			
Owners of the parent		1,707,330	1,701,841
Non-controlling interest		350,556	205,750
		<b>2,057,886</b>	<b>1,907,591</b>
Earnings per share	6	2.57	2.56

**Consolidated statement of comprehensive income**

	Notes	Period ended 30 September:	
		2016 Kshs'000	2015 Kshs'000
<b>Profit for the period</b>		<b>2,057,886</b>	<b>1,907,591</b>
<b>Other comprehensive income for the period</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Share of other comprehensive income of associates		-	(8,569)
Revaluation surplus on property		64,226	-
<i>Items that may be subsequently reclassified to profit or loss</i>			
Reserves released on disposal of investments		(4,815)	(1,712,446)
Fair value (loss)/gain in unquoted investments		(84,694)	369,689
Fair value loss in quoted investments		(344,205)	(16,485)
Deferred tax on revaluation gains		-	(154)
Currency translation differences		113,181	252,595
<b>Total other comprehensive income</b>		<b>(256,308)</b>	<b>(1,115,370)</b>
<b>Total comprehensive income for the period</b>		<b>1,801,578</b>	<b>792,221</b>
<b>Attributable to:</b>			
Owners of the parent		1,451,022	585,278
Non-controlling interest		350,556	206,943
		<b>1,801,578</b>	<b>792,221</b>

**Company statement of comprehensive income**

	Notes	Period ended 30 September:	
		2016 Kshs'000	2015 Kshs'000
<b>Investment income</b>	3	1,453,868	2,440,363
<b>Expenses</b>			
Administrative and operating expenses		(230,784)	(256,345)
Finance costs		(739,530)	(819,516)
		(970,314)	(1,075,861)
<b>Profit before income tax</b>		<b>483,554</b>	<b>1,364,502</b>
Income tax expense	5	-	(50,777)
<b>Profit for the period</b>		<b>483,554</b>	<b>1,313,725</b>
<b>Other comprehensive income for the period</b>			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Reserves released on disposal of investments		-	(955,560)
Fair value gain in subsidiaries		1,680,229	3,535,174
Fair value gain/(loss) in associates		74,622	(1,247,004)
Fair value loss/(gain) in unquoted investments		(71,175)	311,614
Fair value (loss) in quoted investments		(26,247)	(32,817)
Deferred tax on revaluation gains		(120,033)	(195,302)
<b>Total other comprehensive income</b>		<b>1,537,396</b>	<b>1,416,105</b>
<b>Total comprehensive income</b>		<b>2,020,950</b>	<b>2,729,830</b>

**Consolidated statement of financial position**

	Notes	30 September 2016 Kshs'000	31 March 2016 Kshs'000
<b>Assets</b>			
Property, plant and equipment		8,512,562	7,003,874
Investment properties	7	21,107,581	16,514,196
Goodwill		3,514,915	3,167,397
Intangible assets - software		464,203	443,967
Deferred income tax assets		245,902	293,113
Prepaid operating lease rentals		89	9,161
Investment in associates	9	4,787,890	4,477,705
Investment in joint ventures		8,570,126	8,570,126
Unquoted investments	10	5,892,504	5,977,198
Quoted investments		1,441,485	1,369,032
Loans and advances	12	13,986,448	12,953,674
Government securities at fair value through profit or loss		276,439	584,739
Government securities at amortised cost		2,564,794	2,502,497
Corporate bonds at amortised cost		659,759	903,593
Inventories		1,574,150	983,710
Biological assets		11,657	-
Current income tax recoverable		680,502	190,104
Receivables and prepayments		6,207,963	1,911,990
Cash and cash equivalents	15	5,383,642	10,197,460
		<b>85,882,611</b>	<b>78,053,536</b>
<b>Capital and reserves</b>			
Share capital		332,721	332,721
Share premium		589,753	589,753
Other reserves		4,418,649	4,674,957
Retained earnings		29,315,059	28,245,913
Proposed dividends		-	665,442
		<b>34,656,182</b>	<b>34,508,786</b>
Total equity attributable to equity holders of the company			
Non-controlling interest		12,608,489	8,749,463
<b>Total equity</b>		<b>47,264,671</b>	<b>43,258,249</b>
<b>Liabilities</b>			
Customer deposits	13	10,939,860	12,039,864
Borrowings	14	19,326,971	16,356,220
Payables and accruals		4,560,988	3,337,500
Dividends payable	11	680,995	6,777
Deferred income		117,101	127,596
Current income tax liabilities		197,086	344,402
Deferred income tax liabilities		2,794,939	2,582,928
		<b>38,617,940</b>	<b>34,795,287</b>
		<b>85,882,611</b>	<b>78,053,536</b>

**Company statement of financial position**

	Notes	30 September 2016 Kshs'000	31 March 2016 Kshs'000
<b>Assets</b>			
Property and equipment		21,029	-
Intangible assets		950	1,338
Investment in subsidiaries		28,993,752	25,411,172
Shareholder loans advanced to subsidiaries		11,282,341	8,334,222
Investment in associates	9	5,782,724	5,655,429
Investment in joint ventures		2,144,126	2,144,126
Unquoted investments	10	5,473,826	5,545,001
Quoted investments		129,872	156,119
Current income tax recoverable		105,554	35,216
Receivables and prepayments		668,257	343,959
Cash and cash equivalents	15	2,097,340	3,916,200
		<u>56,699,771</u>	<u>51,542,782</u>
<b>Capital and reserves</b>			
Share capital		332,721	332,721
Share premium		589,753	589,753
Other reserves		27,141,742	25,604,346
Retained earnings		12,604,832	12,121,278
Proposed dividends		-	665,442
		<u>40,669,048</u>	<u>39,313,540</u>
<b>Liabilities</b>			
Borrowings	14	13,966,637	10,474,987
Trade and other payables		95,596	571,240
Dividends payable	11	672,219	6,777
Current income tax		-	-
Deferred income tax		1,296,271	1,176,238
		<u>16,030,723</u>	<u>12,229,242</u>
		<u>56,699,771</u>	<u>51,542,782</u>



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
<b>Six month period ended 30 September 2016</b>								
At start of period	332,721	589,753	4,674,957	28,245,913	665,442	34,508,786	8,749,463	43,258,249
<b>Comprehensive income</b>								
Profit for the period	-	-	-	1,707,330	-	1,707,330	350,556	2,057,886
<b>Other comprehensive income:</b>								
Reserves released on disposal of investments	-	-	(4,815)	-	-	(4,815)	-	(4,815)
Fair value gain in unquoted investments	-	-	(84,694)	-	-	(84,694)	-	(84,694)
Fair value gain in quoted investments	-	-	(344,205)	-	-	(344,205)	-	(344,205)
Revaluation surplus on property	-	-	64,226	-	-	64,226	-	64,226
Currency translation differences	-	-	113,181	-	-	113,181	-	113,181
Deferred tax on revaluation gains	-	-	-	-	-	-	-	-
<b>Total other comprehensive income</b>	-	-	<b>(256,308)</b>	-	-	<b>(256,308)</b>	-	<b>(256,308)</b>
<b>Total comprehensive income</b>	-	-	<b>(256,308)</b>	<b>1,707,330</b>	-	<b>1,451,022</b>	<b>350,556</b>	<b>1,801,578</b>
2016 dividends	-	-	-	-	(665,442)	(665,442)	-	(665,442)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-
Transactions with non controlling interest	-	-	-	(638,184)	-	(638,184)	3,508,470	2,870,286
<b>At end of period</b>	<b>332,721</b>	<b>589,753</b>	<b>4,418,649</b>	<b>29,315,059</b>	-	<b>34,656,182</b>	<b>12,608,489</b>	<b>47,264,671</b>

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
<b>Year ended 31 March 2016</b>									
At start of year		332,721	589,753	7,021,953	18,555,971	-	26,500,398	5,129,099	31,629,497
<b>Comprehensive income</b>									
Profit for the year		-	-	-	7,816,035	-	7,816,035	2,131,595	9,947,630
<b>Other comprehensive income:</b>									
Reserves released on disposal of investments		-	-	(1,108,625)	-	-	(1,108,625)	-	(1,108,625)
Share of other comprehensive income of associates		-	-	(958,441)	-	-	(958,441)	-	(958,441)
Fair value loss in unquoted investments		-	-	(700,816)	-	-	(700,816)	-	(700,816)
Fair value gain in quoted investments		-	-	167,383	-	-	167,383	-	167,383
Currency translation differences		-	-	119,586	-	-	119,586	-	119,586
Deferred tax on revaluation gains		-	-	133,917	-	-	133,917	-	133,917
<b>Total other comprehensive income</b>		-	-	<b>(2,346,996)</b>	-	-	<b>(2,346,996)</b>	-	<b>(2,346,996)</b>
<b>Total comprehensive income</b>		-	-	<b>(2,346,996)</b>	7,816,035	-	5,469,039	2,131,595	7,600,634
Proposed dividends		-	-	-	(665,442)	665,442	-	-	-
Dividends paid to non controlling interest		-	-	-	-	-	-	(76,132)	(76,132)
Transactions with non controlling interests		-	-	-	2,539,349	-	2,539,349	1,564,901	4,104,250
<b>At end of year</b>		<b>332,721</b>	<b>589,753</b>	<b>4,674,957</b>	<b>28,245,913</b>	<b>665,442</b>	<b>34,508,786</b>	<b>8,749,463</b>	<b>43,258,249</b>

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
<b>Six month period ended 30 September 2016</b>						
At start of period	332,721	589,753	25,604,346	12,121,278	665,442	39,313,540
<b>Comprehensive income</b>						
Profit for the period	-	-	-	483,554	-	483,554
<b>Other comprehensive income:</b>						
Fair value gain in subsidiaries	-	-	1,680,229	-	-	1,680,229
Fair value loss in associates	-	-	74,622	-	-	74,622
Fair value gain in unquoted investments	-	-	(71,175)	-	-	(71,175)
Fair value loss in quoted investments	-	-	(26,247)	-	-	(26,247)
Deferred tax on revaluation gains	-	-	(120,033)	-	-	(120,033)
Total other comprehensive income	-	-	1,537,396	-	-	1,537,396
<b>Total comprehensive income</b>	-	-	1,537,396	483,554	-	2,020,950
<b>Transactions with owners</b>						
2016 dividends	-	-	-	-	(665,442)	(665,442)
<b>At end of period</b>	<b>332,721</b>	<b>589,753</b>	<b>27,141,742</b>	<b>12,604,832</b>	<b>-</b>	<b>40,669,048</b>

**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
<b>Year ended 31 March 2016</b>							
At start of year		332,721	589,753	20,098,049	10,918,293	-	31,938,816
<b>Comprehensive income</b>							
Profit for the year		-	-	-	1,868,427	-	1,868,427
<b>Other comprehensive income:</b>							
Reserves released on disposal of investments		-	-	(954,920)	-	-	(954,920)
Fair value gain in subsidiaries		-	-	7,836,094	-	-	7,836,094
Fair value loss in associates		-	-	(556,845)	-	-	(556,845)
Fair value loss in unquoted investments		-	-	(423,634)	-	-	(423,634)
Fair value loss in quoted investments		-	-	(88,342)	-	-	(88,342)
Deferred tax on revaluation gains		-	-	(306,056)	-	-	(306,056)
Total other comprehensive income		-	-	5,506,297	-	-	5,506,297
<b>Total comprehensive income</b>		-	-	5,506,297	1,868,427	-	7,374,724
<b>Transactions with owners</b>							
Proposed dividends		-	-	-	(665,442)	665,442	-
<b>At end of year</b>		<b>332,721</b>	<b>589,753</b>	<b>25,604,346</b>	<b>12,121,278</b>	<b>665,442</b>	<b>39,313,540</b>

**Consolidated statement of cash flows**

	Notes	Period ended 30 September:	
		2016 Kshs'000	2015 Kshs'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		1,304,783	(3,220,355)
Dividends received from associates		-	71,370
Income tax paid		(436,787)	(483,014)
Net cash generated from operating activities		867,996	(3,631,999)
<b>Cash flows from investing activities</b>			
Purchase of investment property		(4,902,567)	(3,752,878)
Purchases of property, plant and equipment		(2,138,028)	(2,246,539)
Purchases of intangible assets		(91,999)	(118,905)
Acquisition of additional shares in a subsidiary		(1,222,484)	(11,594)
Acquisition of subsidiary, net of cash acquired		(432,133)	-
Purchase of shares in associates		(294,673)	-
Purchase of unquoted equity investments		-	(1,935,362)
Purchase of quoted equity investments		-	(445,781)
Purchase of corporate bonds at amortised cost		(1,000)	(464,687)
Purchase of government securities at fair value through profit or loss		-	(398,259)
Purchase of government securities at amortised cost		(685,492)	(14,140)
Proceeds from disposal of quoted investments		-	2,003,216
Proceeds on disposal of government securities at fair value through profit or loss		322,576	207,086
Proceeds on disposal of government securities at amortised cost		624,855	-
Dividends from unquoted investments		44,868	-
Proceeds from disposal of associate		-	1,027,837
Net disbursement of loans and advances		(1,032,774)	-
Proceeds from disposal of corporate bonds at amortised cost		130,000	103,366
Proceeds from disposal of investment property		-	242,047
Net cash used in investing activities		(9,678,851)	(5,804,593)
<b>Cash flows from financing activities</b>			
Net proceeds from borrowings		2,946,903	7,142,323
Interest paid on borrowings		(519,413)	(336,717)
Net change in customer deposits		1,100,004	-
Issue of shares in subsidiary to non-controlling interests		-	202,700
Dividends paid to non-controlling interests		-	(14,317)
Net cash generated from financing activities		3,527,494	6,993,989
Net increase in cash and cash equivalents		(5,283,361)	(2,442,603)
<b>Movement in cash and cash equivalents</b>			
At start of period		10,197,460	9,006,348
Decrease		(5,283,361)	(2,442,603)
At end of period	15	4,914,099	6,563,745

Notes (continued)

**1 Basis of preparation**

This consolidated interim financial report for the period ended 30 September 2016 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 2016 and any public announcements made by Centum Investment Company Limited 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 Limited 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; Real estate, Energy, Financial services, Quoted equity and Fast moving consumer goods (FMCG). All other investments that are not categorised in these sectors are categorised as Others. 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 2016 is as overleaf.

Notes (continued)

2 Segment information (continued)

Group

Period ended 30 September 2016

	Financial Services Kshs '000	FMCG Kshs '000	Energy Kshs '000	Real Estate Kshs '000	Quoted Equity Kshs '000	Others Kshs '000	Total Kshs '000
Dividend income	77,185	52,963	-	-	38,810	74,959	243,917
Interest income	1,847,331	-	-	7,579	90,560	-	1,945,471
Fund management income	349,414	-	-	-	-	-	349,414
Sales income	-	3,875,323	-	-	-	380,965	4,256,288
Other income	25,085	-	-	4,132	-	1,580	30,798
Leasing income	10,524	-	-	-	-	2	10,525
Realised gains	4,815	-	-	-	12,995	-	17,810
Fee, commission and forex trading income	219,545	-	-	113,181	-	-	332,726
Unrealised value movements	-	-	-	1,584,124	-	28,487	1,612,611
<b>Gross Return</b>	<b>2,533,899</b>	<b>3,928,286</b>	<b>-</b>	<b>1,709,017</b>	<b>142,365</b>	<b>485,993</b>	<b>8,799,560</b>
Finance costs	(1,005,766)	(80,395)	-	155,673	-	(15,152)	(945,641)
Portfolio costs	(1,744,662)	(3,330,619)	(302)	144,930	(13,373)	(186,112)	(5,130,138)
<b>Net Return</b>	<b>(216,530)</b>	<b>517,272</b>	<b>(302)</b>	<b>2,009,620</b>	<b>128,992</b>	<b>284,729</b>	<b>2,723,781</b>
Tax	(108,508)	(112,530)	-	(178,989)	(244,116)	(58,133)	(702,275)
<b>Total Return</b>	<b>(325,037)</b>	<b>404,742</b>	<b>(302)</b>	<b>1,830,631</b>	<b>(115,123)</b>	<b>226,596</b>	<b>2,021,506</b>
Gross Return (%)	199%	63%	-	12%	3%	8%	25%
Return on opening shareholder funds (%)	-26%	7%	-	13%	-2%	4%	6%
<b>Opening net asset value</b>							
Total assets	25,020,238	12,128,935	3,113,924	25,867,542	5,717,310	6,205,586	78,053,535
Borrowings	(9,764,828)	(2,238,288)	(1,113,315)	(2,190,776)	(871,500)	(177,513)	(16,356,220)
Other liabilities	(12,951,703)	(1,617,092)	-	(3,844,314)	(7,094)	(18,865)	(18,439,067)
Non-controlling interest	(1,032,391)	(2,064,634)	-	(5,652,438)	-	-	(8,749,463)
<b>Net asset value attributable to equity holders</b>	<b>1,271,316</b>	<b>6,208,922</b>	<b>2,000,609</b>	<b>14,180,015</b>	<b>4,838,716</b>	<b>6,009,208</b>	<b>34,508,786</b>
<b>Closing net asset value</b>							
Total assets	26,707,056	11,309,431	5,390,909	31,500,999	3,111,528	7,880,118	85,900,041
Borrowings	(3,614,691)	(3,757,622)	(1,876,954)	(5,649,791)	(2,952,322)	(1,475,591)	(19,326,971)
Other liabilities	(13,683,082)	(1,083,925)	(94)	(3,740,686)	(28,832)	(754,351)	(19,290,969)
Non-controlling interest	(1,089,439)	(2,808,060)	-	(8,336,757)	-	(374,233)	(12,608,489)
<b>Net asset value attributable to equity holders</b>	<b>8,319,843</b>	<b>3,659,825</b>	<b>3,513,861</b>	<b>13,773,765</b>	<b>130,374</b>	<b>5,275,943</b>	<b>34,673,612</b>



Notes (continued)

2 Segment information (continued)

Group

Period ended 30 September 2015

	Financial Services Kshs '000	FMCG Kshs '000	Energy Kshs '000	Real Estate Kshs '000	Quoted Equity Kshs '000	Others Kshs '000	Total Kshs '000
Dividend income	277,518	9,450	-	-	(66,628)	178,182	398,522
Interest income	1,273,414	-	-	396,120	60,764	-	1,730,298
Fund management income	267,037	-	-	-	-	-	267,037
Sales income	-	3,805,085	-	-	-	-	3,805,085
Other income	674,145	52,420	-	182,115	-	149,249	1,057,929
Realised gains	61,400	-	-	(152,555)	(107,390)	(5,718)	(204,263)
Unrealised value movements	(171,424)	114,567	727	-	304,351	312,755	560,976
<b>Gross Return</b>	<b>2,382,090</b>	<b>3,981,522</b>	<b>727</b>	<b>425,680</b>	<b>191,097</b>	<b>634,468</b>	<b>7,615,584</b>
Finance costs	(936,768)	(209,092)	(64,710)	(401,318)	(29,014)	(22)	(1,640,924)
Portfolio costs	(1,080,272)	(3,682,258)	(14,359)	(158,110)	16,851	(150,821)	(5,068,969)
<b>Net Return</b>	<b>365,050</b>	<b>90,172</b>	<b>(78,342)</b>	<b>(133,748)</b>	<b>178,934</b>	<b>483,625</b>	<b>905,691</b>
Tax	(112,683)	(39,864)	-	(163,512)	9,740	(33,205)	(339,524)
<b>Total Return</b>	<b>252,367</b>	<b>50,308</b>	<b>(78,342)</b>	<b>(297,260)</b>	<b>188,674</b>	<b>450,420</b>	<b>566,167</b>
Gross Return (%)	66.2%	69.1%	0.0%	12.7%	4.2%	8.6%	28.7%
Return on opening shareholder funds (%)	7.0%	0.9%	-4.3%	-8.8%	4.1%	6.1%	2.1%

Opening net asset value

Total assets	26,278,875	10,175,591	1,840,008	17,566,183	8,915,673	7,455,057	72,231,387
Borrowings	(6,815,327)	(938,083)	-	(2,857,690)	628,500	-	(9,982,600)
Other liabilities	(14,792,240)	(1,592,187)	(480)	(2,249,634)	(4,993,960)	(65,773)	(23,694,274)
Shareholder-equity loans	-	-	-	(6,925,016)	-	-	(6,925,016)
Non-controlling interest	(1,072,482)	(1,886,145)	-	(2,170,472)	-	-	(5,129,099)
<b>Net asset value attributable to equity holders</b>	<b>3,598,826</b>	<b>5,759,176</b>	<b>1,839,528</b>	<b>3,363,371</b>	<b>4,550,213</b>	<b>7,389,284</b>	<b>26,500,398</b>

Closing net asset value

Total assets	27,797,061	10,351,349	2,547,026	22,675,350	4,028,927	10,213,182	77,612,895
Borrowings	(8,029,764)	(1,774,748)	(707,878)	(6,736,125)	(405,087)	-	(17,653,602)
Other liabilities	(15,456,156)	(1,543,644)	-	(2,630,725)	(2,038)	(804,158)	(20,436,721)
Non-controlling interest	(1,205,696)	(1,920,879)	-	(6,103,917)	-	-	(9,230,492)
<b>Net asset value attributable to equity holders</b>	<b>3,105,445</b>	<b>5,112,078</b>	<b>1,839,148</b>	<b>7,204,583</b>	<b>3,621,802</b>	<b>9,409,024</b>	<b>30,292,080</b>

Notes (continued)

2 Segment information (continued)

Company

Period ended 30 September 2016:

	Financial Services Kshs '000	FMCG Kshs '000	Energy Kshs '000	Real Estate Kshs '000	Quoted Equity Kshs '000	Others Kshs '000	Total Kshs '000
Dividend income	37,467	125,839	-	360,000	3,170	209,544	736,020
Interest income	165,714	18,088	-	309,766	219,934	-	713,503
Other income	-	-	-	-	-	4,345	4,345
Unrealised foreign exchange gains	-	-	-	-	-	-	-
Unrealised value movements	(98,567)	984,194	-	807,844	(172,624)	136,582	1,657,429
<b>Gross Return</b>	<b>104,614</b>	<b>1,128,121</b>	<b>-</b>	<b>1,477,610</b>	<b>50,480</b>	<b>350,471</b>	<b>3,111,296</b>
Finance costs	(98,081)	(145,021)	(44,221)	(254,454)	(67,734)	(130,018)	(739,530)
Portfolio costs	(23,978)	(33,200)	(22,351)	(17,666)	(1,931)	(131,659)	(230,783)
Tax	-	-	-	-	-	(120,033)	(120,033)
<b>Total Return</b>	<b>(17,445)</b>	<b>949,900</b>	<b>(66,571)</b>	<b>1,205,490</b>	<b>(19,185)</b>	<b>(31,239)</b>	<b>2,020,950</b>

Gross Return (%)	1%	14%	0%	12%	1%	6%	8%
Return on opening shareholder funds (%)	0%	12%	-4%	10%	0%	-1%	5%

Opening portfolio value

Total assets	8,940,892	9,179,885	3,113,924	17,099,649	6,126,621	7,081,810	51,542,781
Borrowings	(1,147,842)	(936,345)	(1,410,676)	(3,847,848)	(2,218,898)	(913,378)	(10,474,987)
Other liabilities	(72,874)	(362,429)	-	(719,884)	3,739	(602,806)	(1,754,254)
<b>Net asset value</b>	<b>7,720,176</b>	<b>7,881,111</b>	<b>1,703,248</b>	<b>12,531,917</b>	<b>3,911,462</b>	<b>5,565,626</b>	<b>39,313,540</b>

Closing Net Asset Value

Total assets	7,234,848	11,241,754	3,427,889	19,465,909	5,250,611	10,078,764	56,699,774
Borrowings	(1,852,347)	(2,738,848)	(835,143)	(4,805,580)	(1,279,216)	(2,455,507)	(13,966,640)
Other liabilities	(823,899)	(324,826)	-	(546,628)	3,701	(372,434)	(2,064,085)
<b>Net asset value</b>	<b>4,558,602</b>	<b>8,178,080</b>	<b>2,592,746</b>	<b>14,113,702</b>	<b>3,975,096</b>	<b>7,250,823</b>	<b>40,669,049</b>

Value movement in the period/(total return)

1,355,509

Notes (continued)

2 Segment information (continued)

Company

Period ended 30 September 2015:

	Financial Services Kshs '000	FMCG Kshs '000	Energy Kshs '000	Real Estate Kshs '000	Quoted Equity Kshs '000	Others Kshs '000	Total Kshs '000
Dividend income	210,321	9,450	-	-	744,244	178,182	1,142,197
Interest income	295,862	-	-	-	-	-	295,862
Other income	254	1,145	-	151	-	1,314	2,864
Realised gains	61,400	-	-	-	(17,519)	-	43,881
Unrealised value movements	343,981	(1,162,335)	120	4,059,370	(915,888)	241,717	2,566,965
<b>Gross Return</b>	<b>911,818</b>	<b>(1,151,740)</b>	<b>120</b>	<b>4,059,521</b>	<b>(189,163)</b>	<b>421,213</b>	<b>4,051,769</b>
Finance costs	(446,033)	(3,447)	(64,710)	(305,327)	-	-	(819,517)
Portfolio costs	(41,147)	(63,076)	(14,056)	(61,336)	(28,887)	(47,841)	(256,343)
Tax	(13,537)	61,294	-	(283,358)	1,667	(12,145)	(246,079)
<b>Total Return</b>	<b>411,101</b>	<b>(1,156,969)</b>	<b>(78,646)</b>	<b>3,409,500</b>	<b>(216,383)</b>	<b>361,227</b>	<b>2,729,830</b>

Gross Return (%)	16.3%	-13.3%	0.0%	67.5%	-4.9%	7.0%	12.7%
Return on opening shareholder funds (%)	7.4%	-13.4%	-4.3%	56.7%	-5.6%	6.0%	8.5%

Opening portfolio value

Total assets	10,789,524	9,118,489	1,839,528	9,194,350	3,936,322	6,449,579	41,327,792
Borrowings	(4,711,585)	-	-	(2,857,690)	-	-	(7,569,275)
Other liabilities	(501,011)	(468,421)	(26,800)	(323,000)	(57,349)	(443,120)	(1,819,701)
<b>Net asset value</b>	<b>5,576,928</b>	<b>8,650,068</b>	<b>1,812,728</b>	<b>6,013,660</b>	<b>3,878,973</b>	<b>6,006,459</b>	<b>31,938,816</b>

Closing Net Asset Value

Total assets	10,526,747	7,997,057	2,547,026	14,213,752	4,030,969	6,707,424	46,022,975
Borrowings	(5,380,088)	(37,687)	(707,378)	(3,817,720)	(405,087)	-	(10,347,960)
Other liabilities	(32,030)	(219,933)	-	(472,407)	995	(282,994)	(1,006,369)
<b>Net asset value</b>	<b>5,114,629</b>	<b>7,739,437</b>	<b>1,839,648</b>	<b>9,923,625</b>	<b>3,626,877</b>	<b>6,424,430</b>	<b>34,668,646</b>

Value movement in the period/(total return)

2,729,830

Notes (continued)

2 Segment information (continued)

Reconciliation of total return to profit after tax for the period

	Group	
	2016 Ksh'000	2015 Ksh'000
Total return as per internal reporting	2,021,506	566,167
<u>Adjustments for:</u>		
Share of associate earnings	345,651	192,264
Share of other comprehensive income of associates	-	(8,569)
Associate dividend income	(52,963)	(71,370)
Unrealised value movements net of dividend relating to associates	-	2,344,470
Total comprehensive income	2,314,194	3,022,962
Other comprehensive income	(256,308)	(1,115,370)
Profit for the period	2,057,886	1,907,592

3 Income

	Group		Company	
	2016 Ksh'000	2015 Ksh'000	2016 Ksh'000	2015 Ksh'000
Investment income	3,675,760	3,461,747	1,453,868	2,440,363
Leasing income	10,524	-	-	-
Fund management income	349,414	448,763	-	-
Sale of goods (beverage business)	3,740,899	3,805,085	-	-
Sale of goods (publishing business)	379,847	-	-	-
Sale of goods (agribusiness)	1,119	-	-	-
Fee, commission and forex trading income	332,726	668,846	-	-
	8,490,289	8,384,441	1,453,868	2,440,363

(a) Investment income

Dividend income	190,954	327,152	736,020	1,142,197
Interest income	1,921,115	1,350,140	713,503	295,861
Gain on disposal of investments	12,995	1,734,244	-	999,441
Unrealised gains on investment property	1,519,899	-	-	-
Directors fees	3,074	2,864	3,074	2,864
Other income	27,723	47,347	1,271	-
	3,675,760	3,461,747	1,453,868	2,440,363

(b) Dividend income

Subsidiaries	-	-	527,744	885,451
Associates	-	-	52,963	71,370
Unquoted investments	152,144	245,379	152,144	178,182
Quoted investments	38,810	81,773	3,169	7,194
	190,954	327,152	736,020	1,142,197

Notes (continued)

4 Cost of sales

	Group	
	Period ended 30 September:	
	2016	2015
	Ksh'000	Ksh'000
Beverage business	2,531,497	2,812,075
Publishing business	116,722	-
Agribusiness	670	-
Leasing	2,876	-
	<u>2,651,765</u>	<u>2,812,075</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 2016 is 30% (2015: 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:	
	2016	2015
	Ksh'000	Ksh'000
Profit attributable to equity holders of the Company (Kshs '000)	1,707,330	1,701,841
Weighted average number of ordinary shares in issue (thousands)	665,442	665,442
Basic earnings per share (Kshs)	<u>2.57</u>	<u>2.56</u>

7 Investment properties

	Group	
	30 September	31 March
	2016	2016
Opening balance	16,514,196	17,774,826
Additions	268,132	754,928
Capitalised subsequent expenditure	2,293,492	9,414,068
Capitalised borrowing costs	511,862	398,737
Disposals	-	(420,086)
Derecognition on disposal of subsidiary	-	(16,250,059)
Transfers to property, plant and equipment	-	(171,644)
Gain from fair value adjustment	1,519,899	5,118,581
Translation differences	-	(105,155)
	<u>21,107,581</u>	<u>16,514,196</u>

Capitalised borrowing costs relate to interest costs incurred during the development phase of Two Rivers Development Limited and Pearl Marina Estates Limited. An average cost of debt of 10% (2015: 10%) was used as a basis for capitalisation.

Notes (continued)

8 Business combinations

Current period

On 28 May 2016 Centum Investment Company Limited obtained control of Longhorn Publishers Limited through acquisition of an additional 31% of the issued shares, thereby increasing Centum Investment Company Limited shareholding to 60.2%.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	Kshs. '000
Cash consideration paid	505,375
Fair value of previously held interest	244,491
Total consideration	<u>749,866</u>

The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value Kshs'000
Cash and cash equivalent	73,243
Land and buildings	468,813
Property and equipment	22,318
Intangible assets	9,025
Inventory	586,257
Receivables and other assets	679,656
Payables	(595,416)
Borrowings	(590,018)
Net deferred tax assets	14,474
Fair value of net assets acquired	<u>668,352</u>
Less: Non controlling interest	(266,004)
Add: Goodwill	<u>347,518</u>
	<u>749,866</u>

The goodwill is attributable to Longhorn's strong position in the publishing business and the synergies expected from the acquisition to the overall group.

(i) *Acquired receivables*

The fair value of receivables and other assets is Ksh 679 million and includes trade and other receivables with a fair value of Ksh 632 million. The gross contractual amount for trade receivables due is Ksh 516 million of which Ksh 48 million is expected to be uncollectible.

(ii) *Non controlling interest*

The group has chosen to recognise non-controlling interest at non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

(iii) *Revenue and profit contribution*

The acquired business contributed revenues of Kshs 381 million and net profit of 64 million to the group for the period from 29 May 2016 to 30 September 2016. If the acquisition had occurred on 1 April 2016, consolidated revenues and consolidated profit after tax for the half year ended 30 September 2016 would have been Ksh 8.7 billion and Kshs 2.062 billion respectively.

Prior period

On 18 December 2015, the parent entity disposed of Two Rivers Lifestyle Centre Limited with loss of control and recognised a joint venture. Details of this business combination were disclosed in note 19 (a) of the group's annual financial statements for the year ended 31 March 2016.

Notes (continued)

8 Business combinations (continued)

Prior period (continued)

On 8 March 2016, Investpool Limited, a wholly owned subsidiary of Centum increased its stake in Kilele Holdings Limited, through which the Group invests in Platcorp Holdings Limited, to 100%. Details of this business combination were disclosed in note 19 (iv)(c) of the group's annual financial statements for the year ended 31 March 2016.

9 Investment in associates

Movements in investment in associates are as follows:

	Group		Company	
	30 September 2016 KSh'000	31 March 2016 KSh'000	30 September 2016 KSh'000	31 March 2016 KSh'000
At start of period	4,477,705	3,967,486	5,655,429	7,178,711
Share of profits after taxation	345,651	1,074,114	-	-
Share of other comprehensive income	-	(958,441)	-	-
Fair value gain/(loss)	-	-	74,622	(556,845)
Dividends received	(52,963)	(373,427)	-	-
Additions during the year	294,673	740,027	294,673	-
Conversion of shareholder loans to equity	-	266,304	-	-
Disposals at cost	-	-	-	(12,298)
Disposal on acquisition of control	(277,176)	-	-	-
Disposal at share of net assets	-	(238,358)	-	-
Transfers to investment in subsidiaries	-	-	(242,000)	-
Reserves released on disposal	-	-	-	(954,139)
	<u>4,787,890</u>	<u>4,477,705</u>	<u>5,782,724</u>	<u>5,655,429</u>

10 Unquoted investments

	Group		Company	
	30 September 2016 Ksh'000	31 March 2016 Ksh'000	30 September 2016 Ksh'000	31 March 2016 Ksh'000
Opening valuation	5,977,198	6,678,014	5,545,001	6,027,867
<b>Movements in the period:</b>				
Reclassification	-	-	-	(59,232)
Fair value (losses) / gains	(84,694)	(700,816)	(71,175)	(423,634)
	<u>(84,694)</u>	<u>(700,816)</u>	<u>(71,175)</u>	<u>(482,866)</u>
	<u>5,892,504</u>	<u>5,977,198</u>	<u>5,473,826</u>	<u>5,545,001</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.

11 Dividends payable

	Group		Company	
	30 September 2016	31 March 2016	30 September 2016	31 March 2016
Unclaimed dividends	6,777	6,777	6,777	6,777
Dividends provided for	665,442	-	665,442	-
	<u>672,219</u>	<u>6,777</u>	<u>672,219</u>	<u>6,777</u>

Notes (continued)

12 Loan and advances

	Group	
	30 September 2016 Kshs'000	31 March 2016 Kshs'000
Term loans	13,756,960	12,799,261
Overdrafts	1,104,793	1,000,612
Interest in suspense	(219,337)	(151,835)
Gross loans and advances	<u>14,642,416</u>	<u>13,648,038</u>
Provision for impaired loans and advances	<u>(655,968)</u>	<u>(694,364)</u>
	<b><u>13,986,448</u></b>	<b><u>12,953,674</u></b>
Analysis of gross loans and advances by maturity		
Maturing within one year	3,224,765	2,848,501
Between two and three years	3,561,712	1,658,601
Over 3 years	<u>7,199,971</u>	<u>8,446,572</u>
	<b><u>13,986,448</u></b>	<b><u>12,953,674</u></b>

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>15,818,093</u>	<u>15,156,525</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	176,560	243,238
Recoveries on amounts previously provided for	(4,078)	-
	<u>172,482</u>	<u>243,238</u>

**Statement of financial position (Group)**

At start of period	694,364	742,575
Provision for loan impairment	176,120	230,124
Loans written off	<u>(214,516)</u>	<u>(278,335)</u>
	<b><u>655,968</u></b>	<b><u>694,364</u></b>



Notes (continued)

13 Customer deposits

	Group	
	30 September 2016 Kshs'000	31 March 2016 Kshs'000
Call and fixed deposits	5,394,603	5,842,119
Current and demand accounts	2,532,732	3,040,465
Savings accounts - Micro savers	1,745,768	2,637,888
- Other	1,237,514	492,279
Accrued interest	29,243	27,113
	<b>10,939,860</b>	<b>12,039,864</b>
Analysis of customer deposits by maturity:		
Payable within one year	7,956,578	9,533,707
Between one year and three years	2,983,282	2,506,157
	<b>10,939,860</b>	<b>12,039,864</b>

Customer deposits are held in Sidian Bank Limited.

14 Borrowings

	Group		Company	
	30 September 2016	31 March 2016	30 September 2016	31 March 2016
Term loans	497,105	659,326	-	-
Bank borrowings	6,761,596	2,549,113	3,488,708	-
Corporate bond	10,477,929	10,474,987	10,477,929	10,474,987
Overnight borrowings	1,590,341	2,672,794	-	-
	<b>19,326,971</b>	<b>16,356,220</b>	<b>13,966,637</b>	<b>10,474,987</b>
<b>(a) Term loans</b>				
European Investment Bank	282,241	376,044	-	-
Oiko Credit	214,864	215,072	-	-
Government of Kenya - SME	-	68,210	-	-
	<b>497,105</b>	<b>659,326</b>	<b>-</b>	<b>-</b>
<b>(b) Bank borrowings</b>				
Kenya Commercial Bank Limited	966,246	1,030,781	-	-
Cooperative Bank of Kenya Limited	469,543	-	469,543	-
FirstRand Bank Limited (through its Rand Merchant Bank Division)	3,019,165	-	3,019,165	-
Coca Cola Export Corporation	1,521,453	1,007,991	-	-
Chase Bank Kenya Limited	581,146	510,341	-	-
Standard Chartered Bank Kenya Limited	203,450	-	-	-
Barclays Bank of Kenya	593	-	-	-
	<b>6,761,596</b>	<b>2,549,113</b>	<b>3,488,708</b>	<b>-</b>

Notes (continued)

14 Borrowings (continued)

(b) Bank borrowings (continued)

	Group		Company	
	30 September 2016 Kshs'000	31 March 2016 Kshs'000	30 September 2016 Kshs'000	31 March 2016 Kshs'000
Movement in bank borrowings was as follows:				
At start of period	2,549,113	4,254,832	-	3,316,749
Received during the period	5,033,170	742,422	4,388,538	-
Amortisation of loan related expenses	(16,089)	-	(16,089)	-
On acquisition of subsidiary	255,096	-	-	-
Revaluation loss/(gain)	-	(9,887)	-	20,338
Accrued interest	36,995	583,860	36,995	139,798
Repaid during the period	(1,096,689)	(3,022,114)	(920,736)	(3,476,885)
	<u>6,761,596</u>	<u>2,549,113</u>	<u>3,488,708</u>	<u>-</u>

(c) Corporate bond

	Group and Company	
	30 September 2016 Kshs'000	31 March 2016 Kshs'000
At start of period	10,474,987	4,252,526
Additions	-	6,000,001
Accrued interest	522,356	1,177,274
Interest paid	(519,413)	(934,429)
Amortisation of bond related expenses	-	(135,415)
Additional accrued interest on Equity-linked note	-	115,030
	<u>10,477,930</u>	<u>10,474,987</u>

15 Cash and cash equivalent

For the purpose of the statement of cash flows, cash and cash equivalent comprise:

	Group		Company	
	30 September 2016 Kshs'000	31 March 2016 Kshs'000	30 September 2016 Kshs'000	31 March 2016 Kshs'000
Call deposits (maturing within 90 days)	1,351,259	3,961,372	1,648,144	2,957,164
Bank balances	4,032,383	6,236,088	449,196	959,036
	<u>5,383,642</u>	<u>10,197,460</u>	<u>2,097,340</u>	<u>3,916,200</u>
Bank overdraft	(469,543)	-	(469,543)	-
	<u>4,914,099</u>	<u>10,197,460</u>	<u>1,627,797</u>	<u>3,916,200</u>

At 30 September 2016 the Group had undrawn committed facilities amounting to Kshs 1,830,457,000 (31 March 2016 - Kshs 2,300,000,000). The effective interest rate for the bank overdraft is 14.5% (31 March 2016 - 17.5%). The overdraft facility is secured by a floating charge over all the listed securities in Kenya.